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

**29 April 2024**



### **ECONOMY**

**FPIs dump Indian equities worth Rs 6,300 cr in Apr as US bond yields rise:** Foreign investors pulled out domestic equities worth Rs 6,300 crore in April on concerns over tweaks in India's tax treaty with Mauritius and sustained rise in US bond yields. This came following a whopping net investment of Rs 35,098 crore in March and Rs 1,539 crore in February, data with the depositories showed. Foreign Portfolio Investors (FPIs) made a net outflow of Rs 6,304 crore in Indian equities this month (till April 26), the data showed. "The trigger for this renewed FPI selling, in both equity and debt, is sustained rise in US bond yields. The 10-year bond yield now stands at around 4.7 per cent, which is hugely attractive for foreign investors. While the tweak in India's tax treaty with Mauritius on investments made in India via the island nation continues to bother foreign investors, weak cues from the global markets with uncertain macro and interest rate outlook didn't augur well for emerging market equities.

***(Business Standard)***

**China's share in industrial goods imports jump to 30% from 21%: GTRI:** With increasing India's dependence on Chinese industrial goods like telecom, machinery and electronics, Beijing's share in New Delhi's imports of such goods rose to 30 per cent from 21 per cent in the last 15 years, a report said. According to the report by the economic think tank Global Trade Research Initiative (GTRI), the growing trade deficit with China is a cause of concern, and the strategic implications of this dependency are profound, affecting not only economic but also national security dimensions. From 2019 to 2024, India's exports to China have stagnated at around \$ 16 billion annually, while imports from China have surged from \$ 70.3 billion in 2018-19 to over \$ 101 billion in 2023-24, resulting in a cumulative trade deficit exceeding \$ 387 billion over five years.

***(Business Standard)***

**CII-IGBC expects surge in private capex, FDI after Lok Sabha polls:** India will see a surge in private capital expenditure (capex) and foreign direct investment (FDI) after the conclusion of the



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ongoing elections, according to the top industry body Confederation of Indian Industry (CII)-Indian Green Building Council (IGBC). The body, however, warned that India Inc had to remain competitive while embracing sustainability. "Companies, both multinationals and domestic, face the challenge of reducing their carbon footprint and adopting green practices to enhance their global competitiveness. This requires significant investments in technology, infrastructure, and workforce training, posing a challenge for companies operating in diverse sectors," said B Thiagarajan, National Chairman of CII-IGBC.

***(Business Standard)***

## **BANKING & FINANCE**



**Minority shareholders file class action suit against ICICI Securities on delisting concerns:** A group of minority shareholders led by investor Manu Rishi Guptha have filed a class action suit on Saturday with the National Company Law Tribunal against ICICI Securities on the delisting plan, sources said. More than 100 shareholders are a part of the class action suit. As per section 245 of the Company Act 2013 such a suit may be filed (where one or several persons join together and sue on behalf of a larger group of person) if they are of the opinion that the management or conduct of the affairs of the company are being conducted in a manner prejudicial to the interests of the company or its members or depositors. Moneycontrol had previously reported that the shareholders were contemplating legal action. The shareholders had raised concerns on due process not being followed, wrong valuation, and attempts of influencing shareholders to vote in favour of the delisting.

***(Moneycontrol)***

**ICICI Bank Q4 PAT up 17% on strong loan growth, steady asset quality:** ICICI Bank's profit after tax grew 17.4 per cent on year and 4.2 per cent on quarter to ₹10,708 crore in Q4 FY24 on the back of strong loan growth and controlled asset quality. Total advances increased 16.2 per cent y-o-y and 2.7 per cent q-o-q to ₹11.8-lakh crore. The retail loan portfolio was up 19.4 y-o-y and 3.7 per cent q-o-q to ₹6.6-lakh crore, comprising 54.9 per cent of total loans. Gross NPA ratio declined to 2.16 per cent on March 31 from 2.30 per cent a year ago. Net NPA ratio declined to 0.42 per cent from 0.44 per cent in the previous quarter and 0.48 per cent in the previous year. Net interest income (NII) increased 8.1 per cent y-o-y to ₹19,093 crore for the reporting quarter. Net interest margin (NIM) was



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4.40 per cent lower than 4.43 per cent in the previous quarter and 4.90 per cent a year ago. The NIM for FY24 was 4.53 per cent, which compares similarly to 4.48 per cent for FY23,

**(Business Line)**

**YES Bank Q4 net profit grows over 1-fold, total income up 25%:** YES Bank reported a net profit of Rs 467.29 crore in Q4 of FY24, an increase of 126.61% from the previous year of the same quarter. The company had reported a net profit of Rs 206.21 crore in Q4 of FY23. Bank also highlighted that the net interest margin (NIM) for Q4 of FY24 is steady quarter-on-quarter (Q-o-Q) at 2.4%. Meanwhile, the bank's total income for Q4 of FY24 stood at Rs 9099.60 crore, against Rs 7273.17 crore in the preceding year of the same quarter, an increase of 25%.

