



**THE INSTITUTE OF
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DAILY NEWS DIGEST BY BFSI BOARD

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BANKING & FINANCE



Jio Financial-BlackRock and Abira Securities file for mutual fund license with SEBI: Jio Financial Services Ltd & BlackRock Financial Management have filed papers with the capital market regulator, the Securities and Exchange Board of India (SEBI), to launch mutual fund business in India. The in-principle approval is under consideration with SEBI, as the companies as a joint venture had filed application on October 19, 2023, showed the updated list of the mutual fund applications as on December 31, 2023. Further, Abira Securities has reapplied for the mutual fund license. Established in 2012, Abira Securities is a Kolkata-based stock broking house. Abira had earlier applied for MF licence in April 2022, but its name was missing in the subsequent lists. Meanwhile, Angel One limited had already been granted in-principle approval on February 8, 2023, while approval for final registration is under consideration with the regulator.

(Moneycontrol)

RBI changes norms on redemption funds, buyback of CPs: RBI on January 3 made changes in the norms related to redemption funds and buyback of commercial papers (CPs). The central bank has issued directions on CPs and non-convertible debentures (NCDs) of original or initial maturity up to one year on January, which have been reviewed based on market feedback. As per the directions, issuers of CPs can make buyback only after seven days from the date of issue. Earlier, the buyback offer may not be made before 30 days from the date of issue, as per the Operational Guidelines for Commercial Paper issued by Fixed Income Money Market and Derivatives Association of India in 2020. Similarly, the fresh directions state that the issuer shall make the funds for redemption available to the Issuing and Paying Agent (IPA) by 3:00 P.M. on the redemption date. Earlier, the timing was by 2:00 PM on maturity date, as per FIMMDA norms. The directions will come into force with effect from April 01, 2024, the central bank added.

Bank assurance sought to curb misselling of insurance products: The government has sought suggestions from lenders on steps to curb misselling through banking channels as part of



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efforts to strengthen regulatory oversight of the bancassurance model, said people aware of the matter. Some of the measures being considered may include a cap on commission charges paid to banks for selling insurance products, stricter disclosures of commission while selling policies, and delinking bank employees' performance appraisals from insurance sales targets, said the people.

(Economic Times)



ECONOMY

India Ratings raises GDP growth forecast for FY'24 to 6.7% from 6.2%: India Ratings and Research (Ind-Ra) has revised upwards its GDP growth estimate for FY24 to 6.7 per cent from 6.2 per cent earlier. The revision is led by a number of factors, including the resilience of the Indian economy (which grew 7.6 per cent yoy in 2QFY24); sustained government capex; the deleveraged balance sheet of corporates/ banking sector; prospects for a new private corporate capex cycle; and sustained momentum in business and software services exports, coupled with remittances from across the world. The revision comes on the heels of Reserve Bank of India upping its GDP growth forecast for 2023-24 by 50 basis points to 7 per cent, from 6.5 per cent earlier. Several multilateral institutions and global banks have also recently raised their growth projection for India.

(Business Line)

India's no longer 'fragile', can weather global market volatility: In the face of global financial market turbulence, India's rupee appears more resilient due to a narrowed current account deficit (CAD) and bolstered forex reserves. Increased exports post-pandemic buffered the CAD, keeping it manageable at 2% in FY23 despite soaring commodity prices. Forex reserves, standing at over \$600 billion, fortify the RBI's ability to stabilize the rupee, marking a significant contrast to a decade ago when India was tagged among the 'Fragile Five' economies. Forecasts project a reduced CAD and stable rupee for the upcoming fiscal years.

(Economic Times)

Nomura sees rural demand gathering steam in 2024: Rural demand is likely to pick up pace in 2024 owing to moderation in inflation, replenishment of rural savings after the Covid pandemic, increased liquidity on the back of pre-election spending, and a likely stable regime, Nomura said Wednesday. The global investment banking firm noted that even though growth is expected to slow down in the coming fiscal to 5.6% from 6.7% projected in FY24, mass consumption may rise as easing price pressures support mass consumption. "With inflation expected to moderate to 4.5% in FY25



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from 5.6% in FY24, the replenishment of savings that got exhausted during the pandemic for rural households, additional liquidity driven by pre-election spending, and a likely stable regime are all likely to support a pick-up in rural volumes that remained below par through 2023," it said.

(Economic Times)

G20 website targeted at least 16 lakh times last year: Cyber Agency: India's official G20 website was attacked at least 16 lakh times last year, Indian Cyber Crime Coordination Centre (I4C) revealed on Wednesday. It added that Rs 10,319 crore were siphoned off by criminals between April 2021 and December 2023. Victims were also targeted using online investment fraud, illegal lending apps, sextortion and OTP forwards during the period, it said.

(Economic Times)

Manufacturing PMI falls to 18-month low in December: India's manufacturing Purchasing Managers' Index (PMI), maintained by S&P Global, fell to an 18-month low of 54.9 in December from 56.0 the previous month, primarily due to fading demand for "certain types" of products. With the latest reading, manufacturing PMI averaged 55.5 in the October-December quarter of FY24, the lowest in six quarters.

