



**THE INSTITUTE OF
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DAILY NEWS DIGEST BY BFSI BOARD

03 Jan 2024

BANKING & FINANCE



RBI reviews eligibility criteria, board oversight norms for declaration of dividend by banks: RBI on January 2 issued draft norms on declaration of dividend by banks spelling out the eligibility criteria and guidelines on board oversight. As per this, banks need to meet the applicable regulatory capital requirement for each of the last three financial years including the financial year for which the dividend is proposed. Also, the net NPA ratio, for the financial year for which the dividend is proposed, shall be less than six per cent, the RBI said. According to the RBI release, the earlier guidelines have been reviewed in the light of implementation of Basel III standards, the revision of the prompt corrective action (PCA) framework, and the introduction of differentiated Banks. Comments on the draft circular are invited from banks, market participants, and other stakeholders by January 31, 2024, the RBI said.

(Moneycontrol)

RBI raises issue of rise in customer complaints on credit information with CIC Chiefs: Reserve Bank of India (RBI) Deputy Governor Swaminathan J on Tuesday expressed concern at the rise in customer complaints related to credit information at a meeting with the chiefs of credit information companies (CICs). Swaminathan also said some concerns have emerged during the Reserve Bank's supervisory assessment. According to experts, most of the complaints against CICs relate to the non-updation of customer data pertaining to the regularisation of a missed loan installment. This leads to a lowering of a customer's credit score, which has implications for taking fresh loans. While acknowledging the vital role played by CICs in the financial system, the Deputy Governor highlighted six key areas for the CICs to focus on, including the need to improve data quality, timely redressal of customer complaints, and strengthening of the internal ombudsman framework. **(Business Line)**

Union Bank of India employees unhappy for getting perks in digital currency: To promote the Reserve Bank of India's digital rupee, state-owned Union Bank of India is planning to



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transfer claims related to various employee benefit schemes directly to the Central Bank Digital Currency (CBDC) wallet instead of employees' salary accounts. "With an aim to promote CBDC wallet transactions, banks have been advised to encourage all staff members to transact using the digital currency and ensure 100% staff registration in the platform. Initially, the bank plans to credit specific allowances directly to the digital wallet, yet encounters resistance from some employees, prompting a protest from the All India Union Bank Employees Federation. They advocate for management to consult staff before enforcing this initiative.

(Business Line)

Total UPI transactions cross 100 billion mark in 2023: NPCI operates the UPI service along with other payment processing infrastructure. Total transactions processed by UPI in 2023 stood at 117.6 billion. The UPI rails also witnessed a little over Rs 182 lakh crore in total value being processed through the payments infrastructure last year, data showed. Monthly transactions on UPI have seen an over 49% jump between January and December in 2023.

(Economic Times)



ECONOMY

Goldman Sachs predicts favourable outlook for India's external balances: India's external balances remain favorable with a combination of low current account deficit, strong public market capital flows, adequate FX reserves and low external debt, Goldman Sachs said in a new report. They have revised their current account deficit forecasts to 1.0 per cent of GDP for 2023 (from 1.3 per cent of GDP earlier) and 1.3 per cent of GDP in 2024 (from 1.9 per cent of GDP earlier) on the back of a downward revision to our commodity team's oil price forecast to \$81/bbl in 2024 (from above \$90/bbl earlier) and services exports continuing to surprise higher than their prior expectations," the brokerage firm said. "In 2024, they expect robust capital flows, driven by: robust equity portfolio flows as the Fed starts the easing cycle, robust debt inflows as India starts being included in the JPM GBIM global bond index (beginning June 2024) and FDI inflows with India continuing to benefit from regional supply chain diversification," it added.

(Business Line)

Five nations become full members of BRICS: The BRICS bloc of top emerging economies, including India, Russia and China, has announced induction of five full members into it as part of an attempt to expand its strategic heft against the backdrop of Western dominance in world affairs. As



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Moscow assumed the presidency of BRICS, Russian President Vladimir Putin said on Monday that the grouping has become a 10-nation body now with Egypt, Ethiopia, Iran, Saudi Arabia and the United Arab Emirates joining it as new members. In August, the top BRICS leaders at the grouping's summit in Johannesburg approved a proposal to admit six countries, including Argentina, into the bloc with effect from January 1. However, Argentina's new President Javier Milei last week announced withdrawing his country from becoming a member of the BRICS (Brazil-Russia-India-China-South Africa).

(Economic Times)

Oil and gas sector contributes Rs 3.4 trillion to govt kitty in H1FY24: The country's petroleum sector contributed Rs 3.41 trillion to the exchequer in the first half of the current financial year, down 4.6% on year, according to the latest data released by the Petroleum Planning and Analysis Cell. Of this, the sector contributed Rs 1.85 trillion to the centre and Rs 1.56 lakh crore to the states. The amounts paid includes excise duty, customs duty, royalty rates on crude oil, corporate/income tax, service tax, cess on crude oil, and such other cess and surcharges on petroleum products.

(Financial Express)

Centre's dividends from CPSEs exceed FY24 budget target: The Centre's dividend receipts from the Central Public Sector Enterprises (CPSEs) stood at Rs 43,843 crore as of January 1, crossing the 2023-24 budget estimate (BE) of Rs 43,000 crore, giving further comfort on the fiscal front. The dividend receipts of Rs 39,086 crore so far in FY24 were 26% higher than the receipts in the corresponding period in the previous fiscal. Given that the OMCs' profitability has improved substantially due softening of global crude prices, the CPSE dividend receipts will likely exceed Rs 60,000 crore comfortably in FY24 as against the budget target of Rs 43,000 crore. Along with dividends from the Reserve Bank of India, banks and financial institutions, the Centre's dividend income might exceed the budget target by at least Rs 60,000 crore-Rs 80,000 crore, boosting its resources to keep the fiscal deficit within targeted 5.9% of GDP.

