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

**30 March 2024**

### **BANKING & FINANCE**



**EC allows transfer, promotion of bank officials during model code of conduct:** The Election Commission of India has allowed the transfer and promotion of officers in state-run financial services organisations such as banks, provided those assigned polling duties were not relocated. The panel has, however, deferred any fresh appointments till the elections are over.

***(Moneycontrol)***

**Canara Bank to dilute 13% stake in MF subsidiary via IPO:** Canara Bank's board has accorded approval for initiating the process of diluting a part of its stake by listing its subsidiary, Canara Robeco Asset Management Company Ltd (CRAMC), on the stock exchange through an initial public offering (IPO). CRAMC is Canara Bank's joint venture with Orix Corporation, Japan, with the bank holding a 51 per cent stake. The public sector bank will dilute 13 per cent of its stake by listing CRAMC on the stock exchange via IPO. CRAMC is a JV, which was formed in 2007 by divesting 49 per cent stake held by the Bank in Can Bank Mutual Fund in favour of Robeco Group N V (now Orix Corporation, Japan).

***(Business Line)***

**ESAF SFB to focus on solar rooftop and electric vehicle financing:** ESAF Small Finance Bank (SFB) is focusing on financing solar rooftop and electric vehicles as a part of its strategy to drive asset growth in the clean energy segment which was started by the lender about a year back, said Paul K Thomas, MD & CEO of ESAF SFB in an interaction. "We are focusing on solar rooftop financing as well as electric vehicles, with particular attention to promoting electric vehicles, within the vehicle load segment," Thomas told Business Standard.

***(Business Standard)***

**SBI to L&T: NSE revises F&O lot size of derivative contracts for 54 stocks:** The National Stock Exchange (NSE) has announced a revision in the lot size for derivative contracts for 54 stocks



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including State Bank of India, Adani Ports, Larsen & Toubro, Ambuja Cements, among others. The lot sizes for the remaining 128 stocks have been kept unchanged. The lot size refers to the fixed number of shares of a stock or an index for which futures and options (F&O) contracts are traded. The exchange has cut the lot size for the F&O contracts of 42 stocks to half of the current lot sizes. The revised lot sizes will be effective from April 26 for expiries in May or later. The lot sizes for six other companies have also been revised downwards, but these cuts are in varying range and will be effective for July and later expiries. These include Tata Motors, Tata Power, Bajaj Auto, Grasim, Godrej Properties, and Power Finance Corporation (PFC). The six scrips for which lot sizes have been increased include Bandhan Bank, Atul, Zee Entertainment, Dalmia Bharat, Navin Fluorine, and Polycab India. These revisions will also be applied for expiries in July and later.

***(Business Standard)***

**IT Dept slaps ₹564.44 crore penalty on Bank of India:** Bank of India said it has received an order from the Income Tax Department, Assessment Unit, pertaining to AY 2018-19, in which a penalty of ₹564.44 crore has been imposed on various disallowances made. The Bank, in an exchange filing, said it is in the process of filing an appeal before the Commissioner of Income Tax, National Faceless Appeal Centre (NFAC), against the said order (issued under section 270A of the Income Tax Act, 1961).

***(Business Line)***

**Bank loans to industry and services grow, retail lags in February:** The pace of expansion in retail loans, hitherto the primary growth lever for several high-street lenders, moderated in February after the banking regulator enhanced the risk weighting on such exposure over concerns of potential future defaults. Overall credit demand remained healthy, buttressed by new credit lines to industry and services. Retail loan growth moderated to 18.1% (year-on-year) in February, compared with 20.6% a year ago, as disbursements of vehicle and personal loans slowed. On a year-on-year basis, non-food bank credit climbed 16.5% in February, as compared with 15.9% a year ago, according to the latest Reserve Bank of India (RBI) data on sectoral deployment of bank credit.

***(Economic Times)***

**Indian travellers in UAE can now make UPI payment using PhonePe:** PhonePe users will now have the option of making UPI payments at the NEOPAY terminals. They have to simply scan the QR code at Mashreq's NEOPAY terminals, enter the amount – Voila! the payment is done in a matter of seconds. According to a PhonePe statement, Mashreq's NEOPAY Terminals will now accept UPI apps as a payment options. This is as a result of collaboration between NPCI International Payment and the Mashreq Bank. The amount debited will be in rupee and the user will also get a clear understanding of the exchange rate considered for the transaction.

