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DAILY NEWS DIGEST BY BFSI BOARD

27 September 2024



ECONOMY

Government sticks to borrowing target, to raise Rs 6.61 lakh crore in H2: The Centre on Thursday announced a plan to borrow Rs 6.61 lakh crore from the market in the second half of the current fiscal year, as part of its plan to finance the fiscal deficit. This accounts for 47.1% of the projected gross market borrowings for the current financial year, is in sync with the budgeted programme, and broadly in line with market expectations. The H2 borrowing will be conducted through bonds with maturities of three, five, seven, 10, 15, 30, 40 and 50 years. It will also include green bonds worth Rs 20,000 crore. “The demand for green bonds was low in the H1. We need to see if that improves in H2,” economic affairs secretary Ajay Seth said.

(Financial Express)

GoM for GST cut on educational items, hike for high-value apparel: The Group of Ministers (GoM) on GST rate rationalisation is understood to be in favour of reducing the tax rate on many items including “education materials” to 5% from 12% to provide relief to large sections of people. According to a source privy to the discussions held by the GoM in Goa on Wednesday, the panel also reached an understanding on a proposal to raise the rates of many textile and apparel items beyond a threshold price of Rs 1,000 from 5% now to 12% or 18%. The move, according to the source, would help in achieving “revenue neutrality” by raising the weighted average GST rate. The revenue neutral rate (RNR) during the introduction of GST was determined at 15.5%, but the weighted average GST rate got reduced to below 11% due to reduction in tax rates in a large number of items since the indirect tax regime was rolled out in July 2017.

(Financial Express)

India faces risk of Chinese product influx as US tariffs take effect: India stares at the risk of an influx of Chinese products as US tariffs on a range of Chinese goods, including solar panels, electric vehicles, lithium-ion batteries, syringes, and steel, are set to take effect from September 27. With higher tariffs reducing China’s access to the US market, there is concern that China may divert its



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exports to other markets, including India, which could lead to potential dumping of goods. This situation could challenge Indian industries, particularly in sectors where competition with Chinese products is already fierce.

(Business Line)

World Talent Ranking 2024: Switzerland leads, India drops to 58th position: The IMD's recent World Talent Ranking 2024 shows that among the top ten talent hubs, Switzerland excels in investment, development, and appeal factors while maintaining high standards in quality of life, health infrastructure, educational attainment, statutory minimum wage, and foreign personnel attraction. India finds itself ranked 58th globally, with a talent score of 40.47, a decline from last year's 56th position and a significant drop from 52nd in 2022.

(Business Standard)

BANKING & FINANCE



HDFC Bank sells \$717 million of home loans to reduce credit book: HDFC Bank Ltd. has sold a housing loan portfolio of about 60 billion rupees (\$717 million), seeking to further lighten its credit load amid regulatory pressures on the industry. The portfolio was sold to about half a dozen state-controlled banks through private deals, according to people familiar with the matter said. The Mumbai-based bank also unloaded another pool of car loans worth about 90.6 billion rupees, securitized in a fixed income product called pass-through certificates, the people said. The lender had been engaged in talks — reported in late August by Bloomberg — to offload the pool to about a dozen local asset management companies. The deals confirm India's largest bank in market value is intensifying efforts to shrink its retail loan portfolio amid heightened regulatory pressure to improve the sector's credit-deposit ratios.

(Moneycontrol)

Indian Bank to raise Rs 5,000 crore via infrastructure bonds: State-owned Indian Bank on September 26 said its board has approved raising of Rs 5,000 crore through long-term infrastructure bonds to finance projects. The board approved raising of additional long-term infrastructure bonds aggregating up to Rs 5,000 crore over and above Rs 5,000 crore already raised by the bank in FY25, Indian Bank said in a regulatory filing. The fund raise would be done in one or more tranches during the current or subsequent financial year based on the requirement for financing/refinancing of



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infrastructure and affordable housing in compliance with applicable RBI guidelines and other applicable laws, rules and regulations, it said. Indian state-run banks have been raising funds via infrastructure bonds in the past few months. While Bank of Baroda raised Rs 5,000 crore at a coupon rate of 7.26 percent per annum through long-term 10-year infrastructure bonds earlier this month, State Bank of India (SBI) raised Rs 10,000 crore through its fifth infrastructure bond issuance, in June.

