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DAILY NEWS DIGEST BY BFSI BOARD

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BANKING & FINANCE



Visa, Mastercard, Banks meet RBI officials to clarify BPSP business model: Amid the Reserve Bank of India's (RBI) restriction on card-based commercial payments, card network players Visa and Mastercard along with some of the banking institutions met with the RBI officials on February 14 to make representation and clarify the corporate card-to-business account money transfer transactions, sources told Moneycontrol. A regulatory note from RBI was issued to the card networks on February 8 asking for information on the role of business payment solution providers (BPSPs) in commercial and business payments. The communication also included a direction that the companies undertaking such services hold all BPSP transactions in abeyance until further notice.

(Moneycontrol)

RBI Governor warns banks on build-up of risks, says no room for complacency: The Reserve Bank of India (RBI) Governor Shaktikanta Das has warned banks against the buildup of risks in the banking system. At a meeting with bank CEOs, Das said there is no scope for any complacency and banks should continue to maintain their vigil around the build-up of risks. The governor's comments assume significance in the context of rising instances of fraudulent practices and scams in the banking system. Recently, RBI issued an order instructing the Bank of Baroda (BoB) to halt the recruitment of new customers through its digital banking application, BoB World. Similarly, UCO Bank discrepancies in its IMPS services from November 10 to 13. After this, the bank made the IMPS money transfer option offline after a technical glitch caused some transactions initiated by holders of other banks and credit to the Uco Bank account holders without actual receipt of money from these banks.

(Moneycontrol)

Yes Bank set to recover 50% of dues from sale of Katerra India debt: Yes Bank is set to recover about half of its dues from Katerra India by selling loans of the company undergoing corporate insolvency. Prudent ARC on Monday matched a counter-offer by Asset Reconstruction of



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India (Arcil) for Katterra India at a Swiss challenge auction held by Yes Bank, said people with knowledge of the matter. This will result in the private bank recovering at least half its principal debt, said people with knowledge of the matter.

(Economic Times)

Muthoot Finance Q3 profit up 19% on-year to Rs 1103.52 crore: Muthoot Finance Ltd on Wednesday reported its third quarter earnings for the financial year 2023-24 with profit at Rs 1103.52 crore, up 19 per cent in comparison to Rs 927.71 crore during the third quarter of FY23, surpassing estimates. It posted revenue from operations at Rs 3820.02 crore, up 26.9 per cent as against Rs 3009.60 crore during the corresponding quarter of previous year. The company's Loan Assets Under Management increased by Rs 3,280 crore, i.e., an increase of 4 per cent QoQ. According to a CNBC TV18 poll, Muthoot Finance was expected to report Q3FY24 profit at Rs 958.8 crore and NII was estimated at Rs 1871.5 crore.

(Financial Express)

Stakeholders to be directly involved in liquidation process, says IBBI: The Insolvency and Bankruptcy Board of India (IBBI) has amended its regulations to facilitate liquidation cases in a more transparent manner. A consultative committee of stakeholders will now be directly involved in the liquidation process. The Insolvency and Bankruptcy Board of India (Liquidation Process) Regulations were amended on Monday to bring the changes into effect. As per the new rules, the liquidator must conduct meetings with stakeholders' consultation committees (SCCs) within 30 days to enable greater participation in the process, unless the committee has extended the period of such meetings. The rules, however, mandate at least one meeting in each quarter. The new rules mandate approvals from SCCs for litigations or other liquidation costs, cost-benefit analysis of various steps taken under the process, decisions for running the company as a going concern, approvals for private sale, conducting fresh valuations and confirmation of sale. Further, the amendment stipulates that the liquidator shall file the proposal of compromise or arrangement only in cases where such recommendation has been made by the committee of creditors (CoC). Earlier, liquidators were free to explore options of compromise/arrangement at their free will.

(Financial Express)



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ECONOMY

Israel-Palestine conflict will not derail India, UAE economic cooperation: Foreign Secretary: Economic cooperation between India and the UAE, including the India- Middle East-Europe Economic Corridor (IMEC) project and initiatives under the I2U2 group, will maintain its momentum and stay its course despite worries about the on-going disturbance in the region including the conflict in Gaza and the situation in the Red Sea, Foreign Secretary Vinay Kwatra has said. The Israel-Palestine situation and the Red Sea crisis was discussed by Prime Minister Narendra Modi and UAE President Sheikh Mohamed bin Zayed Al Nahyan in their bilateral talks on Tuesday as there are important stakes involved but there would be no let-up in the economic cooperation between the two nations, the Foreign Secretary said at a media briefing on Wednesday.

