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# DAILY NEWS DIGEST BY BFSI BOARD

***31 July 2024***

## ECONOMY

**India should have single direct tax regime instead of two: Revenue Secretary:** India should have a single personal income tax regime instead of two, said Sanjay Malhotra, Secretary of the Department of Revenue, Ministry of Finance. He noted that a significant 70 percent of taxpayers have already opted for the new tax regime, signaling a clear move towards the simplified new tax regime. "We are having two regimes under direct tax -- new and old, we should be having one," Malhotra said at the post budget session at PHD House of Commerce and Industry. Taxpayers in India have a choice between two income tax regimes: the old regime, which offers numerous deductions and exemptions but higher tax rates, and the new regime, which provides lower tax rates but fewer deductions.
***(Moneycontrol)***

**Sovereign gold bonds will get at least 12% total return: Revenue Secy:** The sovereign gold bonds will get at least 12 percent total return, including interest, for the investors despite the Union budget cutting customs duties on gold and silver to 6 percent from 15 percent, Revenue Secretary Sanjay Malhotra said on July 30. “I want to assure that despite the rate reduction in gold import duty, the sovereign gold bonds nearing final redemption will still get at least 12 percent total return, if not 12.7-12.8 percent. Even 12 percent return is not low,” Malhotra said at the post-Budget session at the PHD Chamber of Commerce and Industry. In July 2022, the import duty on gold was increased due to prevailing circumstances, including a worsening current account deficit (CAD) at that time as a measure to curb imports.
***(Moneycontrol)***

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# BANKING & FINANCE


**RBI to banks, NBFCs: Check wilful defaulters in NPA accounts with outstanding amount of Rs 25 lakh or more:** RBI has told banks and NBFCs to be watchful of 'wilful default' aspect in all NPA accounts with outstanding amounts of Rs 25 lakh and above. This was mentioned in RBI's latest Master Direction on the Treatment of Wilful Defaulters and Large Defaulters. These directions will come into force after 90 days from their issuance today, the RBI said. The RBI said a lender will identify and classify a person as a 'wilful defaulter' by following a specified procedure. The evidence of wilful default will be examined by an identification committee, according to the direction. 'Wilful defaulter' means a borrower or a guarantor who has committed wilful default, and the outstanding amount is Rs 25 lakh and above. RBI asked banks to issue show-cause notices to borrowers identified as wilful defaulters, give them a personal hearing, and provide them at least 21 days to reply.

***(Business Today)***

**RBI issues guidelines for non-bank payment service providers to prevent cyber security risks:** The Reserve Bank of India (RBI) issued guidelines for non-bank payment system operators (PSOs) to ensure that they are resilient in the face of existing and emerging information systems and cyber security risks. The large non-bank PSOs need to abide by the directions by April 1, 2025. These include Clearing Corporation of India Limited (CCIL), NPCI, Bharat Bill Payment Operating Units (BBPOUs), and Payment Aggregators (PAs), Non-bank ATM Networks, White Label ATM Operators TReDS, among others.

***(Economic Times)***

**Bank jobs disappearing: The clerks are going missing in this digital decade ::** The financial sector is undergoing significant changes due to advancements in digital technology. Since the onset of the digital decade, automation has increasingly replaced clerical work, resulting in a decline of middle and lower-end jobs. This shift has impacted the ratio of officers to support staff, which has shifted from 50:50 in FY11 to 74:26 in FY23. AI is anticipated to further disrupt job availability in this sector. RBI governor Shaktikanta Das highlighted the challenges brought about by digital channels in his foreword to the central bank's Report on Currency and Finance. These challenges necessitate that financial institutions invest in upskilling and reskilling their staff. "Digitalisation is decentralising financial labour through outsourcing and telework. Automation replacing labour can potentially widen the gap between capital and labour returns, creating a fragmented labour market with low-skill/low-pay and high-skill/high-pay jobs, while middle-tier jobs are displaced by technology," Das said.

***(Business Lines)***

# INDUSTRY OUTLOOK

**Gold demand fades amid rising prices, but its value remains strong:** India experienced a 5% decline in gold demand year-on-year for Q2 2024 due to high prices. Jewellery sales dropped 17%, whereas gold bars and coins saw a 46% increase. Despite lower volume, the value of gold demand increased 14%. Import duty reductions might spur interest in the coming festive season.

