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DAILY NEWS DIGEST BY BFSI BOARD

08 Dec, 2023

BANKING & FINANCE



Indian banks ask fintech partners to limit tiny personal loans amid regulatory glare -

sources: Top Indian banks and non-bank lenders have asked their fintech partners to curtail issuing tiny personal loans, three banking and one industry source said on Thursday, weeks after the central bank clamped down on the fast-growing business. Paytm plans to go slow on sub-50,000-rupee-loans (about \$600), it said Wednesday, the first to announce such a move since the Reserve Bank of India, last month, told banks to set aside more capital to cover personal loans and lending via NBFCs on concerns that soaring demand could lead to higher risk. "There is a clear signal from the RBI to pull back, so we will," said a top banker at a mid-sized private sector bank that lends to about a dozen fintechs.

(Moneycontrol)

Moody's downgrades eight Chinese banks: Moody's Investors Service cut its outlook for eight Chinese banks to negative from stable, a day after its bearish stance on the nation's sovereign bonds due to concern over the level of debt. The rating action for financial institutions including Industrial and Commercial Bank of China and the China Development Bank was primarily driven by the change in outlook to negative from stable on the government's credit ratings, according to a statement from Moody's on Wednesday.

(Economic Times)

RBI bring entities facilitating cross-border payment transactions under its direct

regulation: The Reserve Bank on Thursday brought all entities facilitating cross-border payment transactions for the import and export of goods and services under its direct regulation. RBI has decided to regulate entities facilitating payment and settlement for online cross border export / import transactions as Payment Aggregators - Cross Border (PA-CB) under the Payment and Settlement Systems Act, the central bank said in a circular. Such entities will be treated as Payment Aggregator-Cross Border (PA-CB), the RBI said. According to the circular, non-banks providing PA-



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CB services should have a minimum networth of Rs 15 crore at the time of submitting application to the RBI for authorisation and a minimum networth of Rs 25 crore by March 31, 2026. New non-bank PA-CBs (entities which have not commenced operations yet) should have a minimum networth of Rs 15 crore at the time of submitting application to the RBI for authorisation and should attain a minimum networth of Rs 25 crore by end of the third financial year of grant of authorisation. "All existing non-bank PA-CBs which are not able to comply with the networth requirement or do not apply for authorisation within the stipulated time frame, shall wind-up PA-CB activity by July 31, 2024," the circular said. In respect of import and export transactions processed by PA-CBs, the RBI said the maximum value per unit of goods or services sold should be Rs 25,00,000.

(Economic Times)



ECONOMY

Govt provided over ₹6,100 crore for RE via green bonds in FY23: The government raised around ₹16,000 crore through sovereign green bonds in the last financial year, of which more than ₹6,100 crore were provided for Renewable Energy (RE), Parliament was informed on Thursday. "To ensure availability of low-cost funds for renewable energy projects, Government of India raised sovereign green bonds of ₹16,000 crore (approximately) during FY23. Out of the proceeds of sovereign green bonds, ₹6,186 crore were dedicated for renewable energy," Minister for Power and New & Renewable Energy RK Singh said in a written response to a query in Lok Sabha. Providing details about RE financing, the Minister said the sources available for equity funding include private equity capital, own funds of the developers, venture capital, etc.

(Business Line)

G7 ban on diamond imports from Russia to hit India: The Group of seven (G7) countries decision to ban import of diamonds sourced from Russia will have a major impact on Indian cut and polished diamond industry. The G-7 countries includes Canada, France, Germany, Italy, Japan, the United Kingdom and the United States are major market for Indian diamond exports. GJEPC will strongly advocate that when regulating the sanctions the interests of SMEs and marginal diamond units should be kept in mind, recognising their active contribution to this industry and the millions of livelihoods which are dependent on it, said the council.

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With \$503 bn in reserves, LIC becomes world's fourth-largest insurer: State-owned Life Insurance Corporation of India (LIC) has become the fourth largest insurer in the world, ahead of US-based MetLife and Prudential Financial Inc. The LIC is only behind Germany's Allianz SE, China's China Life Insurance (CLI), and Japan's Nippon Life Insurance, according to a new ranking by capital market company S&P Global. The state-run insurer, which got listed in May 2022, has \$503.07 billion in reserves, while Allianz has \$750.20 billion, CLI has \$616.90 billion, and Nippon has \$536.80. Allianz SE, CLI, and Nippon Life Insurance Co are the three largest life insurance companies in the world, according to the ranking. S&P Global recently came out with a list of the world's 50 largest life insurers. In the list, Asia accounts for 17 spots on the list of top global life insurers, making it the region with the second-highest number. China and Japan share the top spot in Asia with five companies headquartered there. Mumbai-headquartered LIC ranked at the fourth position in the ranking published on November 29.