(Business Line)

Slowing inflation, smaller fiscal deficit will create ground for MPC to start cutting rates:

Crisil: Slowing inflation, a smaller fiscal deficit and an imminent turn in the US Federal Reserve's policy rates, will create the ground for the Monetary Policy Committee (MPC) to start cutting rates, according to a report by Crisil Market Intelligence & Analytics (MI&A). However, Crisil's MI&A economic research team believes more clarity on the path of disinflation could push this decision at least to June 2024, if not later. "While CPI inflation has remained in the RBI's tolerance band of 2-6 per cent since August, it is still shy of the 4 per cent target and that keeps the MPC on watch," opined the team lead by Dharmakirti Joshi, Chief Economist, Crisil. Inflation based on the Consumer Price Index (CPI) eased to a three-month low of 5.1 per cent in January from 5.7 per cent in December, largely driven by lower food prices. However, a further drop in core inflation to 3.5 per cent – a 50-month low – stole the limelight. Crisil's economists noted that the steep and broad-based disinflation in core inflation is both comforting and intriguing.

(Business Line)

Wholesale inflation eases to 3-month low of 0.27% in January: The wholesale price index (WPI)-based inflation eased to a three-month low of 0.27 per cent in January, mainly due to moderation of food prices, including vegetables. The WPI inflation was in the negative zone from April to October and had turned positive in November at 0.39 per cent. "The annual rate of inflation



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based on the All India Wholesale Price Index (WPI) number is 0.27 per cent (provisional) for the month of January, 2024 (over January, 2023)," the commerce and industry ministry said in a statement on Wednesday. The previous low level of WPI inflation was recorded in October 2023, when it was (-) 0.26 per cent. In January, food inflation declined to 6.85 per cent, from 9.38 per cent in December 2023.

(Business Line)

Bitcoin reclaims \$1 trillion market cap for first time since November 2021: Bitcoin on Wednesday reclaimed the market cap of \$1 trillion after rising 3 per cent to over \$51,200. In the last seven days, Bitcoin has jumped 19.5 per cent, according to CoinMarketCap. It last traded at this level in November 2021. Earlier this month, the largest crypto token by market cap crossed the \$50,000 mark after over two years, in a comeback from scandals and wipeouts that cast a shadow on the industry. The token has more than tripled in value since January 2023. However, it continues to be far below its peak of \$69,000 achieved in November 2021.

(Business Standard)

Finance Minister to review economy at FSDC meeting on Feb 21: Finance Minister Nirmala Sitharaman is scheduled to review the state of the economy amid global challenges at a meeting of the Financial Stability and Development Council (FSDC) on February 21. The 28th meeting of the high-level panel to be held here will be attended by all financial sector regulators, including RBI Governor Shaktikanta Das, sources said. This would be the first meeting of the FSDC after the passage of the Rs 47.6 lakh crore Budget for 2024-25, focussing on capital expenditure with an outlay of Rs 11.11 lakh crore. In the meeting, the Finance Minister will review the current global and domestic economic situation and financial stability issues.

(Economic Times)

INDUSTRY OUTLOOK



BofA names Infosys' US unit in data breach notification to office of Maine Attorney General: Bank of America has named Infosys McCamish Systems as a source of a data breach that it said affected 57,028 customers, as per documents submitted to the Maine Attorney General in the US. Infosys McCamish Systems (IMS) is an Infosys' step-down subsidiary. The notification, penned on behalf of Bank of America, describes the breach as an "external system breach (hacking)", while the information acquired has been mentioned as "name or other personal identifier in combination with: social security number". As per the data breach notification, the total number of persons affected



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(including residents) has been estimated at 57,028, and the total number of residents of Maine - the northeasternmost US state - who were affected by the data compromise was 93. As per the notification, the breach occurred on October 29, 2023, and was discovered on October 30, 2023. The submission to the Office of the Maine Attorney General by an outside counsel for Bank of America (BoFA) names IMS in the data breach notification.

(Moneycontrol)

Government plans mega investment summit, hopes to draw top global investors, leaders of Fortune 500 companies: The government is planning a mega global investment conference this year that promises to bring together the who's who of the global investment world. The summit hopes to draw in the top 100 institutional investors and leaders from the top 100 Fortune 500 companies in a bid to showcase India's economic potential, investment opportunities and facilitate global partnerships. "This could be India's own Davos," said a senior official from a global consultancy firm. "A platform where global asset managers and private equity players come together to hear first-hand from the government, experience and learn how India has changed and the potential it offers."

