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

**07 October 2024**



## **ECONOMY**

**FPIs withdraw Rs 27,142 cr in 3 trading sessions on geopolitical tensions:** Foreign investors turned net sellers in October, offloading shares worth Rs 27,142 crore in just the first three days of October due to intensifying conflict between Israel and Iran, a sharp rise in crude oil prices, and improved performance of Chinese markets. The outflow came after FPI investment reached a nine-month high of Rs 57,724 crore in September. Since June, Foreign Portfolio Investors (FPIs) have consistently bought equities after withdrawing Rs 34,252 crore in April-May. Overall, FPIs have been net buyers in 2024, except for January, April, and May, data with the depositories showed. According to the data, FPIs made a net withdrawal of Rs 27,142 crore from equities between October 1 and 4, with October 2 being a trading holiday.

***(Business Standard)***

**Private sector capex likely to improve among rising biz confidence: CII:** Private capital expenditure by India Inc. is likely to increase amid improving domestic demand despite a weak external environment and rising shipping costs, a survey by Confederation of Indian Industry (CII) showed. The survey, conducted with over 200 firms of varying sizes, showed that CII's Business Confidence Index between July and September (Q2 FY25) rose to its highest since March at 68.2 in the Middle East. In the previous quarter, it was 67.3 while in Q2 FY24, the figure was 67.1. It added that 59 per cent of respondents anticipate an increase in private capex during April-September compared to the previous six months. "Improvement in domestic demand has created a more optimistic business environment, encouraging companies to invest and expand," the survey said. "A significant portion of respondents also believe that the trajectory of private capex will remain unchanged in the first half. Only a small fraction (6 per cent) expects the level of private capex to deteriorate compared to the second half of FY24," it added.

***(Business Standard)***



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**India to further strengthen fintech support to Bhutan: FM Sitharaman:** Finance Minister Nirmala Sitharaman on Saturday said India will further strengthen its fintech support to Bhutan as UPI and RuPay cards gain traction in the neighbouring nation. During the bilateral meeting with her Bhutanese counterpart Lyonpo Lekey Dorji here, Finance Minister Nirmala Sitharaman conveyed greetings to the King of Bhutan, the members of the Royal Family and to the people of Bhutan. The Union Finance Minister acknowledged the support of Bhutan as a testament to the enduring partnership and shared commitment to growth and prosperity, the Finance Ministry said.

***(Business Standard)***

## **BANKING & FINANCE**



**SBI plans to increase headcount by 10,000 this fiscal:** The country's biggest lender State Bank of India (SBI) intends to recruit about 10,000 new employees during the current financial year to meet its general banking requirement and foster its technical prowess. The bank has invested significantly in technology to provide seamless customer service as well as to strengthen the resilience of its digital channels. "We are strengthening our workforce, both on the technology side as well as on the general banking side. We have recently announced around 1,500 technology people recruitment both at the entry level and slightly at the higher level," SBI Chairman C S Setty told PTI in an interview. The total staff strength of the bank stood at 2,32,296 as of March 2024.

***(Business Line)***

**LIC raises its stake in Bank of Maharashtra from 4.05% to 7.10% through QIP:** Life Insurance Corporation of India (LIC) announced that it has increased its stake in Bank of Maharashtra from 4.05 per cent to 7.10 per cent following a Qualified Institutional Placement (QIP). In a regulatory filing, the insurance major said, "This is to inform that the Life Insurance Corporation of India (the Corporation) has increased its shareholding in Bank of Maharashtra (Company) from 4.05% (pre allotment) to 7.10% (post allotment) upon allotment of 25,96,86,663 equity shares in QIP of the said Company."

***(Financial Express)***

**State cooperative banks in Punjab to offer loans on crop residue management machines:** Punjab Chief Minister Bhagwant Mann on Sunday said farmers can now avail loan from the state cooperative banks for buying crop residue management machines. Mann said the state



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cooperative banks across the state have launched a crop residue management loan scheme. The aim is to make rural credit available easily for farmers to purchase machinery for crop residue management in order to check paddy straw burning, he said in a statement. The scheme has been introduced in Chandigarh and 802 branches of the district cooperative banks, said Mann and asked the farmers to avail the benefits of this scheme. The Primary Agriculture Cooperative Societies(PACs) or other entities can avail benefit of 80 per cent subsidy on the purchase of agriculture equipment under the common hiring centre (CHC) scheme. Likewise, farmers will be entitled for 50 per cent subsidy on the purchase of agriculture implements for crop residue management like balers and superseeders.

***(Economic Times)***

**Banks' net profit growth may slow to 10% in Q2 on margin pressure:** Net profit growth of listed banks for the quarter ended September 30 (Q2FY25) is likely to moderate to 10 per cent year-on-year (Y-o-Y) due to pressure on margins, according to analysts' estimates. They had posted over 33 per cent Y-o-Y growth in their net profit in Q2FY24 on the back of higher credit offtake and lower credit costs, according to Business Standard analysis. Net profit, however, may shrink by 1 per cent sequentially, according to analysts' estimates for 19 banks sourced from Bloomberg.