(Financial Express)

INDUSTRY OUTLOOK



Ideas2IT's, a Chennai-based company has given a 33% stake to its employees: In a unique move, Ideas2IT, a high-end product engineering company headquartered in Chennai, has decided to share ownership with its employees. The company has unveiled an "Employee Ownership Programme". Touted as a strategic initiative, the programme is aimed at "providing genuine ownership to ensure a pleasurable and continuous journey". Under this initiative, employees will get a 33% stake in the company. Of this, 5% will be given to 40 select employees who have been with Ideas2IT since inception. The rest will be distributed to all the employees. Founder Murali Vivekanandan told that employees would be given RSUs (restricted stock units). RSUs are a form of incentive that an employer grants to employees. These are equity shares of the company that come with a vesting period attached. Since the employees get them in the form of an incentive, they are not liable to pay any money for the shares.

(Moneycontrol)



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SC verdict shot in the arm for SEBI: The Supreme Court verdict on Wednesday comes as a relief to market regulator Securities and Exchange Board of India (SEBI), which was under fire for the tardiness of its investigation into the Adani-Hindenburg matter and its inability to establish a prima facie case of legal violations by the Adani group promoters. “The judgment is a shot in the arm for SEBI’s reputation as a regulator, policymaker, investigator, and prosecutor,” said Pradyuman Dubey, Partner, DSK Legal. The Supreme Court has reposed its faith in the investigation done by SEBI, which is likely to increase the confidence of the investor community at large in the sanctity of the regulator and its workings, said experts. The apex court affirmed the principle that courts do not sit in appeal over policies made by specialised regulatory bodies and would interfere only when a policy was violative of fundamental rights, the Constitution, any statute, or was manifestly arbitrary.

(Business Line)

Govt imposes ban on imports of cheap screws: The government has prohibited the import of specific screws priced below Rs 129 per kg to boost local manufacturing. The Directorate General of Foreign Trade (DGFT) revised the import policy, making screws below this price threshold prohibited, except when their CIF value exceeds Rs 129 per kg. The banned screws include various types such as coach, machine, wood, hook, and self-tapping screws. India imported screws and similar items worth USD 827 million in 2022-23 and USD 468.15 million from April to October this fiscal year, originating from countries like France, China, Australia, Bangladesh, Brazil, and Belgium.

(Economic Times)



REGULATION & DEVELOPMENT

Employers get 5 months of extra time to upload wage details for higher pension: The centre has given a five month extension to employers for validating wage details of their employees who seek a higher pension. An official statement said employers can now upload wage details online till May 31, 2024. This facility was made available by Employees' Provident Fund Organisation (EPFO) for submitting applications for Validation of Option or Joint Options for pension on higher wages. This window was enabled after a Supreme Court order in November 2022 and it has been given multiple extensions

(Economic Times)

MoU signed between QCI and KVIC in Ahmedabad, Gujarat: The Quality Council of India will now ensure the quality of ‘New Khadi of New India’, which has become a ‘global brand’ under the



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leadership of the Hon'ble Prime Minister Shri Narendra Modi. Khadi and Village Industries Commission (KVIC) and Quality Council of India (QCI) signed a Memorandum of Understanding (MoU) to enhance the quality of Khadi products, empower artisans and offer quality products under the 'Made in India' banner for Khadi at Kochrab Ashram in Ahmedabad. The exchange of MoU took place in the presence of Chairman KVIC Shri Manoj Kumar and Chairman QCI Shri Jaxay Shah. The collaboration between the two organizations is aimed at creating 'World Class Khadi Products' as per the vision of Prime Minister Shri Narendra Modi. As per the MoU, the Quality Council of India will assist KVIC in various activities including training to enhance the quality of Khadi and Village Industries products, improve their productivity and marketability both domestically and internationally. Along with this, it will support KVIC by empowering Khadi artisans and promoting Khadi products through various mediums. Besides, this collaboration will give a new identity to Khadi as 'Made in India' products, which will increase the production and sale of Khadi products as a symbol of quality across the world.

(PiB)



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FINANCIAL TERMINOLOGY

BACK LEVERAGE

- ❖ The debt incurred by a project sponsor at a holding company level to finance its equity contributions to a project, which is often structurally subordinated, or “back-levered,” to another financing. In Renewable Energy projects it has become common for the term Loans to be back levered to a tax equity financing.
- ❖ Also referred to as a holdco loan or mezzanine financing, this is a transaction in which a project sponsor or a project developer finances all or a portion of its equity contribution in the project company or holding company with third party loans.
- ❖ A back leveraged transaction allows the sponsor to: Access cheaper capital. Equity is typically the most expensive source of capital. Being able to finance the sponsor's contribution to the project is an effective way to lower the project's overall cost of capital and obtain financing outside the project debt structure which may make the project more bankable (see Practice Note, Financial Covenants: Project Finance Transactions).



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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 : 83.3242
INR / 1 GBP : 105.2774
INR / 1 EUR : 91.2811
INR /100 JPY: 58.6500

EQUITY MARKET

Sensex: 71356.60 (-535.88)
NIFTY: 21517.30 (-148.50)
Bnk NIFTY: 47704.95 (-56.75)

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