



**THE INSTITUTE OF
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DAILY NEWS DIGEST BY BFSI BOARD

14 February 2024

BANKING & FINANCE



Banks would need to spend Rs 60-66 cr for re-KYC of Paytm Payments Bank merchant customers: Banks that are keen to take over the business of Paytm Payments Bank would have to spend Rs 60-66 crore to conduct the re-KYC process for the banks' merchant customers, bankers said. According to the Paytm website, as of January 31, 2023, Paytm Payments Bank had around 60 lakh merchant customers. Bankers and industry experts said banks will conduct re-KYC for compliance purposes, and the per customer charges for the process will range between Rs 90-110.

(Moneycontrol)

RBI's gold purchases in 2023 fell to lowest level in 6 years: The Reserve Bank of India (RBI) reduced its gold purchases in 2023, marking the lowest level since it began accumulating gold in 2017, due to a strong US dollar. By December 2023, the RBI's gold holdings increased to 25.84 million troy ounces, up from 25.32 million troy ounces a year earlier. This slight increase contrasts with previous years when larger quantities were added. The RBI's gold accumulation strategy, initiated in 2017, aimed to diversify its foreign exchange reserves.

(Economic Times)

Banks, other financial services providers must seek prior regulatory nod for voluntary liquidation, says IBBI: Banks and other financial services providers (FSPs) opting for voluntary liquidation must obtain prior approval of the relevant regulators, and liquidators will have to ensure the FSPs comply with this rule, the Insolvency and Bankruptcy Board of India (IBBI) said in a circular on Tuesday. The directive comes after some financial services providers are observed to have "commenced the voluntary liquidation process without notification and/or prior permission of the appropriate financial regulator", the bankruptcy watchdog said.

(Economic Times)



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IRDAI chief asks insurance players to underwrite disruptions to improve market penetration: With the government's efficiency in managing funds going up manifold due to the adoption of the JIT (just-in-time) principle, banks are scrambling for alternatives to grow their current account (CA) deposit portfolio. The Centre has embraced the JIT principle for the release of funds in respect of all payments, including centrally sponsored schemes, to the extent possible to bring about more efficiency in cash management. This has reduced the float available to banks. CA deposits of all scheduled commercial banks had declined to 10.13 per cent of their overall deposits in 2023 from 10.43 per cent in 2022, per the RBI's Report on Trend and Progress of Banking in India. IRDAI Chairman Debasish Panda stressed the need for insurers to adapt to disruptions and aim for 'insurance for all' by 2047. Speaking at a global actuaries conference, Panda highlighted the importance of actuaries in navigating industry changes. With India's vast digital footprint, he emphasized leveraging data for personalized experiences. Panda noted the impact of emerging technologies like blockchain and AI in streamlining processes and enhancing fraud detection. Adapting to these disruptions is crucial for insurers to thrive in the evolving landscape.

(Economic Times)

Standard Chartered weighs breaking up corporate, investment bank: Standard Chartered Plc is considering restructuring its institutional banking arm, the unit that houses the firm's investment bankers and traders, as part of the latest effort by Chief Executive Officer Bill Winters to improve the lender's returns. The lender has been weighing options including separating its investment bank from its corporate and commercial banking operations, according to people familiar with the matter. The move could lead to job cuts and is one of several possibilities being weighed with no final decisions made yet, the people said

(Moneycontrol)



ECONOMY

India, UAE ink pacts on trade, investment, IMEC amid PM Modi's visit: India and the United Arab Emirates signed an array of agreements on February 13, during the first day of Prime Minister Narendra Modi's two-day visit to the Middle Eastern country. The pacts relate to bilateral trade, investments and the India Middle East Economic Corridor (IMEC), among others. In an official release, New Delhi said the 'Bilateral Investment Treaty' was signed by the two sides. "This agreement



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will be a key enabler for further promoting investments in both countries. India has signed both a Bilateral Investment Treaty and a Comprehensive Economic Partnership Agreement with UAE,"

(Moneycontrol)

US consumer inflation reduces to 3.1% in January: U.S. consumer prices rose beyond anticipated levels in January, primarily driven by rising in shelter and healthcare expenses. However, despite this acceleration in inflation, it is unlikely to alter the prevailing expectations regarding the Federal Reserve's plans to initiate interest rate reductions in the first half of this year. According to the Labor Department's Bureau of Labor Statistics, the Consumer Price Index (CPI) rose 3.1 percent from a year ago in January, down from 3.4 percent in December. The annual revisions to the CPI data, released last Friday, presented a mixed picture, indicating a general downward trajectory in inflation following its surge in 2022.

(Mint)

Inflation is cooling but RBI has no reason to cut rates before June, say experts: India's consumer price index (CPI)-based retail inflation fell to a three-month low of 5.1 per cent in January, supported by a slower rise in prices of food items. Core inflation continues to moderate, reaching its lowest level in more than 50 months. Even though the current inflation rate is comfortably within the Reserve Bank of India's (RBI) upper tolerance band of 6 per cent, it remains above the central bank's target of 4 per cent and the central bank may not start cutting rates in the first half of the financial year 2025 (FY25), according to experts.