(Business Line)

NSE to hold special trading session on Mar 2 to check market infrastructure: The National Stock Exchange (NSE), on Wednesday, said that it will conduct a special live trading session on March 2, a move aimed at checking and strengthening the market's infrastructure. "Members are requested to note that Exchange shall be conducting a special live trading session with intra-day switch over from Primary site to Disaster Recovery (DR) site on Saturday, March 02, 2024 in Equity and Equity Derivatives segments," the Mumbai-based stock exchange said in a circular. The first trading session will be held from 9:15 am-10 am. The second trading session will be held from 11:30 am to 12:30 pm.

(Business Standard)



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REGULATION & DEVELOPMENT

Rooftop solar scheme gets new name, and ₹75,000 crore allocation: Prime Minister Narendra Modi on Tuesday announced the PM Surya Ghar Muft Bijli Yojana rooftop solar scheme with an investment of over ₹75,000 crore. The scheme, first announced on January 22 by the Prime Minister as Pradhan Mantri Suryodaya Yojana, aims to light up 10 million households and enable them to have free electricity of up to 300 units every month. It envisages substantive subsidies directly in the bank accounts of the consumers and heavily.

(Moneycontrol)

Irdai proposes to set up online marketplace 'Bima Sugam': Regulator Irdai has proposed to establish an online insurance market place, Bima Sugam, a one-stop solution to enhance availability, accessibility, and affordability of a product. A digital public infrastructure called 'Bima Sugam -- Insurance Electronic Marketplace' is proposed to be established to empower and protect the interest of policyholders, Insurance Regulatory and Development Authority of India (Irdai) said in a draft. The aim behind setting up the marketplace is to increase penetration of insurance in India and to enhance availability, accessibility, and affordability, it added. Bima Sugam, it said will be a one-stop solution for all insurance stakeholders, vis-a-vis customers, insurers, intermediaries or insurance intermediaries, and insurance agents.

(Economic Times)

Adani Green begins power generation from world's largest Renewable Energy park in Khavda, Gujarat: Adani Group's green energy arm, Adani Green Energy Limited (AGEL), has operationalized 551 MW solar capacity in Khavda, Gujarat, by supplying power to the national grid, the company said today. Adani Group is committed to India's clean energy transition journey towards its ambitious goals of 500 GW of renewable energy capacity by 2030 and carbon neutrality. Adani Green Energy's milestone at the Khavda RE park is a validation of this commitment and leading role.

(Economic Times)



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FINANCIAL TERMINOLOGY

What being part of Bloomberg Bond Index means for India and investors

- ❖ Indian government bonds could soon be included in the Bloomberg Emerging Market Local Currency Index. The Bloomberg Index Services advisory committee has suggested adding Indian government bonds to its Emerging Market Local Currency Index, and a formal announcement is expected soon.
- ❖ Talk of the inclusion has been going around since JPMorgan Chase & Co announced in September last year that Indian government bonds will be included in its benchmark.
- ❖ If approved, it will result in a rush of foreign flows into Indian bonds. How so? Index funds are essentially mutual funds that track a certain index, meaning they mimic the index and hold securities exactly in the same proportion as the index. Fund managers do not actively 'manage' these funds; they simply deploy the money they get from investors into the index basket as constructed by the index provider. This is called a passive investment strategy.
- ❖ Just as in the case of stocks, when a stock makes an entry into an index, all the index funds adjust their portfolios to reflect the change in the index, here too, all index funds tracking the Bloomberg Bond index will adjust their portfolios to make way for Indian bonds – only sovereign bonds. This means they will buy these Indian government securities, thus ploughing funds into Indian treasury bond market.
- ❖ Currently, the total assets under management under index funds that track the Bloomberg Bond Index is about \$3 trillion. India is likely to have a 0.6-0.8 percent index weight, meaning \$15-20 billion will probably be directed towards Indian treasuries.



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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 : 83.0864
INR / 1 GBP : 104.7659
INR / 1 EUR : 89.0553
INR /100 JPY: 55.2200

EQUITY MARKET

Sensex: 71822.83 (+267.64)
NIFTY: 21840.00 (+96.70)
Bnk NIFTY: 45908.30 (+405.90)

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