



**THE INSTITUTE OF  
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## **DAILY NEWS DIGEST BY BFSI BOARD**

**14 Dec, 2023**

### **BANKING & FINANCE**



**RIL ropes in DBS Bank for compressed biogas push:** In its push for adoption of greener energies, Reliance Industries has tied up with DBS Bank India to set up a financing program for farmers and aggregators for the management of crop residue that will be used to produce compressed biogas (CBG). The conglomerate, which is aggressively pursuing opportunities in non-fossil fuels, is also working on the generation of CBG touted as an alternative to CNG and other fossil fuels. Farmers usually burn agriculture residue since they don't have the means, the infrastructure and the logistics required to process them. DBS has been roped in as the finance partner for this.

**(Business Line)**

**SBI to sign 70 million euro LoC with KfW for solar projects:** State Bank of India (SBI) on Wednesday said it will sign 70 million euro (about Rs 630 crore) Line of Credit (LoC) with German Development Bank KfW for promoting solar project in the country. The agreement will be signed on December 14 at the bank's IFSC Gift City Branch in Ahmedabad, SBI said in a regulatory filing. The LoC is aimed at supporting Solar Photovoltaics (PV) projects in India, it said.

**(Economic Times)**

**Centre turns focus on skills of the key executives of state-run banks:** The Centre has asked state-run banks to focus on the capacity building of their key executives and specialised senior officials, including chief technology officers and chief revenue officers. It is keen that the top brass of public sector banks (PSBs) is geared up to handle fast-changing market dynamics and technological outgrowth, said people aware of the matter. "We want them to build strength in areas that require in-depth knowledge, such as risk management, digital infrastructure and cybersecurity," said a government official

**(Economic Times)**



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**Government of India and ADB sign \$200 million loan for Uttarakhand climate resilient power system development project:** The Government of India and the Asian Development Bank (ADB) today signed agreement for availing of a \$200 million loan from the Asian Development Bank (ADB), to improve the quality, efficiency, and reliability of power supply in the state of Uttarakhand. “The project will enhance the power system network's capabilities, facilitating the seamless integration and transmission of renewable energy to load centers. Simultaneously, it involves upgrading the distribution system to minimize power outages and reduce technical losses,”

**(PiB)**



## ECONOMY

**US Fed keeps key interest rate unchanged, foresees three rate cuts in 2024:** The Federal Reserve kept its key interest rate unchanged Wednesday for a third straight time, a sign that it is likely done raising rates after having imposed the fastest string of increases in four decades to fight painfully high inflation. The Federal Reserve kept its benchmark rate at about 5.4%, its highest level in 22 years, a rate that has led to much higher costs for mortgages, auto loans, business borrowing and many other forms of credit. In a statement it issued after its 19-member policy committee met Wednesday, the Fed said “inflation has eased over the past year but remains elevated.” It was the first time since inflation first spiked in 2021 that the Fed has formally acknowledged progress in its fight against accelerating prices. It also provided a hint that its rate-cut efforts may be over.

**(Moneycontrol)**

**OPEC predicts robust oil demand for 2024 supported by resilient global GDP growth:** The Organisation of Petroleum Exporting Countries (OPEC) expects world oil demand to grow to 2.2 million barrels per day (bpd) in 2024 for an average of 104.4 million bpd, unchanged from its previous assessment. The oil cartel said in a report that oil demand is expected to be supported by resilient global GDP growth, amid continued improvements in economic activity in China. The report said OECD (Organisation for Economic Cooperation and Development) oil demand is expected to increase by 0.3 million bpd, predominantly in OECD Americas, with other regions also showing some growth. The group projects a 2.0 million bpd, year-on-year, increase in the non-OECD with China and the Middle East leading the way, supported by other Asia and India.

**(Moneycontrol)**



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**Economic growth prospects remain strong in medium-term: S&P:** Strong domestic activity is likely to offset global headwinds, as India's growth prospects remain strong in the medium term, with the economy projected to grow 6.7-7% annually between 2024-26, S&P Global Ratings said Wednesday. "India's economic growth prospects should remain strong over the medium term, with GDP expanding 6.4%-7% annually in fiscal years 2024-2026," said Vishrut Rana, Economist at S&P Global Ratings. The American rating agency had revised India's growth forecast upward to 6.4% for FY24 from 6% projected earlier. The Reserve Bank of India has since revised its growth forecast further upwards to 7% for FY24.