***(Business Standard)***

## INDUSTRY OUTLOOK



**Adani Total Gas commissions India's biggest hydrogen blending in natural gas project:** Adani Total Gas Ltd, the group's city gas joint venture with French energy giant Total Energies, has started blending green hydrogen in natural gas that is supplied to households for cooking in parts of Ahmedabad. The move is expected to cut emissions and help the country meet its net-zero targets. Adani Total Gas Ltd has started blending 2.2-2.3 percent of green hydrogen in piped natural gas supplies in Shantigram in Ahmedabad, the firm said in a post on LinkedIn. "This achievement marks a significant step towards reducing our carbon footprint and transitioning to cleaner energy solutions. By blending hydrogen with natural gas, we are lowering greenhouse gas emissions, enhancing energy security, and supporting sustainable development," the company said in its post. The project will provide uninterrupted hydrogen-blended natural gas to 4,000 domestic and commercial consumers.

***(Business Today)***

**Anil Ambani companies eye big comeback on Rs 17,600-crore boost, debt-free status:** Two of Anil Ambani-owned Reliance companies could soon be looking at a significant turnaround in their fortunes on a number of recent good news, likely paving the path for the beleaguered former tycoon to find a way to be back in business, reports have said. Reliance Infrastructure and Reliance



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Power, part of the troubled businessman's Reliance Group, are set to implement their growth strategies after securing Rs 17,600 crore in fundraising and achieving a zero-debt status, news agency PTI reported on October 6 citing company officials. In recent weeks, the companies raised Rs 4,500 crore through preferential equity shares and an additional Rs 7,100 crore from global investment fund Varde Partners. This investment comes in the form of equity-linked foreign currency convertible bonds (FCCBs) with a 10-year maturity and a low 5% interest rate. Both companies plan to raise another Rs 6,000 crore via qualified institutional placement (QIP), with each targeting Rs 3,000 crore.

***(Economic Times)***

**Tata Digital's financial services bet pays off as credit cards top 1.5 mn:** Tata Digital's bet to focus on financial services seems to be paying off, as its credit card offering crossed 1.5 million users. This is up from 1.18 million cards at the end of FY24 (March 31, 2024). Tata Neu and HDFC Bank, in partnership, had launched the Tata Neu HDFC Bank credit card towards the end of 2022. In a LinkedIn post, the company said: "We're thrilled to announce that the NeuCard community has reached a significant milestone: 1.5 million members." According to Tata Digital's FY24 annual report, its financial services have witnessed significant growth, with its co-branded credit card reaching 1.18 million cards. The company said that it is the fastest-growing co-branded credit card in India.

***(Business Standard)***



## REGULATION & DEVELOPMENT

**Prime Minister launches various initiatives related to the agricultural and animal husbandry sector worth around Rs 23,300 crore in Washim, Maharashtra:** The Prime Minister, Shri Narendra Modi launched various initiatives related to the agricultural and animal husbandry sector worth around Rs 23,300 crore in Washim, Maharashtra on 5<sup>th</sup> October 2024. The highlights are as under;

- Disburses 18th installment of the PM-KISAN Samman Nidhi worth about Rs 20,400 crore to around 9.4 crore farmers.
- Dedicates to nation more than 7,500 projects under the Agriculture Infrastructure Fund (AIF) worth over Rs 1,920 crore.
- Dedicates to nation 9,200 Farmer Producer Organizations (FPOs) with a combined turnover of around Rs 1,300 crore.
- Export duty reduced from 40% to 20% so that onion producing farmers of Maharashtra can get better prices.





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- Government gives farmers a subsidy of Rs 2100 on a 35 kg bag of urea and Rs1083 on a 50 kg pack of DAP.

**(PiB)**

**Cabinet approves India to Join International Energy Efficiency Hub by signing the Letter of Intent:** The Union Cabinet, led by Prime Minister Narendra Modi, on Thursday approved the signing of the 'Letter of Intent,' thus enabling India to join the 'Energy Efficiency Hub.' India will join the International Energy Efficiency Hub (Hub), a global platform dedicated to fostering collaboration and promoting energy efficiency worldwide. This move solidifies India's commitment to sustainable development and aligns with its efforts to reduce greenhouse gas emissions. Established in 2020 as the successor to the International Partnership for Energy Efficiency Cooperation (IPEEC), in which India was a member, the Hub brings together governments, international organisations, and private sector entities to share knowledge, best practices, and innovative solutions. By joining the Hub, India will gain access to a vast network of experts and resources, enabling it to enhance its domestic energy efficiency initiatives. As of July, 2024, sixteen countries (Argentina, Australia, Brazil, Canada, China, Denmark, the European Commission, France, Germany, Japan, Korea, Luxembourg, Russia, Saudi Arabia, the United States, and the United Kingdom) have joined the Hub.

**(Economic Times)**



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## FINANCIAL TERMINOLOGY

### CAPITAL ASSET PRICING MODEL (CAPM)

- ❖ The capital asset pricing model (CAPM) describes the relationship between systematic risk, or the general perils of investing, and expected return for assets, particularly stocks. It is a finance model that establishes a linear relationship between the required return on an investment and risk.
- ❖ CAPM is based on the relationship between an asset's beta, the risk-free rate (typically the Treasury bill rate), and the equity risk premium, or the expected return on the market minus the risk-free rate.

$$ER_i = R_f + \beta_i(ER_m - R_f)$$

**where:**

$ER_i$  = expected return of investment

$R_f$  = risk-free rate

$\beta_i$  = beta of the investment

$(ER_m - R_f)$  = market risk premium



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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 : 83.9660  
INR / 1 GBP : 110.2910  
INR / 1 EUR : 92.6218  
INR /100 JPY: 57.4800

### **EQUITY MARKET**

Sensex: 81688.45 (-808.65)  
NIFTY: 25014.60 (-235.50)  
Bnk NIFTY: 51462.05 (-383.15)

### **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.**
- ❖ **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 2<sup>nd</sup> Edition)**

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