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DAILY NEWS DIGEST BY BFSI BOARD

27 March 2024

BANKING & FINANCE



Standard Chartered Bank likely to sell entire 7.18% stake in CDSL for \$151 mn: Standard Chartered Bank-corporate banking is likely to sell entire 7.18% stake in Central Depository Services (India) Ltd (CDSL) for \$151 million through a block deal, sources told CNBC-TV18 on March 26. Floor price for the block deal has been fixed at Rs 1,672 per share, which represents 6.3% discount to last close of Rs 1,785. The offering type is 100% secondary placement and JPMorgan India is likely to be the advisor for the proposed block deal. CDSL received its certificate of commencement of business from SEBI in February 1999 and it facilitates holding and transacting in securities in the electronic form and facilitates settlement of trades on stock exchanges.

(Moneycontrol)

Federal Bank focuses on retail deposit growth, achieving 19% increase: Amidst ongoing deposit competition in the industry, Federal Bank remains focused on strengthening its retail deposit base by focusing on right segments offering competitive interest rates and continuously delivering innovative liability product offerings. Shalini Warriar, the Bank's Executive Director said that this effort has yielded positive results, as is evident from the fact that our deposits have grown by about 19 per cent (year-on-year) while industry growth is around 13.5-14 per cent. The bank is working on offering tailored services and products to different segments, based on the needs of different customer segments. In the non-resident segment, it is leveraging its expertise and remittance network to expand business from non-GCC locations. This strategic move is expected to drive growth in NR deposits, she adds.

(Business Line)

Mastercard, Visa reach \$30 billion settlement over credit card fees: Visa and Mastercard have reached a settlement to cap credit card fees for retailers, resulting in an estimated \$30 billion of savings over five years. The antitrust settlement announced on Tuesday is one of the largest in U.S. history, and upon court approval would resolve claims in litigation that began in 2005. Retailers had



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accused Visa and Mastercard of overcharging them on interchange fees, or swipe fees, when shoppers used credit or debit cards, and barring them through "anti-steering" rules from directing customers toward cheaper means of payment. The settlement would lower interchange rates by four basis points (0.04 percentage points) in the United States for three years, and cap rates for five years.

(Business Line)

Indian lenders and Gazprombank in talks for deepening banking services: Indian lenders and Russia's Gazprombank are in early-stage discussions to establish correspondent banking services for cross-border payments and trade support. Gazprombank aims to expand its operations in India and has engaged with Indian bankers to explore strengthening banking ties. The talks come amid challenges in international trade due to US-led sanctions on Russia. Gazprombank shared details on sanctions and compliance protocols, while Indian banks discussed exploring bilateral payments through the special rupee vostro account (SRVA) mechanism, permitted by the RBI to promote bilateral trade in local currencies.

(Economic Times)



ECONOMY

India's current account deficit narrows to \$10.5 bn in Oct-Dec: RBI: 'India's current account deficit declined to \$10.5 billion or 1.2 per cent of the GDP in October-December quarter from \$11.4 billion in the previous three months and \$16.8 billion a year back, the Reserve Bank of India (RBI) said on Tuesday. Net FDI inflow at \$8.5 billion during April-December 2023 was lower than \$21.6 billion during April-December 2022, it said. Also, accretion of foreign exchange reserves (on a BoP basis) was at \$6.0 billion in October-December (third quarter of current financial year that ends on March 31) compared to an accretion of \$11.1 billion a year ago. The merchandise trade deficit at \$71.6 billion was marginally higher than \$71.3 billion during the third quarter of 2022-23.

(Business Standard)

S&P Global raises India's growth forecast to 6.8% for FY25, lower than current fiscal: With the government showing optimism on the growth scenario, S&P Global on Tuesday upped India's growth forecast by 40 basis points to 6.8 per cent during Fiscal Year 2024-25. However, it is still lower than the 7.6 per cent growth forecast for the current fiscal. "For Asian emerging market (EM) economies, we generally project robust growth, with India, Indonesia, the Philippines, and



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Vietnam in the lead,” Louis Kuijs, Asia-Pacific chief economist at S&P Global Ratings, said. However, despite the hike, the latest projection is lower than RBI’s estimate of 7 per cent. Even the government expects GDP to grow around 7 per cent during the next fiscal year. Other domestic and global agencies expect growth to be in the range of 6.5 to 7 per cent.

