

## **DAILY NEWS DIGEST BY BFSI BOARD**

**27 February 2024**

### **BANKING & FINANCE**



**Canara Bank Board approves split of each share into 5 shares:** PSU lender Canara Bank on Monday said its Board approved split of each share into five shares. The bank said in a stock exchange filing that the move was made "to improve the liquidity of the Bank's share and to make it affordable for retail investors and also to broaden the retail investors base". Expected time of completion for stock split is 2-3 months, said Canara Bank. "Expected time of completion is 2 to 3 months from intimation of date of Board Meeting (February 7, 2024) to Stock Exchanges, considering the time taken for receiving RBI's approval," said Canara Bank. On Monday, Canara Bank's scrip on BSE closed trading 1.5 per cent lower at Rs 571.9. The current face value of a Canara Bank share is Rs 10, which post-split will become Rs 2.

**(Moneycontrol)**

**Yes Bank will boost lending to mid-sized firms to improve return on assets, CEO says:**

Private lender Yes Bank opens new tab will boost lending to small- and mid-sized companies as it tries to push up its return on assets (RoA), its chief executive officer said on Monday. "The single agenda (for the bank) is to focus on profitability without doing anything aggressively," Prashant Kumar said in an interview. "The first step for us is to achieve a RoA of 1% in the next two years and 1.5% by 3-5 years." Yes Bank's return on assets - which is the ratio of how profitable a company is compared with its total assets - was at 0.2% for the October-December quarter. Small-and-medium-enterprise loans and mid-sized corporate loans made up nearly 30% of the Mumbai-based bank's loan book in the December quarter, which Kumar said will be increased to 35% going forward. The bank is unwilling to compromise on pricing despite intense competition, he said.

**(Moneycontrol)**

**Vijay Shekhar Sharma resigns as Paytm Payments Bank Chairman:** Paytm Payments Bank Limited (PPBL) has reconstituted its board and Vijay Shekhar Sharma has stepped down as part-time non-executive Chairman to enable the transition, One 97 Communications Ltd (OCL), the parent firm

of Paytm, informed on Monday. Former Central Bank of India Chairman Srinivasan Sridhar, retired IAS officer Debendranath Sarangi, former Executive Director of Bank of Baroda Ashok Kumar Garg, and retd IAS Rajni Sekhri Sibal have joined the Board as Independent Directors. "Vijay Shekhar Sharma has also resigned from the Board of Paytm Payments Bank to enable this transition. PPBL has informed us that they will commence the process of appointing a new Chairman," OCL said in a statement.

***(Business Today)***

**RBI slaps Rs 2 crore fine on SBI, Rs 32 lakh on Canara Bank:** RBI on Monday slapped a hefty fine of Rs 2 crore on the State Bank of India (SBI) for deficiencies in certain regulatory compliance. It also imposed Rs 32 lakh fine on Canara Bank. In the case of SBI, the central bank said that a statutory inspection was conducted about its financial position as of March 31, 2022. During the inspection, it was found that the SBI held shares as pledgee of an amount exceeding thirty per cent of the paid-up share capital of certain companies and it failed to credit the eligible amount to Depositor Education and Awareness Fund within the period prescribed in the BR Act. For Canara Bank, RBI said the lender failed to rectify the rejected data and upload the same with the Credit Information Companies (CICs) within seven days of receipt of such rejection report from the CICs and it restructured certain accounts that were not standard assets as on March 31, 2021 under the extant directions.

***(Business Today)***

**RBI lifting curbs on forex non-deliverable forward arbitrage by banks:** India's central bank is easing restrictions on banks' arbitrage trades between the outright foreign exchange over-the-counter (OTC) and the non-deliverable forward (NDF) markets, four people familiar with the matter said. The Reserve Bank of India (RBI) has allowed banks, that have made requests, to resume such trades, a person directly familiar with the central bank's thinking said. "There have been banks who have called and asked whether they can start doing it," and the central bank has approved, this person said. At least two public-sector banks and a private-sector lender have been allowed to recommence arbitrage trades, according to three bankers.