**(Financial Express)**

**Pension Portals of all Pension Disbursing Banks to be integrated in the Integrated Pensioners' Portal of Department of Pension & Pensioners' Welfare:** "Pension Portals of all Pension Disbursing Banks to be integrated in the Integrated Pensioners' Portal of Department of Pension & Pensioners' Welfare to ensure Ease of Living of Pensioners" says Shri. V Shrinivas, Secretary (P&PW) while addressing the launch ceremony of the Integrated Pensioners' Portal of Bank of India on 26th April 2024. In line with the objective of transparency, digitization and service delivery, the Bhavishya platform has ensured End-to-End digitization of the Pension processing and payment which commences from the retiree filing his/her papers online till issue of the PPO in electronic format and going into the Digilocker. The 'Bhavishya' platform, an integrated online pension processing system was made mandatory for all central government departments w.e.f. 01.01.2017. This system is at present being successfully implemented in 98 Ministries/ Departments including 870 Attached Offices and 8,174 DDOs on board. Department of Pension & Pensioners' Welfare was awarded the 3rd Rank for BHAVISHYA (an online tracking system for pension sanction and payment developed by DOPPW) as per the NeSDA Assessment 2021 among all the Central Government e-Governance Service Delivery Portals. In order to mitigate the problems faced by pensioners pertaining to banks such as Change of bank, status regarding submission of life certificate, Pension slip, Form 16, Pension receipt information, the websites of Pension Disbursing Banks are being integrated with the Integrated Pensioners Portal of DoPPW, to enable these services to be available from a single window. The task of Integration of Pension Portal of SBI, Bank of Baroda, Punjab National Bank and Canara Bank with Bhavishya portal has been completed.

**(PiB)**

**Only AU Small Finance Bank eligible to apply for universal bank license now:** Stringent asset quality norms set by Reserve Bank of India has made just one out of 11 small finance banks eligible to apply for a universal banking licence while others would need to wait at least a few more quarters to get there. AU Small Finance Bank, the largest lender of the pack, has met all the eligibility criteria set by the regulator. AU has Rs 12,560 crore of net worth, made profits for the last two fiscals,



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and its gross and net non-performing assets were less than 3% and 1% respectively during the period as prescribed by RBI. It also has a well-diversified loan book as desired by the regulator. Following the merger with Fincare Small Finance Bank effective April 1, AU's balance sheet has grown to Rs 1.25 lakh crore and a net worth of nearly Rs 15000 crore. It now caters to around 10 million customers through 2,382 banking touchpoints.

*(Economic Times)*

## INDUSTRY OUTLOOK



### **Tesla CEO Elon Musk heads to China in surprise visit to country: Report:**

Tesla CEO Elon Musk has headed to China on Sunday on a surprise visit to the country, which is also the second biggest market of the electric vehicle giant, news agency Reuters reported citing two people with knowledge of the matter. Musk's visit to China comes a week after his visit to India was postponed due to 'Tesla obligations.' He was scheduled to meet with Prime Minister Narendra Modi and announce plans to enter the Indian market. Meanwhile, as of now, Musk is seeking to meet senior Chinese officials in Beijing to discuss the rollout of Full-Self Driving (FSD) software in China and to obtain approval to transfer data collected in the country abroad to train algorithms for its autonomous driving technologies, Reuters said, citing one of the two people. In response to a query on social media platform X, the Musk stated that Tesla may make FSD available to customers in China "very soon." Notably, Musk's visit to China was not made prominently visible in public eyes.

*(Business Line)*

### **One-year return of Nifty's PSU Bank Index outperforms Private Bank**

**Index in FY24:** FY24 has been a bumper year for public sector bank (PSB) shares, with the Nifty PSU Bank Index soaring 88.56 per cent in FY24 versus 14.25 per cent increase in the Nifty Private Bank Index. The aforementioned indices reflect the performance of public sector banks (PSBs) and private sector banks (PVBs). They provide investors and market intermediaries with a benchmark that captures the capital market performance of these banks. The Nifty PSU (public sector undertaking) Bank Index and Nifty Private Bank Index comprise shares of all 12 PSBs and 10 PVBs, respectively.

