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DAILY NEWS DIGEST BY BFSI BOARD

12 February 2024

BANKING & FINANCE



Sovereign Gold Bond price fixed at Rs 6,263/gm; issues opens Monday: The issue price of the next tranche of Sovereign Gold Bond, opening for subscription for five days from Monday, has been fixed at Rs 6,263 per gram, the Reserve Bank said in a statement on Friday. The Sovereign Gold Bond Scheme 2023-24 – Series IV will be open for subscription during February 12–16, 2024. “The nominal value of the bond ... works out to Rs 6,263 per gram of gold,” the central bank said. The Government of India, in consultation with the Reserve Bank, has decided to offer a discount of Rs 50 per gram less than the nominal value to those investors applying online and making the payment against the application through digital mode.

(Moneycontrol)

Plan in works to compensate victims of financial frauds: Banks and financial institutions will formulate an action plan for returning funds to victims from fraudulent accounts, a finance ministry statement said on Friday. They will also phase out the use of regular 10-digit numbers and use specific number series such as '140xxx' for commercial or promotional activities as prescribed by the Telecom Regulatory Authority of India, it said. These steps are part of the measures worked out by the government to tackle challenges arising from cyber security in the financial services sector. The finance ministry said that banks and financial institutions will share information in a standardised format for ease of analysis by law enforcement agencies and further ensure round-the-clock availability of resources to promptly address complaints, which will improve the fraud-to-hold ratio.

(Economic Times)

Soon new series of mobile numbers for commercial, promotional activities by banks,

FIs: “Banks and financial institutions are required to phase out, the use of regular 10-digit numbers and use specific number series such as ‘140xxx’ for commercial/ promotional activities as prescribed by TRAI,” a Finance Ministry statement said. This is part of a measure, discussed in a meeting, chaired by Financial Services Secretary Vivek Joshi with stakeholders from 12 organisations on Cyber



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Security in the Financial Services Sector and Online Financial Frauds. Other measures, discussed, included onboarding of Banks/ Financial Institutions on the Citizen Financial Cyber Fraud Reporting and Management System (CFCFRMS) platform, through API integration. It was also proposed to integrate the CFCFRMS platform with the National Cybercrime Reporting Portal (NCRP) with the aim to centralise the platform which will enable effective collaboration between the police, banks and financial institutions, allowing for real-time monitoring and prevention of fraudulent activities.

(Business Line)

RBI wants to drop OTP, but you'll still need a phone for authentication: For second-factor authentication, the RBI has asked regulated organizations, such as banks, to consider options other than SMS-based one-time passwords. Although there are other options that could be tried, they are all centered around a mobile phone. You would still need your phone for authentication. According to bankers, "social engineering" scams that include tricking a customer into disclosing their password or getting it through a SIM swap can also involve OTPs. An authenticator app that needs the user to get a password from another phone app is the most popular substitute for OTP. In addition, service providers have created alternative possibilities, such as tokens inside the mobile application. Although this proves where the communication originated, it still has to rely on mobile phone. Route Mobile, which provides a communication platform as a service, sends nearly four billion OTPs every month on behalf of various service providers, reported TOI.

(Economic Times)

Bandhan Bank aims to increase secured loan portfolio to 50% by FY26, says CEO: Bandhan Bank is targeting to increase its share of the secured loan portfolio to 50% of the total loan book by FY26, Chandra Shekhar Ghosh, MD and CEO of Bandhan Bank, informed analysts soon after declaring its Q3 results. Last November, the Reserve Bank of India (RBI) warned banks about the increased share of unsecured loans and raised risk weightage. The bank had earlier said that it aims to raise the share of the secured portfolio to 70% by arch 2025, as reported by ET on October 14, 2022.

(Economic Times)

UPI, RuPay card to be launched in Sri Lanka, Mauritius on February 12: India's flagship instant payment system, the Unified Payment Interface (UPI), will be inaugurated in Sri Lanka and Mauritius on February 12, the government said on Sunday. Prime Minister Narendra Modi, President of Sri Lanka, Ranil Wickremesinghe, and Prime Minister of Mauritius, Pravind Jugnauth will witness the launch of Unified Payment Interface (UPI) services in Sri Lanka and Mauritius, as well as RuPay card services in Mauritius, on February 12, 2024, the Press Information Bureau said.