***(Business Standard)***



## ECONOMY

**Small savings mop-up at 64% of full-year target; should meet FY24 Budget aim:** The Centre expects collections under the various schemes of the National Small Savings Fund (NSSF) that have reached 64 percent of the full fiscal's target as on early February, to meet the Budget estimate of Rs 4.17 lakh crore for FY24, a senior government official said. Net collections under the small savings fund were at Rs 2.77 lakh crore as on January-end, compared to Rs 1.91 lakh crore in the first 10 months of 2022-23, the official added. The government funds its fiscal deficit through a mix of borrowings from the bond market, proceeds from small savings and draw down from cash balance. Reducing bond sales helps the government keep a lid on its borrowing costs. The central government typically decides the borrowing calendar for October-March around September-end.

**(Moneycontrol)**

**Centre on track to meet fiscal deficit target of 5.8% for FY24:** The Centre remains confident of meeting the revised targets for the current financial year that were set out in the Interim Budget 2023-24 and officials are optimistic of meeting the fiscal deficit target as well as keeping the pedal on capital expenditure. "The fiscal deficit target of 5.8% of the GDP for FY24 will be met," said an official source. The Interim Budget 2024-25, which was presented on February 1, had lowered the fiscal deficit target for FY24 from the Budget estimate of 5.9%. Meanwhile, capital expenditure, which is pegged at Rs 9.5 lakh crore for FY24 in the Revised Estimates as against the Budget Estimate of Rs 10 lakh crore also remains on track. According to sources, about 80% of the capex target has been utilised by early February this year. "Given the trend, there is an expectation that ministries will be able to utilise the full amount," said the source. Capex has in fact been slightly ahead of revenue expenditure, the source said, noting that revenue expenditure has been slightly lower at about 79% of the RE of Rs 35.4 lakh crore by early February 2024.

**(Business Today)**

**India expresses serious concerns in WTO meet over unilateral protectionist measures:** India on Monday expressed "serious" concerns in a WTO meeting in Abu Dhabi over increase in the use of trade protectionist measures by certain countries in the name of environment protection. The remarks assume significance as the country has earlier flagged issues over the European Union's (EU) decision to impose carbon tax (a kind of import tax) on sectors such as steel and fertiliser; and

adoption of deforestation regulation by the 27-nation bloc. Speaking at a session on sustainable development and policy space for industrialisation, Commerce Secretary Sunil Barthwal said developing countries require flexibility in the existing WTO (World Trade Organization) agreements to overcome the constraints faced by them in their industrialisation. He also expressed concerns on the concerted attempt by the developed countries to club long-standing development issues like policy space for industrial development with new issues of 'Trade and Industrial policy'.

***(Economic Times)***

## INDUSTRY OUTLOOK



**Swiggy changes registered name ahead of IPO:** IPO-bound food and grocery delivery major Swiggy has changed its registered name from Bundl Technologies Pvt Ltd to Swiggy Pvt Ltd through a special resolution passed by the shareholders of the company. “The change in the name of the company will help establish greater proximity and identification of the company’s corporate name with the company’s core brand, ‘Swiggy’,” the food delivery platform said in the resolution, as per regulatory filings made with the Registrar of Companies (RoC). The name change will be subject to the approval of the Registrar of Companies (RoC).

***(Business Line)***

**Bhavish Aggarwal’s AI unicorn Krutrim launches chatbot to take on ChatGPT, Gemini:** Krutrim, an Artificial Intelligence start-up launched by Ola founder Bhavish Aggarwal, has rolled out an AI chatbot in public beta, similar to OpenAI’s ChatGPT and Google’s Gemini. The launch comes a month after Krutrim disclosed a \$50-million financing at \$1-billion valuation, to become the country’s first start-up unicorn in 2024. The company mentioned that it is the first AI unicorn in the country. Matrix Partners India led the funding round. The chatbot, which has the same name as the company, was announced in December. It is the firm’s first product, which will be powered by its multilingual large language models (LLM), also called Krutrim.

***(Business Line)***

**Citi hires Viswas Raghavan from JPMorgan as head of banking, CEO says in memo:** Citigroup has appointed Viswas Raghavan from JPMorgan Chase as its new head of banking. Raghavan, who most recently served as JPMorgan's head of global investment banking, is expected to join Citigroup in the summer. The move comes as Citigroup undergoes its largest reorganization in decades and plans to reduce headcount by 20,000 in the next two years.