(Financial Express)



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INDUSTRY OUTLOOK



FPIs pour Rs 68,663 cr in debt instruments in 2023, turn positive after 3 years:

Investments by foreign portfolio investors (FPI) in debt instruments turned positive in 2023 after three years due to attractive yields and the upcoming inclusion of Indian bonds in JPMorgan's index, experts said. FPI investment in debt stood at Rs 68,663 crore in 2023 compared to Rs 15,911 crore of outflows in 2022, according to data from the National Securities Depository Ltd. The last time debt investments by FPI were positive was in 2019 when inflows stood at Rs 25,882 crore, the data showed. The FPI investment in debt in 2023 is also the highest since 2017 when it was about Rs 1.49 lakh crore in positive inflows.

(Moneycontrol)

Sun Pharma acquires Israel's Libra Merger: Drugmaker Sun Pharmaceutical Industries has acquired 100 per cent shares of Libra Merger Ltd, a company incorporated in Israel. This is Sun's second buy in Israel, after Taro Pharma, a high-profile acquisition for the Indian drugmaker. Sun said the Libra acquisition was to facilitate consolidation of business in Israel. Libra Merger was incorporated on 18th July 2023 in Israel, with its registered office in Tel Aviv. The cost of acquisition was NIS 10, the company said.

(Business Line)

Flipkart co-founder Binny Bansal launches e-commerce start-up OppDoor: Flipkart co-founder Binny Bansal has launched new e-commerce start-up OppDoor, business-to-business (B2B) platform. The software services platform says it will help emerging ecommerce brands expand globally. According to the website of OppDoor, it is a 'managed services platform for global expansion'. It will help ecommerce brands by offering them end-to-end services on global markets, customer behaviour, taxation and compliance, partnerships and third-party vendors, the website says. "OppDoor delivers fully managed Amazon services aimed at expanding private label brands across multiple regions globally,"

(Business Line)



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REGULATION & DEVELOPMENT

Comply with higher UPI transfer limit by Jan 10, NPCI directs members: The National Payments Corporation of India (NPCI) has directed members to comply by January 10 with the Reserve Bank of India's (RBI's) decision to increase the UPI transaction limit to Rs 5 lakh for hospitals and educational services. To ensure compliance, the NPCI has instructed banks, payment service providers (PSPs), and UPI applications to increase transaction limits for the specified merchant categories.

(Business Standard)

Female govt employees may now nominate child for pension before husband: A female government servant or pensioner may now nominate their children for family pension in precedence of her husband in cases of marital discord, the Ministry of Personnel, Public Grievances & Pensions announced on Tuesday. Currently, the family pension is first granted to the spouse after the death of a government servant. The children and other family members become eligible for family pension only after the spouse of the deceased government servant becomes ineligible for family pension or dies. The female employee will be eligible to nominate their children to receive a family pension before the spouse if there is a pending divorce case in any court. The pension can be given to the children if the female has filed a case against her husband under the Protection of Women from Domestic Violence Act or Dowry Prohibition Act or under the Indian Penal Code. The ministry further said that if a deceased female government employee is survived by a widower with a child who has attained the age of majority but is or is eligible for family pension, the family pension will be payable to such child.

(Business Standard)

Wage payments under MGNREGS now only through Aadhaar-based system: Wage payments under the Mahatma Gandhi National Rural Employment Guarantee Scheme will now be done only through the Aadhaar-Based Payment System (ABPS), sources said on Monday. The last extension of the deadline to state governments to make the payments mandatory through the system ended on December 31. The sources said it has been conveyed to states that payments will now be made only through the ABPS. If any state has any grievance, it will be dealt with on a case-by-case basis, they said. The ABPS uses the 12-digit Aadhaar number as a worker's financial address.

(Financial Express)



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FINANCIAL TERMINOLOGY

UNIFORM BILL OF LADING

- ❖ The uniform bill of lading provides a boilerplate language for the basic information about a shipment such as the shipper and recipient's names and the shipment's origin and destination. In addition, the document establishes the terms of the carrier's liability, transport time frame, how to file a claim for a lost or damaged shipment, how insurance will be applied in the event of a claim, and how the shipment may be stored or disposed of if the shipment is refused or is not deliverable.
- ❖ The uniform bill of lading also specifies the carrier's liability with regard to specific types of shipments including documents, coin money, items of extraordinary value, and explosives. Additional shipment charges may be assessed if the shipper misrepresents the type of goods being transported.
- ❖ If the bill of lading notes the defective condition of the goods or their packaging, it is considered "claused" or "fouled." If no defects are noted, it is considered a "clean" bill of lading.



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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 : 83.3282
INR / 1 GBP : 106.1012
INR / 1 EUR : 91.9232
INR /100 JPY: 58.9000

EQUITY MARKET

Sensex: 71892.48 (-379.46)
NIFTY: 21665.80 (-76.10)
Bnk NIFTY: 47761.70 (-472.60)

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- ❖ **Certificate Course on Treasury and International Banking**
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 - ❖ **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)**
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