(Moneycontrol)

Regulatory scrutiny may dampen credit cards' festive season spirit: Credit card spending is expected to pick-up on the back of discretionary spending during the festival season, but the growth in spends could be subdued due to the regulatory eye on unsecured lending and rising delinquencies in the credit card segment. Typically, during the festival season (September–December), credit card spends peak as several credit card-issuing banks offer discounts and cashbacks on e-commerce and other platforms.

(Business Standard)

INDUSTRY OUTLOOK



PM Modi unveils India-made Param Rudra supercomputers: Prime Minister Narendra Modi recently launched three new Param Rudra Supercomputers, along with a High-Performance Computing (HPC) system, aimed at advancing research in weather and climate studies. The launch took place virtually, and PM Modi urged young people to take part in the event. The Param Rudra supercomputers are developed as part of the National Supercomputing Mission (NSM), which is designed to make India self-reliant in supercomputing technology. These systems are built to boost the country's scientific research capabilities in various fields. The government invested around ₹130 crore to develop these three supercomputers, with the aim of positioning India as a leader in advanced research and technology.

(Business Today)

Centre increases minimum wage rates for workers: In a significant move to support workers, the Centre on Thursday announced an increase in minimum wage rates by revising the Variable Dearness Allowance (VDA). The revised wage rates will benefit workers in sectors such as construction, loading and unloading, watch and ward, housekeeping, mining, and agriculture within central sphere establishments. The new rates will take effect from October 1, 2024, following the last



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revision in April 2024. The last revision was done in April 2024. The revised minimum wage rates are categorised based on workers' skill levels – unskilled, semi-skilled, skilled, and highly skilled—as well as geographical areas, classified into "A", "B", and "C". In area A, workers in construction, sweeping, cleaning, and loading and unloading will now earn Rs 783 per day (Rs 20,358 per month) for unskilled work, Rs 868 per day (Rs 22,568 per month) for semi-skilled work, Rs 954 per day (Rs 24,804 per month) for skilled, clerical, and watch and ward (without arms), and Rs 1,035 per day (Rs 26,910 per month) for highly skilled workers and watch and ward (with arms). The VDA is revised by the government twice a year, with updates effective from April 1 and October 1, based on the Consumer Price Index for industrial workers.

(Business Today)

Sebi amends rules, introduces fixed price process for voluntary delisting: The Securities and Exchange Board of India (Sebi) has notified critical changes in the delisting regulations, providing promoters better chances to take their firms private through a fixed price framework. The regulator has also introduced new norms to facilitate the delisting of investment holding companies (holdcos). In addition to the reverse book building process, Sebi has introduced a fixed price process where promoters can offer to buy back all shares from the public at least 15 per cent premium to its “fair price”. “In case the acquirer has proposed delisting through a fixed price process; the acquirer shall provide a fixed delisting price which shall be at least 15 per cent more than the floor price calculated in terms of regulation 19A,” as per the notification dated September 25. Further, the acquirer will be eligible for delisting through a fixed price process only if the shares of the company are frequently traded. “This new regime gives existing promoters an option to delist their entities at a fixed price with a 15 per cent premium to the floor. This is in addition to the already available bidding route (RBB).

(Business Standard)

Sebi cuts listing time to T+3 working days for debt securities issue: Sebi on Thursday decided to reduce the timeline for listing of public issue of debt securities to three working days from six days at present, to facilitate faster access to funds. This new timeline will be optional for the first year and mandatory thereafter. "It has been decided to reduce the listing timeline in case of public issue of debt securities and NCRPS to T+3 working days from the existing timeline of T+6 working days," the Securities and Exchange Board of India (Sebi) said in a circular. The move would help in enabling faster access to funds for issuers. Further, to ensure ease of compliance for issuers, the listing timeline of T+3 working days will be applicable on a voluntary basis to public issues of debt securities and NCRPS opening on or after November 1, 2024, and on a mandatory basis from November 1, 2025.