***(Economic Times)***

**Hinduja Group ready to pay Rs 2,750 crore now for Reliance Capital resolution, files intervention application before NCLT:** Hinduja Group-backed IndusInd International Holdings (IIHL) filed an intervention application on Tuesday before the Mumbai bench of the National Company Law Tribunal (NCLT). The application states that while IIHL is prepared to pay Rs 2,750 crore as initial capital to acquire bankrupt Reliance Capital (RCap), certain requirements within the resolution plan, approved by the RCap lenders, have yet to be fulfilled, according to sources.

***(Economic Times)***

**SBI raises $750 mn via offshore term loan facility for deployment of funds:** State Bank of India (SBI), has raised $750 million through a Senior Unsecured Syndicated Term Loan Facility for deployment of funds in lending operations. Mashreq Bank, the sole global coordinator for the offering, said in a statement that the facility was initially launched for $350 million in May 2024. There was strong global demand primarily from the Middle East, South Asia, Africa, Germany, and South Korea. It was oversubscribed 2.2 times, resulting in an upsized deal. The facility saw participation from 11 institutions, it added. The Saudi National Bank and Punjab National Bank joined as mandated lead arrangers, and institutions like DZ Bank, National Bank of Umm Al Qaiwain, Sampath Bank, and The National Bank acted as arrangers for the facility, Mashreq said in a statement. he facility will be used for general corporate funding purposes of SBI, it added.

***(Business Standard)***

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# REGULATION & DEVELOPMENT

**F&O trading: Sebi proposes upfront collection of options premium, increase in contract size, margin:** Market regulator Sebi on Tuesday floated consultation paper on seven near-term measures in the index derivatives segment aimed at curbing market speculation, enhancing investor protection and ensuring market stability. They include collection of option premiums on an upfront basis, revision in minimum contract size, rationalisation of weekly index products, intraday monitoring of position limits, rationalisation of strike prices, removal of calendar spread benefit on expiry day and increase in near contract expiry margin, among others. The proposals are made in the light of increased retail participation, offering of short-tenure index options contracts and heightened speculative trading volumes in index derivatives on expiry days. Sebi has proposed that members may collect option premiums on an upfront basis from the clients. Sebi proposed to revise the minimum contract size for index derivative contracts under two phases. In the Phase 1, the interval for the minimum value of derivatives contract is proposed to be revised to Rs 15-Rs 20 lakh. After six months, this minimum value can be raised to Rs 20-30 lakhs.
***(Business Today)***

**Sebi chief Madhabi Buch calls for ASBA for secondary market by qualified stock brokers:** At least the qualified stock brokers should be mandated to offer Application Supported by Blocked Amount (ASBA), said the Securities and Exchange Board of India (Sebi) chairperson Madhabi Puri Buch in an event on July 30. Talking about the delay in making ASBA mandatory for secondary markets, Buch said, "Bahot der ho gayi na?" Buch said that the regulator has given enough time to the market players to adjust, and now Sebi should put up a proposal where the qualified stock brokers at least offer mandatory ASBA for secondary markets. "Then it is the investors choice to opt for it or not," said Buch during the launch of a report on capital markets in Mumbai.
***(Moneycontrol)***

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# FINANCIAL TERMINOLOGY

## OVERWEIGHT STOCK RATING

- Financial analysts give their opinions of the future performance of a security. They can give performance ratings of underweight, overweight, or market perform to a security. If analysts give a stock an overweight rating, they expect the stock to outperform its industry in the market. Analysts may give a stock an overweight recommendation due to a steady stream of positive news, good earnings, and raised guidance.
- An overweight rating indicates that an analyst has a high conviction that a stock can outperform a market benchmark or its peers over the next six to 12 months.

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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 : 83.7328
INR / 1 GBP : 107.5911
INR / 1 EUR : 90.6056
INR /100 JPY: 54.0600

## EQUITY MARKET

Sensex: 81455.40 (+99.56)
NIFTY: 24857.30 (+21.20)
Bnk NIFTY: 51499.30 (+93.05)

## 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 2nd Edition)

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