***(Financial Express)***



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**HSBC completes sale of Canadian unit to Royal Bank of Canada:** HSBC Holdings said it completed the C\$13.5 billion (\$9.96 billion) sale of its Canadian unit, HSBC Bank Canada, to Royal Bank of Canada (RBC) on Thursday. The transaction will result in the recognition of an estimated gain of \$4.9 billion in the first quarter of 2024, HSBC said in a statement on Friday. RBC previously said the acquisition, which merges Canada's biggest and seventh-biggest lenders, will boost its domestic business as well as its position on the global stage.

***(Financial Express)***



**ECONOMY**

**Procurement through govt's online marketplace GeM crosses ₹4 lakh crore so far this fiscal:** The procurement of goods and services through government's portal GeM has crossed ₹4 lakh crore so far this fiscal due to higher buying activities by various ministries and departments, a senior government official said on Friday. The Government e-Market (GeM) portal was launched on August 9, 2016, for online purchases of goods and services by all central government ministries and departments. "As of March 28, the procurement has crossed ₹4 lakh crore. It is historic," GeM CEO P K Singh told reporters here. In 2021-22 the procurement value stood at ₹1.06 lakh crore and it crossed ₹2 lakh crore last financial year.

***(Business Line)***

**Rupee most stable Asian currency in FY24 after Singapore, Hong Kong:** Record foreign portfolio inflows in 2023-24 helped the rupee and bond to remain stable amid global uncertainties. Domestic markets received foreign inflows of Rs 3.23 trillion in the financial year FY24, as against an outflow of Rs 45,365 crore in FY23. The domestic economic conditions remained favorable with the headline inflation largely remaining within the RBI's comfort zone of 2-6 per cent. (Between April 2023 and February 2024 CPI inflation was above 6 per cent only on two occasions). Rupee was the third most stable Asian currency against the US Dollar in the financial year 2023-2024 after Hong Kong Dollar and Singapore Dollar primarily due to timely intervention by the RBI. ***(Business Standard)***

**Bad bank does two years' worth of business in one week, buys over Rs 24,000 cr of debt just before FY24 ends:** Government-backed bad bank, the National Asset Reconstruction Co (NARCL), has finalised nine transactions worth more than ₹24,000 crore in bank debt in the last



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work week of FY24, people aware of the developments said, pointing to a frenetic pace of deal making after a relative lull through virtually the entire second half of the fiscal year ending. Over the past four days, it has completed the transfer of six accounts. The NARCL made the upfront payments and issued the necessary security receipts (SRs) guaranteed by the government with a total debt count of Rs 9,415 crore.

*(Economic Times)*

## INDUSTRY OUTLOOK



**PM Modi to Bill Gates: Aim higher, surpass AI with innovation:** Prime Minister Narendra Modi, on Friday, urged the tech industry and tech adopters to focus their energies on competing with artificial intelligence (AI) and challenging it instead of seeing it as a magic tool that make people lazy and uses it only for basic jobs like letter writing. Modi said in an exclusive interaction with Microsoft Co-founder Bill Gates that efforts must be made to surpass AI's present capabilities. "If we use AI as a magic tool, it will perhaps lead to a grave injustice. If AI is relied on out of laziness...then it is the wrong path. I should have a competition with ChatGPT and strive to go ahead of AI..." Modi said. Modi said that he was pushing AI to recognise and adapt to the myriad languages of India. He also stressed the need to label AI-generated content, cautioning about the deceptive potential of deepfakes.

*(Business Line)*

**Akasa Air commences international operations:** Domestic carrier Akasa Air has commenced its international operations with its inaugural overseas flight departing from Mumbai to Doha, Qatar. In a statement on Thursday, the airline said it has been granted traffic rights for three other international destinations — Kuwait, Jeddah, and Riyadh. Further, the airline said with its conveniently timed flight schedule, travellers from other domestic cities such as Ahmedabad, Goa, Varanasi, Lucknow, Bengaluru, Kochi, and Delhi will also have multiple connecting options for travel to and from Doha via Mumbai.

