

DAILY NEWS DIGEST BY BFSI BOARD

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BANKING & FINANCE



Indian banks halt silver imports as duty differential spurs private trade: India's banks have stopped silver imports after private traders bought large volumes of the precious metal from the United Arab Emirates to benefit from a lower duty, a total of five dealers and industry officials said. India, the world's biggest silver consumer, imposes a 15% import duty on the metal. But the Comprehensive Economic Partnership Agreement, signed between India and the United Arab Emirates (UAE) in 2022, allows private traders to import silver through the India International Bullion Exchange (IIBX) at a 9% duty, and an extra 3% tax for value addition. The lower import tax has enabled traders to offer silver imported via IIBX at a discount of around 2%. The lower import tax has enabled traders to offer silver imported via IIBX at a discount of around 2%, a Mumbai-based bullion dealer with a private bank said. IIBX, India's first international bullion exchange was set up in 2022, and by mid-December, the government had issued clearance that allowed dealers to trade silver.

(Economic Times)

EC publishes details of electoral bonds data on its website: The Election Commission has published details of the electoral bond data received from the State Bank of India (SBI) on its website. According to the Election Commission, the data has been shared in two parts. The first set of data shows the name of the purchaser and denomination of the bonds while the other shows the political parties and denomination of the bonds encashed by them. However, the data does not show any correlation between the donor and beneficiary. Thus, it is not possible to link the donor to the receiver. Future Gaming and Hotel Services PR has emerged as the top purchaser of electoral bonds at Rs 1,368 crore, with Megha Engineering and Infrastructures Ltd at the second spot with Rs 966 crore. Bharatiya Janata Party (BJP) has emerged as the top beneficiary of electoral bonds, encashing bonds worth Rs 6,060.5 crore between April 12, 2019, and January 24, 2024. All India Trinamool Congress

(TMC) secured the second spot, receiving Rs 1,609.50 crore via electoral bonds. Congress occupied the third spot, collecting Rs 1,421.9 crore through this route.

(Moneycontrol)

SEBI mutual fund stress test: Quant MF says smallcap fund to take 22 days for 50% liquidation: Acting on SEBI's concerns about the froth building in mid-cap and small-cap segments in the stock market, AMFI had told mutual funds to conduct stress tests and publish the result on its own websites as well that of AMFI's, once every 15 days. Quant Mutual Fund has announced that the time taken for 50 percent portfolio liquidation is six days for its Quant Mid Cap Fund and 22 days for the Quant Small Cap Fund. Further, the time taken for 25 percent portfolio liquidation is three days for the Quant Mid Cap Fund and 11 days for the Quant Small Cap Fund. Quant Mutual Fund is among the first fund houses to publish the data.

(Moneycontrol)

NPCI grants approval for TPAP licence to One97 Communications: National Payments Corporation of India (NPCI) has granted its approval to One97 Communications to participate on the UPI platform as a third-party application provider (TPAP) under the 'multi-bank' model. Axis Bank, HDFC Bank, State Bank of India and Yes Bank will act as PSP (payment system provider) banks to One97, NPCI said in a release. Yes Bank will also be the merchant acquiring bank for existing and new UPI merchants for OCL, as per which the '@Paytm' UPI handles will be redirected to Yes Bank. This will enable existing users and merchants to continue to undertake UPI transactions and AutoPay mandates "in a seamless and uninterrupted manner". Currently, all UPI transactions for Paytm are routed through Paytm Payments Bank.

(Business Line)



ECONOMY

Fitch Ratings ups GDP growth forecast to 7% for FY25 on demand push: Global rating agency Fitch Ratings on Thursday raised India's growth forecast for the next financial year (FY25) to 7 per cent from 6.5 per cent estimated earlier, citing robust domestic demand and sustained growth in business and consumer confidence. It also expects the growth in the current financial year to clock 7.8 per cent, slightly higher than the government's own forecast of 7.6 per cent. "Domestic demand,

especially investment, will be the main driver of growth amid sustained levels of business and consumer confidence. Our forecasts imply that growth in the short term will outpace the economy's estimated potential and that the pace of growth of activity will then moderate towards the trend in FY25, with real GDP rising by 6.5 per cent in [FY26]," the rating agency noted.