(Business Line)

INDUSTRY OUTLOOK



Stop producing ethanol from sugarcane juice: Govt to all sugar mills: With sugar production expected to be down in the 2023-24 season, the central government has directed all sugar mills not to use sugarcane juice or syrup for making ethanol this year and has allowed the production of ethanol from B-heavy molasses as it is. The 2023-24 sugar season started in October, while the ethanol supply year (ESY) started in November. The direction came as negative news for the sugar companies, with their stocks trading lower on Thursday. Investors felt that ethanol realisations would get impacted as the major feedstock moved to produce more sugar.

(Business Standard)

Google withdraws plea against order on CCI probe into billing system: Google on Thursday withdrew its appeal against the order of a single judge of the Delhi high court asking the Competition Commission of India (CCI) to hear applications moved by Indian startups against Google's user choice billing system. Senior advocate Sajjan Poovayya, who appeared for Google, told the court that the order was passed by a single judge when the CCI did not have the quorum to hear the plea. The CCI, however, now has the quorum and has been hearing the plea by startups, he noted. Google's counsel further told the court that while the company wishes to withdraw the appeal, it would like to keep the questions of law open.

(Financial Express)



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Madhivanan Balakrishnan resigns as executive director of IDFC FIRST Bank: IDFC FIRST Bank said that its Executive Director Madhivanan Balakrishnan has tendered his resignation, with effect from December 06, 2023. In addition, it added, Madhivanan Balakrishnan will cease to be SMP of the Bank w.e.f. December 15, 2023. “The Nomination & Remuneration Committee and the Board of Directors of the Bank (Board) at their respective meetings held today has accepted the said resignation and shall relieve him from his duties in the capacity of Executive Director with immediate effect

(Financial Express)



REGULATION & DEVELOPMENT

Arjun Munda appointed new Agri Minister; four MoSs reassigned portfolios in Union Cabinet: President Droupadi Murmu, on Thursday night, assigned Tribal Affairs Minister Arjun Munda the additional charge of Agriculture Minister after the resignation of Narendra Singh Tomar from the Union Cabinet following his election as an MLA in the Madhya Pradesh Assembly. Shobha Karandlaje, Minister of State, was assigned the charge of the Minister of State in Ministry of Food Processing Industries, in addition to her existing portfolio. Rajeev Chandrasekhar, Minister of State, was assigned the charge of the Minister of State in Ministry of Jal Shakti, in addition to his existing portfolios. Bharti Pravin Pawar, Minister of State, was assigned the charge of the Minister of State in Ministry of Tribal Affairs, in addition to her existing portfolio.

(Business Line)

Formulation of welfare schemes for gig and platform workers: The Social Security code, 2020 envisages framing of suitable social security schemes by Central Government for Gig workers and platform workers on matters relating to (i) life and disability cover; (ii) accident insurance; (iii) health and maternity benefits; (iv) old age protection; (v) crèche; and (vi) any other benefit as may be determined by the Central Government. The Centre for Labour Studies, National Law School of India University (NLSUI), Bangalore has been engaged for assistance in framing of a new Scheme for the Gig & Platform workers as well as workers in the unorganized Sector. Memorandum of Understanding (MoU) has been signed by Employees Provident Fund Organisation (EPFO) with NLSUI on 23.01.2023. This information was given by Union Minister of State for Labour and Employment Shri. Rameshwar Teli in a written reply in the Rajya Sabha on 7th Dec 2023.

(Business Today)



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FINANCIAL TERMINOLOGY

ACTUAL CASH VALUE

- ❖ A valuation of the damaged property, i.e. its monetary worth at market value immediately preceding the occurrence of the loss, is called actual cash value of the property. It gives the estimate of the cost of replacement or repair of the damaged asset.
- ❖ To ascertain the exact extent of loss, the insurance company undertakes an evaluation of the property before and after the loss occurs. This helps in estimating the extent to which the insurer is liable to pay for the damage. In case of motor insurance, actual cash value can be based on the quotations for similar vehicles available in the market. Generally, the replacement cost minus the depreciation in the value of the asset gives the actual cash value in insurance.



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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 : 83.3650
INR / 1 GBP : 104.6748
INR / 1 EUR : 89.7352
INR /100 JPY: 56.9900

EQUITY MARKET

Sensex: 69521.69 (-132.04)
NIFTY: 20901.20 (-36.50)
Bnk NIFTY: 46841.40 (+6.80)

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