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DAILY NEWS DIGEST BY BFSI BOARD

28 September 2024

ECONOMY

India reduces export duty on parboiled rice to 10% from 20%: India on Friday reduced export duty on parboiled rice to 10% from 20% earlier, the government said in a notification, as inventories in the world's biggest exporter of the grain surged and farmers are set to harvest a new crop in the coming weeks. The reduction in export duty will lower India's export prices, boost shipments, and force competing countries like Thailand, Vietnam, Pakistan, and Myanmar to reduce their prices as well. India had imposed a 20% duty on parboiled rice exports in 2023 after its crop was affected by below-normal rainfall. The government also reduced the export duty on brown rice and husked rice to 10%, the notification said. This reduction will take effect immediately.
(Moneycontrol)

Foreign investment in India lags behind potential, says Kotak Institutional Equities CEO: Foreign investment flows into Indian markets are a fraction of their potential as most have been sitting on the sidelines waiting for the markets to correct and valuations to cool down, said Pratik Gupta, CEO and co-head, Kotak Institutional Equities. “Global investors have been on the sidelines..whatever money we have seen flowing in, is a trickle, compared to what they can invest,” Gupta told businessline. A lot of foreign money was still outside, waiting for Indian markets to correct. Foreign investors had sold India and invested in the US or other markets, thinking that they would return to India once the markets had moderated to more reasonable valuations. “The market is expensive with the NIFTY trading at 23x one-year forward earnings”. While valuations looked expensive in the short term from a 3-5 year horizon equities would still offer better returns than fixed income, he explained.
(Business Line)

Employment crisis deepens, says survey: The periodic labour Force Survey (PLFS) 2023-24 data was released recently. The clear picture emerging over the last decade has only been confirmed. India’s employment crisis, already deep, shows no signs of letting up. The uncalled-for national

lockdown Covid began had resulted in India's economy contracting by nearly twice as much as the world economy (5.8% versus 3.1%, compared to the previous year). That short-notice lockdown of national scope (China had no national lockdown) sent millions back from the cities to their rural abodes. That decision and its adverse impact on an already slowing economy resulted in 60 million workers being added to agriculture in the next three years alone. PLFS 2023-24 shows that more workers have been added to farming in the last year again. Shockingly, it shows the share of agriculture has gone up from 45.8% (2022-23) to 46.1% (2023-24).
(Financial Express)

BANKING & FINANCE

IDFC to merge with IDFC FIRST Bank, effective October 1: IDFC Limited on September 27 announced that its Board of Directors has approved the amalgamation of its subsidiaries. It said the Board, in its meeting has approved the effectiveness of the composite scheme of amalgamation for merging IDFC Financial Holding Company Limited (IDFC FHCL) with IDFC Limited, and subsequently, IDFC Limited with IDFC FIRST Bank Limited. IDFC further stated that the National Company Law Tribunal (NCLT), Chennai Bench, sanctioned the amalgamation scheme on September 25, 2024. The merger will be effective from October 1.
(Moneycontrol)

Punjab National Bank raises Rs 5,000 crore via QIP: PSU lender Punjab National Bank on September 27 said it raised Rs 5,000 crore through Qualified Institutions Placement (QIP). In a stock exchange filing, the bank said it allotted 48.2 crore shares to Qualified Institutional Buyers at Rs 103.75 per share. "The Capital Raising Committee of the Board of the Bank, has in its meeting held today, i.e., 27.09.2024 approved the allotment of 48.2 crore Equity Shares to eligible Qualified Institutional Buyers at an Issue Price of Rs 103.75 per Equity Share, aggregating to Rs 5,000 crore in accordance with the provisions of SEBI ICDR Regulations," said the bank in a stock exchange filing.
(Moneycontrol)

Banks struggles to mobilise large deposits; C-D ratio rises to 80 pc: Report: Banks struggled to mobilise large deposits to meet the increasing credit demand in the last two financial years, a report said. Outstanding credit disbursed by Scheduled Commercial Banks (SCBs) was at the highest level in 2023-24 amounting to Rs 1,64,98,006 crore, whereas in percentage terms, the growth

of Credit-to-Deposit(C-D) ratio rose from 75.8 per cent to 80.3 per cent, Infomerics Ratings said in a report. According to the RBI April 2024 Bulletin, during March 2024, the incremental Credit-Deposit Ratio(ICDR) remained around 95.94 per cent, whereas on March 8, 2024 this was at 92.95 per cent.
(Economic Times)

INDUSTRY OUTLOOK

More than 100 merchant bankers could lose SEBI licence: The Securities and Exchange Board of India's (Sebi's) proposed review of the Merchant Bankers Regulations could potentially force many of the 225 registered investment bankers out of business. SEBI plans to overhaul the Merchant Bankers Regulations, which were framed more than three decades back in 1992. A consultation paper released last month proposed stricter standards for merchant bankers, including one related to cancelling their licence if an entity does not generate a certain amount of income from core merchant banking activities. Industry insiders said the proposed changes will likely weed out the industry of entities that have become inactive or are only peripherally engaged in core investment banking activities. To be sure, the exit is not likely to have any significant impact on the industry as most of the firms that face an exit would typically be the ones that are currently inactive but still holding a SEBI licence.
(Moneycontrol)