(Business Standard)

Indian startups may add \$1 trillion to Indian economy by FY30: CII report: Indian startups are likely to create 50 million new jobs and add \$1 trillion to the economy by 2029-30 (FY30), the Confederation of Indian Industry (CII) has said in a report. The report, titled 'Unicorn 2.0: Adding the Next Trillion', also said that the size of the Indian economy was likely to be \$7 trillion by 2030. The report, released on Thursday, was prepared in partnership with McKinsey & Company. "20-25 per cent of jobs created in India over the last decade were due to startups. And by 2030, Indian startups may provide 50 million new jobs to the economy," it claimed.

(Business Standard)

RBI's gold purchase highest in almost two years: RBI bought 8.7 tonne of gold in January, making it the largest purchase by the central bank since July 2022. The RBI's gold holding has climbed to 812.3 tonne in January, from 803.58 tonne in December 2023, according to the World Gold Council data. The central bank is adding gold to diversify its forex reserves and hedge against foreign currency risks, experts say. With the recent surge in dollar volatility and the upward trajectory of gold prices, this move not only enhances the stability of India's foreign exchange reserves, but also makes it a prudent financial decision."

(Financial Express)

INDUSTRY OUTLOOK



Oil marketing companies cut petrol, diesel prices by ₹2 per litre: Oil marketing companies (OMCs) on Thursday cut prices of diesel and petrol by ₹2 per litre each across the country, the first revision by the companies since April 6, 2022. The last reduction in the prices of auto fuels was through a cut in excise duty in November 2022. "OMCs have informed that they have revised petrol and diesel prices across the country. New prices would be effective from March 15, 2024, 06:00 AM. Reduction in petrol and diesel prices will boost consumer spending and reduce operating costs for over 58 lakh heavy goods vehicles running on diesel, 6 crore cars and 27 crore two-wheelers," the Ministry of Petroleum and Natural Gas (MoPNG) said.

(Business Line)

General insurance premium up 13% till February in FY24, shows data: The non-life insurance industry, including general, standalone health and specialised PSU insurance companies, have witnessed a 13.1 per cent growth in premiums to Rs 2.63 trillion in the first 11 months of FY24, up from Rs 2.32 trillion in the year-ago period. The growth was backed by the rise in health and motor insurance premiums. According to the data released by the general insurance council, health insurance premiums have grown by 20.39 per cent year-on-year (Y-o-Y) during the April 2023-February 2024 period, while motor insurance premiums have gone up by 13.60 per cent.

(Business Standard)



REGULATION & DEVELOPMENT

Govt appoints former bureaucrats Gyanesh Kumar and Sukhbir Sandhu as election commissioners: The government on Thursday appointed former IAS officers Gyanesh Kumar and Sukhbir Sandhu as the new election commissioners. Kumar is a retired bureaucrat of the Kerala cadre and Sandhu worked as an officer of the Uttarakhand cadre. Both of them are officers of the 1988 batch.

(Business Line)

Centre, ADB sign \$23 million loan agreement to strengthen fintech ecosystem: The Centre and the Asian Development Bank (ADB) on Thursday signed a \$23 million loan agreement to enhance access to quality fintech education, research, and innovation at the Gujarat International Finance Tec-City (GIFT-City). The project's emphasis on market-driven fintech skills programmes, creating enabling environment for private sector investment and enhancing collaboration between industry, skills development institutes and development partners will promote holistic growth of fintech ecosystem in India.

(Business Line)



FINANCIAL TERMINOLOGY

AFFILIATED COMPANIES

- ❖ Companies are affiliated when one company is a minority shareholder of another. In most cases, the parent company will own less than a 50% interest in its affiliated company.
- ❖ Two companies may also be affiliated if they are controlled by a separate third party. In the business world, affiliated companies are often simply called affiliates.
- ❖ Companies may be affiliated with one another to get into a new market, to maintain separate brand identities, to raise capital without affecting the parent or other companies, and to save on taxes. In most cases, affiliates are associates or associated companies, which describes an organization whose parent has a minority stake in it.



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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 : 82.8709
INR / 1 GBP : 106.0228
INR / 1 EUR : 90.6624
INR /100 JPY: 56.0300

EQUITY MARKET

Sensex: 73097.28 (+335.39)
NIFTY: 22146.65 (+148.95)
Bnk NIFTY: 46789.95 (-191.35)

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