**(Economic Times)**

**ADB raises India's FY24 growth forecast to 6.7%:** In its latest report on outlook for developing Asia, the multilateral lender, retained its India growth forecast for FY25 at 6.7%. The Asian Development Bank (ADB) on Wednesday raised its FY24 growth forecast for India to 6.7% from 6.3% announced three months ago, joining a host of agencies to revise up projections citing the country's stronger-than-anticipated growth of 7.6% in the September quarter. Recognising accelerated growth momentum, the RBI this month raised its FY24 growth projection for India to 7% from 6.5%, while Nomura increased it to 6.7% from 5.9%, Citigroup to 6.7% from 6.2% and DBS to 6.8% from 6.4%. India recorded a 7.7% expansion in the first half of this fiscal.

**(Economic Times)**

**Twelve of 31 states, UTs project debt more than 35% of GSDP at FY24 end:** More than 33 per cent of India's constituent units, the states and Union Territories with legislature, have projected their debt to cross 35 per cent of their respective gross state domestic product (GSDP) at the end of 2023-24. Twelve states -- Arunachal Pradesh, Bihar, Goa, Himachal Pradesh, Kerala, Manipur, Meghalaya, Mizoram, Nagaland, Punjab, Rajasthan, and West Bengal -- have caught the eye of the Reserve Bank of India (RBI) because of their fiscal mismanagement. The RBI in its latest annual publication has warned that any additional allocation for non-merit goods and services, subsidies, transfers, and guarantees could jeopardise the fragile fiscal situation of these states, potentially disrupting the fiscal consolidation achieved over the past two years.

**(Business Standard)**



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## INDUSTRY OUTLOOK



**Unnati becomes the first entity to list on the social stock exchange:** SGBS Unnati Foundation became the first entity to list on the social stock exchanges (SSE) on Wednesday. SUF is a not-for-profit organisation (NPO) incorporated in 2011 that has trained over 45,000 youth. The entity had raised ₹1.8 crore from Zerodha, Nabard, Govind Iyer, and Ashish Kacholia during its fundraising period between October 30 and November 22. On listing, the Zero Coupon Zero Principal (ZCZP) instruments with a face value of ₹1 each will get credited into the demat accounts of the respective donors. This will not be traded but will sit in their accounts. The value of the instrument for the donor will become zero at the end of one year when SUF's project is completed.

**(Business Line)**

**Tata Steel to invest ₹100 cr in centre for innovation in London:** Tata Steel has signed a Memorandum of Understanding with Imperial College London to set up a Centre for Innovation in Sustainable Design and Manufacturing in London. The centre will enable the acceleration of technology development and deployment in strategic areas, attract talent and strengthen the industry-academia collaborative eco-system. To pursue this goal, Tata Steel will invest £10 million (₹104 crore) over four years in this centre.

**(Business Line)**

**Moody's affirms Reliance Industries' Baa2 ratings, outlook stable:** Reliance Industries Ltd's consumer businesses of retail and telecom will support Ebitda growth over the next two years even as earnings from oil and gas business are likely to remain flat, Moody's Investors Service said as it affirmed the company's Baa2 rating. Moody's has also maintained a stable outlook owing to the expectation that the company's earnings will continue to grow across most of its business segments, such that consolidated credit metrics will remain solidly positioned for its ratings over the next 12-18 months. "The affirmation of RIL's Baa2 ratings reflects the company's large scale and leading market position across its diverse businesses as well as management's strong execution track record," says Sweta Patodia, Moody's Assistant Vice President and Analyst.

**(Business Standard)**

**Tech Mahindra announces global crowdsourcing platform:** Tech Mahindra on Wednesday launched Populii, a crowdsourcing platform that enables gig workers to collaborate with leading organisations through micro jobs requiring 'human-in-the-loop' services, according to a release. Gig





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jobs on Populii will include content rating, data collection, data transcription, and data annotation of multiple data types. The platform aims to create flexible work opportunities for the gig workforce while equipping businesses with reliable data from trained and qualified candidates to build competitive AI algorithms.

**(Financial Express)**



## REGULATION & DEVELOPMENT

**GPAI Summit: Member countries unanimously adopt New Delhi declaration on artificial intelligence:** The New Delhi declaration of the Global Partnership on Artificial Intelligence that was unanimously adopted by 28 countries laid special emphasis on the risks of AI, specifically misinformation, disinformation, personal data, threats to human rights and democracy. This comes a day after Prime Minister Narendra Modi, while urging countries to work together on a global framework for AI, pointed out that the technology has the power to make or break democracies. The declaration says, "We acknowledge the need to harness new opportunities and mitigate the risks arising from the development, deployment, and use of such technologies. This includes concerns around misinformation and disinformation, unemployment, lack of transparency and fairness, protection of intellectual property and personal data.