(Business Line)

UAE, Russia, Saudi Arabia import more Indian engineering goods in April-Feb 2023-24: A near-doubling of engineering goods exports to Russia in April-February 2023-24 and an increase in shipments to free trade partner countries the UAE and Australia have led to a 1.23 per cent growth in exports (year-on-year) from this segment, at \$98.03 billion, despite an overall decline in goods exports during the period. Exports to the US and China, two important markets for Indian engineering items, however, declined in the eleven-month period this fiscal, as per an analysis by EEPIC India. “India’s engineering exports achieved year-on-year growth for the third straight month in February 2024 and the rate of growth at 15.9 per cent was the highest in fiscal 2023-24. In February 2024, engineering exports were at \$ 9.94 billion... the second highest export in fiscal 2023-24 after December 2023,” the analysis noted.

(Business Line)

Mumbai overtakes Beijing as Asia’s billionaire hub: Hurun report: In a significant shift, Mumbai has dethroned Beijing as Asia’s billionaire capital, marking a historic milestone in the latest Hurun Global Rich List 2024. With 271 billionaires, India now stands third globally in terms of billionaire count. The report unveils a total of 3,279 billionaires globally, with 167 additions in the past year. While China maintained its lead with 814 billionaires, India added nearly 100 new billionaires, while China saw a decline of 155.

(Business Line)

INDUSTRY OUTLOOK



Adani Ports acquires 95% stake in Gopalpur Port in Odisha for Rs 3,080 crore: Adani Ports and Special Economic Zone (APSEZ) on Tuesday announced that it has entered into a definitive agreement to acquire Gopalpur Port Limited (GPL) at an enterprise value of Rs 3,080 crore to purchase the 56 per cent stake of the SP Group and 39 per cent of Orissa Stevedores Limited (OSL) in Gopalpur Port Limited (GPL). Gopalpur port is located on the east coast of India and has the capacity to handle 20 MMTPA. The Government of Odisha awarded a 30-year concession to GPL in 2006, with



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the provision of two extensions of 10 years each. As a deep draft, multi-cargo port, Gopalpur handles a diverse mix of dry bulk cargo, including iron ore, coal, limestone, ilmenite, and alumina. GPL has received more than 500 acres of land on lease for development, with an option to receive additional land on lease to meet future capacity expansions.

(Financial Express)

Centre plans to geotag Telecom infrastructure: The government is planning to geotag key telecommunication infrastructure, including telecom towers and optical fibre cables, to facilitate coordination, particularly during disaster situations. The mapping of telecom infrastructure will also facilitate setting up of other developmental projects across the country, officials aware of the development told ET. "We are working to geotag communication infrastructure across the country by 2027," as per one official. For this, DoT will coordinate with other ministries and state governments so that data can be shared to facilitate setting up of other projects that require telecom infrastructure as the backbone. The Centre sees telecom infrastructure as a key ingredient towards its vision of making India a developed nation by 2047. According to officials, though telecom infrastructure has reached most parts of the country, it is not mapped.

(Economic Times)

WhatsApp ends global companies' cheap-OTP run: Meta's WhatsApp has started a new category for international OTPs, and priced such enterprise messages in India at 20 times more than it was charging earlier, in a bid to increase revenue from such services. Despite the sharp increase, the pricing for India is still half of what enterprises pay for conventional SMSes, as WhatsApp tries to attract more enterprises for this growing segment. WhatsApp last week introduced a new category called 'authentication-international' messages priced at Rs 2.3 per message for India market. The new category is applicable in India and Indonesia starting June 1, an update on its website showed. The move is likely to significantly impact communication budgets of international businesses like Amazon, Google and Microsoft who had been challenging unfairly high prices of international SMSes in India and had started relying on WhatsApp as an alternative, say experts.