*(Business Line)*

**Arnab Banerjee elected as ATMA Chairman:** Arnab Banerjee, Managing Director & CEO of CEAT Ltd, has been elected as the new Chairman of Automotive Tyre Manufacturers' Association (ATMA), the national industry body for the automotive tyre sector in India. Having joined CEAT in the year 2005 as Vice President-Sales and Marketing, Arnab Banerjee has shouldered several





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responsibilities and was the Chief Operating Officer at CEAT since 2018 prior to taking over his current role. He is an alumnus of the Harvard Business School, IIM Kolkata and IIT Kharagpur. He also holds an Associate Certified Coach (ACC) Certification.

***(Business Line)***

**Ambani and Adani unite: Reliance acquires 26% stake in Adani's power project:** In the first collaboration between rival billionaires, Mukesh Ambani's Reliance Industries has picked up a 26 per cent stake in Gautam Adani's Madhya Pradesh power project and signed a pact to use the plants' 500 MW of electricity for captive use. Reliance will pick up 5 crore equity shares in Mahan Energen Ltd, a wholly owned subsidiary of Adani Power Ltd, of face value Rs 10 at par (Rs 50 crore) and will use 500 MW of generation capacity for captive use, the two firms said in separate stock exchange filings.

***(Business Line)***



## REGULATION & DEVELOPMENT

**Mutual fund KYC March 31 deadline: Existing investors get some relief:** MF investors no longer need to re-do the KYC (know your customer) for their existing MF folios (or investments). That is, they can continue to conduct transactions such as systematic investment plan (SIPs), systematic withdrawal plans (SWPs), or redemptions in their existing folios. This is as per a communication sent by CDSL Ventures, one of the KYC registration agencies, to mutual fund distributors (MFDs) on March 28, 2024. Earlier, failure to do the KYC would have blocked investors from conducting any MF transactions from April 1, 2024, if the original KYC had not been based on any of the 'officially valid documents.' This was communicated to MFDs via emails sent by registrar and transfer agents (RTAs) – CAMS (Computer Age Management Services) and KFin Technologies – around the first week of March. The last date for re-KYC was March 31, 2024.

***(Moneycontrol)***

**'Cash-starved' Congress gets Rs 1,700 crore notice from Income Tax:** The Congress has received a Rs 1,700-crore notice from the income tax department, the opposition party has said. The party has been accusing the government of trying to elbow it out of the Lok Sabha elections, which begin April 19. Party leaders said that this notice followed the rejection of their petition challenging reassessment proceedings for four assessment years by the Delhi High Court on March 28. The Rs 1,700 crore demand includes both penalty and interest for the assessment years 2017-18 to 2020-21.



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Congress Rajya Sabha MP and lawyer Vivek Tankha the party will escalate the legal dispute, criticising the Income Tax Department as undemocratic and unreasonable.

***(Moneycontrol)***

**Govt reimposes ALMM order on solar PV modules from April 1:** The Ministry of New and Renewable Energy (MNRE) on Friday said that it has re-imposed the Approved List of Models and Manufacturers (ALMM) order for solar photovoltaic (PV) modules from April 1, 2024. In FY24, the ALMM was put on hold for the entire fiscal year to provide relief to solar PV manufacturers, who were faced with limited domestic availability. However in February 2024, the Ministry put the reimposition under abeyance “till further orders”. While re-imposing the order from April, the MNRE said “Each project where the solar PV modules have been received at the project site by March 31, 2024 and is unable to get commissioned by that day, on account of reasons beyond the control of the renewable power developer, would be examined separately.”

***(Business Line)***



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## FINANCIAL TERMINOLOGY

### EX-DIVIDEND

- ❖ A dividend is a cash payment to shareholders as a reward for investing in company stock or equity shares. Ex-dividend means a company's dividend allocations have been specified. The ex-dividend date or "ex-date" is usually one business day before the record date.
- ❖ Investors who purchase a stock on its ex-dividend date or after will not receive the next dividend payment. Instead, the seller gets the dividend. Investors only get dividends if they buy the stock before the ex-dividend date.
- ❖ A stock trades ex-dividend on and after the ex-dividend date or ex-date. Investors who buy a stock on the ex-dividend date or after will not receive the next dividend payment. Since buyers aren't entitled to the next dividend payment on the ex-date, the stock will be priced lower by the amount of the dividend by the exchange.



**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 : 83.3739  
INR / 1 GBP : 105.2935  
INR / 1 EUR : 90.2178  
INR /100 JPY: 55.0900

**EQUITY MARKET**

Sensex: 73651.35 (+655.04)  
NIFTY: 22326.90 (+203.25)  
Bnk NIFTY: 47124.60 (+338.65)

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