Property Share IPO: India's first SM REIT scheme to raise Rs 353 crore: Property Share Investment Trust (PSIT), India's first registered small and medium real estate investment Trust, has filed the draft trust offer document and draft scheme offer document for PropShare Platina, the first scheme under PSIT aggregating to up to Rs 353 crore. PropShare Platina comprises 246,935 sf of office space in Prestige Tech Platina, a LEED Gold office building located on Outer Ring Road (ORR), Bangalore proposed to be fully leased to a US-based tech company through a fresh 9-year lease with a 4.6-year weighted average lock-in and 15% escalation in rents every 3 years. The scheme offers investors a projected FY26 distribution yield of 9.0%.
(Business Today)

Private equity deals in India pick up after two years of decline: After two years of decline, private equity (PE) transactions in India have risen by 8.9 per cent in the first nine months of 2024, reaching $24.2 billion, compared to $22.23 billion in the same period in 2023. The financial services sector led the surge, with deals totalling $6.3 billion, accounting for 26 per cent of all transactions as on Friday. The technology sector followed with $5 billion, while non-cyclical and cyclical consumer sectors recorded $4.3 billion and $3.5 billion, respectively.

(Business Standard)

REGULATION & DEVELOPMENT

Bourses defer T+0 settlement pilot for institutional clients: Stock exchanges on Friday deferred the voluntary implementation of the T+0 or same-day settlement cycle of securities for institutional clients, which was supposed to apply from September 30. Apart from lacklustre volumes from retail investors, foreign portfolio investors have resisted a move to T+0 even on an optional basis, said people in the know. For T+0, prefunding of both cash and securities will be needed, which will be an issue for FPIs. Exchanges rolled out the beta version of T+0 from March 28 for retail clients, which will continue. This was for transactions in 25 securities. Market observers said the beta version of T+0 has not taken off, with few brokers offering the settlement facility. Activity so far has been restricted to token trades, resulting in low volumes. Some feel that systems are not yet in place for smooth operations. In September, for instance, only Geojit Financial Services and Navia Markets offered the T+0 facility on NSE. There was no trading in any security on Friday under T+0.

(Business Line)

SEBI proposes standardised disclosure for mutual funds: SEBI on Friday proposed a series of regulations, including disclosure of expenses, expense ratio, returns and yields on both regular and direct plans separately. In a consultation paper, the markets regulator said, “In order to facilitate enhanced transparency, ease of comprehension and a standardised approach towards disclosures by the mutual fund industry, certain changes have been proposed in this consultation paper which will further aid informed decision making by investors.” In 2013, SEBI had introduced direct plans to help DIY (do-it-yourself) investors. Investors seeking to go direct are not charged any distribution fee by the fund house. Consequently, the expense ratio for such investors comes down by around 1%-1.5% annually, depending on the scheme. SEBI has also said the disclosure of half-yearly financial results of a scheme shall contain separate disclosures for total recurring expenses for direct and regular plans, apart from the disclosure of total recurring expenses of the scheme. The format will be finalised by the Association of Mutual Funds in India in consultation with SEBI. In addition, it has also proposed that the risk-o-meter should be colour coded in a standardized format. Any changes in the

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risk-o-meter of the scheme or its benchmark should be communicated through a notice-cum-addendum and via e-mail or SMS to unitholders of that particular scheme, said SEBI. The market regulator has proposed to implement it within 30 days of notifying the guidelines. Market participants and experts can send in their views by October 18.
(Financial Express)

EPFO gets smarter, claims settlement now 30 per cent faster: Processing of claims by the Employees' Provident Fund Organisation (EPFO) has seen a sharp jump of about 30% year-on-year in August-September, thanks to the latest software upgrade by the world's largest retirement fund body's digital platform.
(Financial Express)

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FINANCIAL TERMINOLOGY

OPEN BOOK MANAGEMENT

- Open book management (OBM) is defined as empowering every employee of an organisation with required knowledge about the processes, adequate training and powers to make decisions which would help them in running a business. It is all about team work and moving forward collectively.
- Open book management is defined as one of the most dynamic approaches in running a business. It involves keeping complete transparency with employees, sharing data, training employees to embrace leadership roles as well as sharing financial statements. Research has shown that when companies share distinct details about the organisation with the employees, this process helps them grow faster. Most of the companies where this concept is followed generally figure among the top 10% of the companies.
- When a company shares sensitive information with employees, it leads to better employee-employer relationship, helps build trust and boosts the morale of employees. Open book management approach is about showing employees' the financial statement data and making them believe that every effort of theirs is getting reflected in the overall numbers of the company. This facilitates in building the trust as well as enables companies in retaining employees.

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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 : 83.6688
INR / 1 GBP : 112.0498
INR / 1 EUR : 93.4608
INR /100 JPY: 58.2300

EQUITY MARKET

Sensex: 26178.95 (-37.10)
NIFTY: 85571.85 (-264.27)
Bnk NIFTY: 53834.30 (-541.05)

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
- Certificate Course on General Insurance.
- Advance Certificate Course on FinTech

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- 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 2nd Edition)

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