***(Economic Times)***





## REGULATION & DEVELOPMENT

**Govt waives penalty, approves interest-free loan of FCV tobacco growers:** The Government of India has announced measures to support Flue Cured Virginia (FCV) tobacco growers in Andhra Pradesh and Karnataka, which were affected by heavy rainfall and drought, respectively, impacting crop production in the states. For Andhra Pradesh, the Ministry of Commerce & Industry has approved interest-free loans for growers, while penalties for excess production have been waived in Karnataka. The FCV Tobacco is only produced in two states in India. In Andhra Pradesh, there are 42,915 FCV tobacco growers, while Karnataka has 39,552 FCV tobacco growers.

**(Business Standard)**

**SEBI warns against fraudulent trading schemes offered by FPIs:** The Securities and Exchange Board of India has cautioned against fraudulent trading platforms, claiming to have affiliations with registered foreign portfolio investors and offering trading opportunities to resident Indians. Fraudsters are enticing victims through online trading courses, seminars, and mentorship programs in the stock market, leveraging social media platforms like WhatsApp or Telegram, as well as live broadcasts, the regulator said. Further, they coax individuals by representing them as employees or affiliates of SEBI-registered FPIs, making them download applications that purportedly allow them to purchase shares or subscribe to initial public offers — all without the need for an online trading or Demat account. However, as per SEBI regulations, the FPI investment route is unavailable to resident Indians.

**(Financial Express)**

**Banks & Post offices will now help ECI step-up voter education and outreach ahead of 2024 Lok Sabha Elections:** In a first-of-its-kind initiative, Election Commission of India (ECI) today signed a Memorandum of Understanding (MoU) with two prominent organizations, the Indian Banks' Association (IBA) and the Department of Posts (DoP) to amplify its voter outreach and awareness efforts ahead of the forthcoming General Elections to Lok Sabha 2024. As part of the MoU, IBA & DoP with its members and affiliated institutions/units will extend support in promoting voter education through their extensive network on a pro-bono basis, employing various interventions to empower citizens with knowledge about their electoral rights, processes, and steps for registration and voting. All member institutions under IBA & DoP will establish Voter Awareness Fora to engage employees and customers in discussions and initiatives related to voter education.

**(PiB)**



## FINANCIAL TERMINOLOGY

### GAMMA HEDGING

- ❖ An active trading strategy meant to hedge risk on options trades. Gamma hedging, tactical trading and intraday momentum used to be for hedge fund managers exclusively, but as technology disrupts many professions that had high bars of entry, more retail investors are becoming sophisticated active traders.
- ❖ Gamma hedging is also employed at an option's expiration to immunize the effect of rapid changes in the underlying asset's price that can occur as the time to expiry nears.
- ❖ Gamma hedging consists of adding additional option contracts to a portfolio, usually in contrast to the current position. For example, if a large number of calls were being held in a position, then a trader might add a small put-option position to offset an unexpected drop in price during the next 24 to 48 hours, or sell a carefully chosen number of call options at a different strike price. Gamma hedging is a sophisticated activity that requires careful calculation in order to be done correctly.



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### **RBI KEY RATES**

Repo Rate: 6.50%  
SDF: 6.25%  
MSF & Bank Rate: 6.75%  
CRR: 4.50%  
SLR: 18.00%  
Fixed Reverse Repo: 3.35%

### **FOREX (FBIL 1.30 PM)**

INR / 1 USD : 82.8856  
INR / 1 GBP : 104.9951  
INR / 1 EUR : 89.7192  
INR /100 JPY: 55.1000

### **EQUITY MARKET**

Sensex: 72790.13 (-352.67)  
NIFTY: 22122.00 (-90.70)  
Bnk NIFTY: 46576.50 (-235.25)

### **Courses conducted by BFSI Board**

- ❖ **Certificate Course on Concurrent Audit of Banks**
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- ❖ **Certificate Course on Treasury and International Banking**
- ❖ **Certificate Course on Investment Management**
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For details please visit  
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### **Publications by BFSI Board**

- ❖ **Aide Memoire on Infrastructure Financing.**
  - ❖ **Aide Memoire on lending to MSME Sector (including restructuring of MSME Credit).**
  - ❖ **Guidance Note on the Internal Audit of General Insurance Companies.**
  - ❖ **BFSI Chronicle (quarterly issue of BFSIB)**
  - ❖ **Handbook on Stock & Book Debts Audit (Revised and Enlarged 2<sup>nd</sup> Edition)**
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### **TEAM BFSIB**

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