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ECONOMY

Direct tax collection reaches 80% of revised FY24 target at Rs 15.60 lakh

cr: Net direct tax collection so far in current fiscal grew 20 per cent year-on-year to Rs 15.60 lakh crore, which is 80 per cent of revised budget estimates for full fiscal year. “The provisional figures of direct tax collections continue to register steady growth. Direct tax collections up to 10th February, 2024 show that gross collections are at Rs 18.38 lakh crore, which is 17.30 per cent higher than the gross collections for the corresponding period of last year,” Central Board of Direct Taxes (CBDT) said in a statement. Direct tax collection, net of refunds, till February 10 of FY24 stands at Rs 15.60 lakh crore, which is 20.25 per cent higher than the net collections in the corresponding period last year. This collection is 80.23 per cent of the total revised estimates of direct taxes for 2023-24.

(Moneycontrol)

BioAsia2024 teams up with Centre to support MSMEs: BioAsia 2024, Telangana’s flagship life sciences and Health Tech conference to be held here during February 26-28, 2024, has teamed up with the Ministry of Micro, Small, and Medium Enterprises (MSME) to provide support to micro, small and medium (MSME) sector. The collaboration with the Ministry of MSME with BioAsia, is in line with the Government’s vision, to promote the growth and development of small and medium-sized enterprises, which play a crucial role in India’s burgeoning life sciences industry. With a dedicated MSME Pavilion, featuring leading companies from the sector, BioAsia 2024, will be offering an opportunity for MSMEs to forge key partnerships, expand their businesses and showcase India’s prowess in the global life sciences arena.

(Business Line)

Confident on global economic outlook despite uncertainties: IMF's

Georgieva: The managing director of the International Monetary Fund (IMF), Kristalina Georgieva, said on Sunday she was confident about the economic outlook despite uncertainties around war and geopolitics as the global economy has remained resilient. In a speech at the World Governments Summit in Dubai, Georgieva said the IMF would publish a paper on Monday that shows phasing out explicit energy subsidies could save \$336 billion in the Middle East, equivalent to the



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economies of Iraq and Libya combined. She added that in addition to savings, eliminating regressive energy subsidies "discourages pollution, and helps improve social spending," in a copy of the speech published on the IMF website. In its latest regional economic update published last month, the IMF revised its GDP growth forecast for the Middle East and North Africa region downwards to 2.9% this year, due in part to short term oil production cuts.

(Business Standard)

NITI Aayog prepares plan for economic transformation of 4 cities, including Mumbai, Varanasi:

The NITI Aayog's CEO, BVR Subrahmanyam, announced on February 10 that the organisation has established a strategy to enable Mumbai, Surat, Varanasi, and Vizag achieve economic development by 2047. He also stated that the Aayog intends to draft economic plans for 20-25 more cities, as they are the hubs of economic activity. NITI Aayog is preparing a vision document for India to become a developed economy worth \$30 trillion by 2047, which will be released by Prime Minister Narendra Modi. "We used to only prepare urban planning of cities, not economic planning..NITI Aayog has prepared economic planning of Mumbai, Surat, Varanasi and Vizag, for economic transformation of these cities," he said at an event here.

(Moneycontrol)

INDUSTRY OUTLOOK



JSW, Odisha govt tie up for Rs 40K cr integrated EV manufacturing facility:

JSW Group has signed an agreement with the Odisha government to set up an integrated EV manufacturing facility in the state entailing an investment of Rs 40,000 crore. Once completed, the project will mark JSW Group's foray into the automobile space. In a statement, the conglomerate said "it plans to establish an integrated EV manufacturing facility in Odisha, and has signed a Memorandum of Understanding (MoU) with the Government of Odisha for the establishment of an Integrated Electric Vehicles (EV) And EV Battery Manufacturing Project at Cuttack and Paradip".