(Mint)

INDUSTRY OUTLOOK



Moody's revises ratings outlook on 4 Adani Group firms: Moody's Investor Group on February 13 said it has changed the outlook on debt papers of four Adani Group companies to stable from negative, and maintained the stable outlook on the other four companies. It affirmed the ratings of all eight companies. The companies for which rating outlook have been revised are Adani Green Energy Limited (AGEL), Adani Green Energy Restricted Group (AGEL RG-1), Adani Transmission Step-One Limited (ATSOL), and Adani Electricity Mumbai Limited (AEML) Those for which rating outlook have been kept the same are Adani Green Energy Restricted Group (AGEL RG-2), Adani Energy Solutions Limited Restricted Group 1 (AESL RG1), Adani Ports and Special Economic Zone Limited (APSEZ) and Adani International Container Terminal Private Ltd (AICTPL).

(Moneycontrol)



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RIL becomes India's first to surpass Rs 20 lakh crore in market capitalisation: Reliance Industries Ltd on February 13 became India's first company to surpass Rs 20 lakh crore in market capitalisation after its shares rallied over 14 percent so far in 2024. The stock hit a fresh record high of Rs 2,957 on the BSE and gained as much as 1.8 percent intraday on February 13. At 11.16 am, the stock was trading at Rs 2,953, up 1.7 percent from its previous close. The conglomerate reached Rs 1 lakh crore in market cap in August 2005, Rs 2 lakh crore in April 2007, Rs 3 lakh crore in September 2007, and Rs 4 lakh crore in October 2007. And, since then, it took 12 years to reach Rs 5 lakh crore in July 2017, while the market value reached Rs 10 lakh crore in November 2019, and Rs 15 lakh crore in September 2021. The Rs 20-lakh-crore milestone was achieved in over 600 days.

(Moneycontrol)

BharatGPT, VVDN launch new tablet: HCL cofounder Ajai Chowdhry's Epic Foundation, in partnership with Bengaluru-based startup CoRover and Manesar-based contract manufacturer VVDN Technologies, on Tuesday announced the launch of a tablet squarely targeting customers in the education field. The tablet is in line with the ministry of consumer affairs' 'right to repair' programme, and claims to be 'upgradable' to increase its longevity. The tablet will natively support domestic generative artificial intelligence platform BharatGPT's application builder suite. Speaking at the venue, Ankush Sabharwal, CEO of BharatGPT maker CoRover, said that the model BharatGPT application will help appeal to students across India's technical education sector—and help the newly-launched tablet capture market share against established foreign brands such as Apple and Samsung.

(Mint)



REGULATION & DEVELOPMENT

NSE's settlement plea in the co-location case rejected by Sebi: Market regulator the Securities and Exchange Board of India (Sebi) has rejected a settlement application filed by the National Stock Exchange (NSE) in a case pertaining to the colocation matter, said two people with direct knowledge of the matter. The exchange had filed under the consent mechanism of Sebi which allows market participants to settle any alleged security market violation by paying a fee and without admitting or denying guilt. However, Sebi rejected NSE's consent plea and instead will pass a regulatory order against the exchange, said people cited above. The case pertains to alleged connivance between NSE officials and OPG Securities – which is one of the brokers accused of getting preferential access to NSE's servers thereby providing them an undue advantage over other traders.

(Moneycontrol)



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Odisha to introduce Nua-O scholarship, students to get at least Rs 9,000 annually:

Ahead of the upcoming Lok Sabha and assembly elections, the Odisha government has decided to introduce the Nua-O scholarship for undergraduate and postgraduate students. Under the initiative, male students will get Rs 9,000 annually, while female students will receive Rs 10,000. Male students belonging to SC/ST and Nirman Shramik (construction worker) families will get Rs 10,000, while female students of the categories will receive Rs 11,000 annually. The Nutana Unnata Abhilasha (NUA) Odisha scheme aims to empower youth with continuous skilling, re-skilling, and up-skilling opportunities, he said. Students whose parents are Income Tax payees or are permanent government employees would not be able to avail of the scholarship, he said.

(Economic Times)

PM announces Surya Ghar Muft Bijli Yojana: The Prime Minister, Shri Narendra Modi, announced the launch of rooftop solar scheme for free electricity - PM Surya Ghar Muft Bijli Yojana. This project, with an investment of over Rs. 75,000 crores, aims to light up 1 crore households by providing up to 300 units of free electricity every month." "From substantive subsidies, which will be given directly to people's bank accounts, to heavily concessional bank loans, the Central Government will ensure that there is no cost burden on the people. All stakeholders will be integrated to a National Online Portal which will further convenience." "In order to popularise this scheme at the grassroots, Urban Local Bodies and Panchayats shall be incentivised to promote rooftop solar systems in their jurisdictions. The PM urged all residential consumers, especially youngsters, to strengthen the PM - Surya Ghar: Muft Bijli Yojana by applying at- pmsuryaghar.gov.in"

(PiB)



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FINANCIAL TERMINOLOGY

VESTING

- ❖ A vesting schedule is an incentive program for an employee that gives them benefits, usually stock options, when they have contractually fulfilled a specified term of employment with the company.
- ❖ The benefits can also be other assets, such as retirement funds. Vesting is a way for employers to keep top-performing employees at the company.
- ❖ In the context of retirement plan benefits, vesting gives employees rights to employer-provided assets over time, which gives the employees an incentive to perform well and remain with a company. The vesting schedule set up by a company determines when employees acquire full ownership of the asset.



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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 : 83.0190
INR / 1 GBP : 104.7473
INR / 1 EUR : 89.3893
INR /100 JPY: 55.5300

EQUITY MARKET

Sensex: 71555.19 (+482.70)
NIFTY: 21743.30 (+127.30)
Bnk NIFTY: 45502.40 (+620.10)

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- ❖ **Certificate Course on Credit Management of Banks**
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TEAM BFSIB

Banking, Financial Services & Insurance Board
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