(Economic Times)



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REGULATION & DEVELOPMENT

Income Tax Dept sets high-risk value assessment guidelines for updated ITRs, AY 2021-22 filing deadline March 31:

The Income Tax Department has finalized guidelines for assessing or re-assessing of high-risk value in updated Income Tax Returns filed for Assessment Year 2020-21 (Fiscal Year 2019-20). Meanwhile, the last date to file an updated Income Tax Return for Assessment Year 2021-22 is March 31. Based on the profile, updated and non-updated Income Tax Returns are categorized as 'High Risk' under E Verification Scheme 2021. Criteria for selecting such cases include significant financial transactions and higher tax dues besides others. Accordingly, 'High Risk Cases' related to Assessment Year 2020-21 have been verified and a Preliminary Verification Report (PVR) estimating the income escapement was submitted by the officers. Post that, PVR was matched with the latest Income Tax Return and the Final Verification Report (FVR) was prepared wherein Value at Risk (VaR) has been arrived at. Based on Value at Risk, some 'High-Risk Cases' are picked up for reopening under section 147 of the Income Tax Act. According to this section, if any income chargeable to tax has escaped assessment for any assessment year, the Assessing Officer (Aos) may assess or reassess such income, recompute the loss, depreciation allowance, or any other allowance or deduction for such assessment year.

(Business Line)

IRDAI issues series of regulations, tweaks regulation on surrender charges: Insurance regulator IRDAI has notified a host of regulations, including on surrender charges wherein insurers have to disclose such charges upfront. IRDAI (Insurance Products) Regulations, 2024 merge six regulations into a unified framework aimed at enabling insurers to swiftly respond to evolving market demands, enhancing the ease of conducting business, and boosting insurance penetration. These regulations, which will be effective April 1, 2024, stipulate that the surrender value is expected to remain the same or even lower if policies are surrendered within three years of the purchase. For policies that have been surrendered from the fourth to the seventh year, the surrender value may see a minor increase, it said.

The IRDAI (Rural, Social Sector, and Motor Third Party Obligations) Regulations, 2024 consolidate 2 erstwhile regulations pertaining to minimum business obligations in rural, social sector and motor third party business for insurers, as mandated under the Insurance Act, 1938, it said.



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Compliance and measurement of these statutory obligations have been revised where the unit of measurement under the rural obligations will now be Gram Panchayat, the scope of social sector has been extended to cover cardholders and beneficiaries under various schemes, it said.

Under the Motor Third Party Obligations, the unit of measurement will be the renewal of insurance coverage to goods-carrying vehicles, passenger-carrying vehicles and tractors, it said.

Besides, the IRDAI (Registration and Operations of Foreign Reinsurers Branches & Lloyd's India) Regulations, 2024 consolidate two regulations and aims to foster the systematic development of the reinsurance sector in India by promoting orderly growth and harmonizing the existing legal and regulatory framework.

At the same time, the IRDAI (Protection of Policyholders' Interests and Allied Matters of Insurers) Regulations, 2024 consolidate eight regulations into a unified structure, focusing on several key objectives aimed at ensuring fair treatment of prospects during solicitation and sale of insurance policies and protecting the interests of policyholders throughout their engagement with insurers and distribution channels.

(Economic Times)



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FINANCIAL TERMINOLOGY

SHRINKFLATION

- ❖ Shrinkflation is the practice of reducing the size of a product while maintaining its sticker price. Raising the price per given amount is a strategy employed by companies, mainly in the food and beverage industries, to stealthily boost profit margins or maintain them in the face of rising input costs.
- ❖ Shrinkflation is also referred to as package downsizing in business and academic research. A less common usage of this term may refer to a macroeconomic situation where the economy is contracting while also experiencing a rising price level.
- ❖ Shrinkflation is basically a form of hidden inflation. Companies are aware that customers will likely spot product price increases and so opt to reduce the size of them instead, mindful that minimal shrinkage will probably go unnoticed. More money is squeezed out not by lifting prices but by charging the same amount for a package containing a little bit less.



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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 : 83.3559
 INR / 1 GBP : 105.4535
 INR / 1 EUR : 90.4334
 INR /100 JPY: 55.0800

EQUITY MARKET

Sensex: 72470.30 (-361.64)
 NIFTY: 22004.70 (-92.05)
 Bnk NIFTY: 46600.20 (-263.55)

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