(Business Standard)

Indian Biogas Association pitches for ₹30k crore investment for compressed biogas plants:

Indian Biogas Association has recommended an investment of ₹30,000 crore for machinery and equipment required for biomass supply to compressed biogas plants to ensure 12 MMTA of LNG import reduction. "Utilising agricultural residues like paddy straw for bioenergy production and soil enrichment instead of burning those, offers a dual benefit as it



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provides renewable energy sources while enhancing soil health," said Indian Biogas Association Chairman, Gaurav Kedia. However, he pointed out some obstacles to procurement, such as unappealing economics, which make farmers prefer to burn, rather than sell off the field straw promptly. Due to the low density of straw, which increases the expenses associated with its collection, storage and transportation, he stated, "Improving logistics is not a feasible solution. Government intervention is essential to encourage the adoption of necessary equipment, such as subsidising combine harvesters capable of efficiently gathering straw".

(Business Line)

FPIs infuse over Rs 15,000 crore in debt market in February: Foreign Portfolio Investors (FPIs) continued their bullish stance on the country's debt markets with a net infusion of over Rs 15,000 crore so far this month, on the back of inclusion of Indian government bonds in the JP Morgan Index along with relatively stable economy. This followed a net investment of Rs 19,836 crore in January, making it the highest monthly inflow in more than six years. This was the highest inflow since June 2017, when they infused Rs 25,685 crore.

(Financial Express)



REGULATION & DEVELOPMENT

SEBI proposes two models to regulate API based algo trading: In a move to regulate API based algorithmic trading, the Securities and Exchanges Board of India (SEBI) has proposed two models along with several norms. Renowned algo trader and strategy provider Dharmik Thakkar told Moneycontrol that he was part of the group that met the SEBI's senior management to discuss these norms. Chaired by the SEBI Chairperson Madhabi Puri Buch, the meeting had representatives from market infrastructure institutions (MIIs), algo providers and stock brokers and discussed various issues around algorithmic trading. According to Thakkar, the SEBI is planning to expedite this and have a circular on this out by March-end.

(Moneycontrol)

EPFO fixes 8.25% interest rate on employees' provident fund for 2023-24: Retirement fund body EPFO on Saturday fixed a three-year high interest rate of 8.25 per cent on employees' provident fund (EPF) deposits for 2023-24. In March 2023, the Employees' Provident Fund Organisation (EPFO) had increased the interest rate on EPF marginally to 8.15 per cent for 2022-23 from 8.10 per cent in 2021-22. In March 2022, EPFO had lowered the interest on EPF for 2021-22 to



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an over four-decade low of 8.1 per cent for its over six crore subscribers, from 8.5 per cent in 2020-21. This was the lowest since 1977-78, when the EPF interest rate stood at 8 per cent.

(Business Standard)

Govt examining FDI flow from China in Paytm Payments Services: The government is examining foreign direct investment from China in Paytm Payments Services Ltd (PPSL), the payment aggregator subsidiary of One97 Communications Ltd, sources said. In November 2020, PPSL had applied for licence with the Reserve Bank of India (RBI) to operate as a payment aggregator under the guidelines on Regulation of Payment Aggregators and Payment Gateways. However, in November 2022, RBI rejected PPSL's application and asked the company to resubmit it, so as to comply with Press Note 3 under FDI rules.

(Business Line)



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FINANCIAL TERMINOLOGY

IDIOSYNCRATIC RISK

- ❖ Idiosyncratic risk is a type of investment risk that is endemic to an individual asset (like a particular company's stock), a group of assets (like a particular sector), or in some cases a very specific asset class (like collateralized mortgage obligations).
- ❖ Idiosyncratic risk is also referred to as a specific risk or unsystematic risk.
- ❖ Therefore, the opposite of idiosyncratic risk is a systematic risk, which is the overall risk that affects all assets, such as fluctuations in the stock market, interest rates, or the entire financial system.
- ❖ Company management's decisions on financial policy, investment strategy, and operations are all idiosyncratic risks specific to a particular company and stock. Other examples can include the geographical location of operations and corporate culture.



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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 : 82.9995
INR / 1 GBP : 104.7144
INR / 1 EUR : 89.4037
INR /100 JPY: 55.5500

EQUITY MARKET

Sensex: 71595.49 (+167.06)
NIFTY: 21782.50 (+64.50)
Bnk NIFTY: 45634.60 (+622.60)

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