(Business Standard)



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REGULATION & DEVELOPMENT

Sebi working on a dozen AI projects to enhance efficiency and processes: SEBI Chairperson Madhabi Puri Buch emphasized the increasing use of artificial intelligence (AI) within the regulatory body to speed up processes and boost efficiency. She was speaking as a part of AMFIs Annual Board Meeting. "At SEBI, we today have around a dozen projects on AI. Half of them are to facilitate faster approvals and faster provisions," she said. "Now we are looking at IPOs so that no IPO document exceeds three months from the first date of application. All of this is the magic of technology," she added. Buch added that technological advancements is the mantra that they believe in. "If we continue the work we are doing, there is no stopping the wealth creation of the country," she said.

(Moneycontrol)

Parliament's standing committees announced; Bhartruhari Mahtab to head panel on finance: The Indian Parliament's department-related standing committees, which scrutinise the functioning of Union ministries, were constituted and finally announced on September 26. While BJP's Bhartruhari Mahtab was named to helm the standing committee on Finance, Radha Mohan Singh will be heading the committee on defence. The crucial committees of external affairs and home will be chaired by Congress' Shashi Tharoor and BJP's Radha Mohan Das Agarwal, respectively. Ex-minister Anurag Thakur will be heading the parliamentary panel on Coal, Mines and Steel, and the committee on education to be led by Congress' Digvijay Singh. Rahul Gandhi made a member of the Committee on Defence.

(Moneycontrol)

India climbs one spot to rank 39 in Global Innovation Index 2024 rankings: India climbed one spot to rank 39 in the global innovation index as the country became one of the five middle income economies in the top 40 rank among 133 nations. India secured the top position among lower middle-income countries, ranking ahead of Vietnam and the Philippines, with a score of 38.3. The country has steadily climbed the index in recent years, improving from a rank of 81 in 2015.

(Moneycontrol)

IBBI amends rules to enhance creditor representation in insolvency process: The IBBI has amended the Insolvency Resolution Process for Corporate Persons norms to introduce significant



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changes to enhance creditor representation in the insolvency process. The board notified the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) (Second Amendment) Regulations 2024 on September 24. "The amendment regulations provide for the appointment of an interim representative who will act as a representative for a class of creditors during the period when the application for appointment of the authorised representative is under consideration of the adjudicating authority for approval," IBBI said in a release. The interim representative will have the same rights and responsibilities as a duly appointed authorised representative, particularly in the meetings of the committee of creditors. This move is aimed at facilitating the effective representation of creditors that are large in number, such as homebuyers, who often face delays and complications during the insolvency process.

(Business Standard)



FINANCIAL TERMINOLOGY

COMMAND ECONOMY

- ❖ A command economy is a key aspect of a political system in which a central governmental authority dictates the levels of production that are permissible and the prices that may be charged for goods and services. Most industries are publicly owned.
- ❖ Proponents of command economies argue government control rather than private enterprise can ensure the fair distribution of goods and services.
- ❖ The main alternative to a command economy is a free market system in which demand dictates production and prices.
- ❖ Cuba, North Korea, and the former Soviet Union all have command economies. China maintained a command economy until 1978 when it began its transition to a mixed economy that blends communist and capitalist elements. Its current system has been described as a socialist market economy.



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 : 83.7009
INR / 1 GBP : 111.6983
INR / 1 EUR : 93.3215
INR /100 JPY: 57.8400

EQUITY MARKET

Sensex: 85836.12 (+666.25)
NIFTY: 26216.05 (+211.90)
Bnk NIFTY: 54375.35 (+273.70)

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