*(Business Line)*





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## **Mcap of 6 most valued firms rise Rs 1.30 trn; SBI, ICICI Bank top gainers:**

The combined market valuation of six of the top-10 most valued firms increased Rs 1,30,734.57 crore last week, with State Bank of India and ICICI Bank emerging as the biggest gainers in line with an overall positive trend in equities. The valuation of the State Bank of India rallied Rs 45,158.54 crore to Rs 7,15,218.40 crore. ICICI Bank's market valuation rose Rs 28,726.33 crore to Rs 7,77,750.22 crore. Bharti Airtel added Rs 20,747.99 crore to Rs 7,51,406.35 crore, and that of ITC jumped Rs 18,914.35 crore to Rs 5,49,265.32 crore.

***(Business Line)***



## **REGULATION & DEVELOPMENT**

**448 infra projects hit by cost overrun of Rs 5.55 lakh crore in Q3 of FY24: Govt:** As many as 448 infrastructure projects, each entailing an investment of Rs 150 crore or above, were hit by cost overruns of more than Rs 5.55 lakh crore during the December quarter of 2023, according to a government report. The Quarterly Project Implementation Status Report (QPISR) on Central Sector Projects (costing Rs 150 crore and above) for the third quarter of 2023-24, contains detailed information on 1,897 projects. The QPISR is prepared by the Ministry of Statistics and Programme Implementation. Of the 1,897 projects, 448 projects had a cost overrun of Rs 5,55,352.41 crore, which is 65.2 percent of their sanctioned cost, PTI reported citing the report. The report stated that with regard to the latest approved cost, 292 projects had reported a cost overrun of Rs 2,89,699.46 crore, while 276 projects are having both time and cost overruns.

***(Business Today)***

**Madras HC orders RBI to conduct comprehensive asset valuations for DBS and Lakshmi Vilas Bank:** The Madras High Court has directed the Reserve Bank of India (RBI) to conduct a comprehensive valuation of shares and assets of DBS Bank India and Lakshmi Vilas Bank (LVB) as they stood prior to their amalgamation in November 2020. This valuation will provide clarity on the impact of the merger on stakeholders. Based on this fresh valuation, the RBI is expected to reassess its decision on the reduction of share value and the write-off of tier-2 bonds within a period of four months. This court order is in response to a suit filed by bondholders and minority shareholders of LVB, challenging the write-down of their investments. The complaint stemmed from the moratorium imposed on LVB before its amalgamation with DBS Bank India.

***(Business Line)***



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**Public sector banks may get legal teeth on issuing lookout circulars:** The government is likely to legally empower banks to issue lookout circulars (LOCs) to prevent loan defaulters from fleeing the country, people aware of the development told ET. This follows a decision by the Bombay High Court earlier this week that said public sector banks (PSBs) don't have the power to recommend, or ask, the central government for the issuance of LOCs against defaulting borrowers. The government may now provide legal status to the office memorandum under which PSBs are allowed to issue lookout circulars.

*(Economic Times)*



## FINANCIAL TERMINOLOGY

### ARM'S LENGTH TRANSACTION

- ❖ An arm's length transaction refers to a business deal in which buyers and sellers act independently without one party influencing the other. Arm's length transactions assert that both parties act in their own self-interest and are not subject to pressure from the other party.
- ❖ They also assure others that there is no collusion between the buyer and seller. In the interest of fairness, both parties usually have equal access to information related to the deal.
- ❖ Arm's length transactions are commonly used in real estate deals because the sale affects not only those who are directly involved in the deal but other parties as well, including lenders.



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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 : 83.3395  
INR / 1 GBP : 104.2560  
INR / 1 EUR : 89.4288  
INR /100 JPY: 53.4300

### **EQUITY MARKET**

Sensex: 73730.16 (-609.28)  
NIFTY: 22419.95 (-150.40)  
Bnk NIFTY: 48201.05 (-293.90)

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

- ❖ **Certificate Course on Concurrent Audit of Banks**
- ❖ **Certificate Course on Credit Management of Banks**
- ❖ **Certificate Course on Treasury and International Banking**
- ❖ **Certificate Course on Investment Management**
- ❖ **Certificate Course on General Insurance.**

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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 2<sup>nd</sup> Edition)**
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