**(Moneycontrol)**

**Unstamped agreement not void in law: Supreme Court:** Overturning a previous ruling, the Supreme Court ruled that arbitration clauses contained in unstamped or insufficiently stamped agreements doesn't make the agreements invalid, and thus, legally enforceable. The court ruled that deciding whether the arbitration agreement has been stamped/partially stamped or not, is the domain of arbitral tribunal and not courts; and said that considering agreements non-enforceable only on account of unstamping at the beginning of proceedings goes against the "rationale of the law". Stamping refers to the payment made as stamp duty on the value of the agreement. The court held that unstamped agreements are inadmissible under Stamp Act, but not rendered "void ab initio". It also said that the aspect of stamping does not fall for determination under Sections 8 or Section 11 of the Arbitration Act.

**(Financial Express)**

**PACS for rural water supply related works:** In order to utilize the reach of PACS in rural areas, on the initiative of the Ministry of Cooperation, Ministry of Jal Shakti has made PACS as eligible



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agencies to carry out the Operations & Maintenance (O&M) of Piped Water Supply (PWS) in rural areas. States/ UTs have been requested to incorporate suitable provisions in their O&M Policy to engage PACS as O&M agencies for the rural PWS. Also, the willing PACS are encouraged and provided support including their capacity building and skilling by the States/ Union Territories (UTs). As per information received from States/ UTs, 1,381 PACS have been identified by 12 States/ UTs to provide O&M services at Panchayat/ Village level. This was stated by the Minister of Cooperation, Shri Amit Shah in a written reply to a question in the Rajya Sabha.

**(PiB)**

**Computerization of Agricultural and Rural Development Banks:** The Long-Term Cooperative Credit Structure (LTCCS) consists of Cooperative Agriculture and Rural Development Banks at State and primary levels, which are primarily engaged in providing long term finance to farmers. As on today, fully functional State Cooperative Agriculture and Rural Development Banks (SCARDBs) exist in 13 States/ UTs. In order to improve their operational efficiency, bring uniformity in accounting practices and core aspects of the systems followed in lending, recovery and raising resources, and to aid in their business expansion, Government has approved the project of computerization of 1,851 units of Agriculture and Rural Development Banks (ARDBs) including their branches and supervisory units with a total outlay of Rs 119.40 crore. NABARD is the implementing agency for the project and will develop a common national level software for ARDBs. Hardware, support for Digitization of legacy data, training to the employees, etc. will be provided under the project. In this regard, this Ministry has already circulated the project related guidelines to the States/UTs on 16.11.2023 and have sought proposals from the States/ UTs concerned for this project. This was stated by the Minister of Cooperation, Shri Amit Shah in a written reply to a question in the Rajya Sabha.

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## FINANCIAL TERMINOLOGY

### NASH EQUILIBRIUM

- ❖ Nash equilibrium is a concept in game theory where the optimal outcome is when there is no incentive for players to deviate from their initial strategy. The players have knowledge of their opponent's strategy and still will not deviate from their initial chosen strategies because it remains the optimal strategy for each player.
- ❖ Overall, an individual can receive no incremental benefit from changing actions, assuming that other players remain constant in their strategies. A game may have multiple Nash equilibria or none at all.
- ❖ The Nash equilibrium is a decision-making theorem within game theory that states a player can achieve the desired outcome by not deviating from their initial strategy.
- ❖ In the Nash equilibrium, each player's strategy is optimal when considering the decisions of other players. Every player wins because everyone gets the outcome that they desire.
- ❖ To quickly find the Nash equilibrium or see if it even exists, reveal each player's strategy to the other players. If no one changes their strategy, then the Nash equilibrium is proven.
- ❖ The Nash equilibrium can be incorporated into a wide range of disciplines, from economics to social sciences.



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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 : 83.3950  
INR / 1 GBP : 104.6579  
INR / 1 EUR : 89.9276  
INR /100 JPY: 57.2000

### **EQUITY MARKET**

Sensex: 69584.60 (+33.57)  
NIFTY: 20926.30 (+19.90)  
Bnk NIFTY: 47092.30 (-5.30)

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  - ❖ **BFSI Chronicle (quarterly issue of BFSIB)**
  - ❖ **Handbook on Stock & Book Debts Audit (Revised and Enlarged 2<sup>nd</sup> Edition)**
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