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+ 91-33-2252-1602/1492/1619
+ 91-33- 2252-7143/7373/2204
Fax :+91-33-2252-7993
+91-33-2252-1026
+91-33-2252-1723

DAILY NEWS DIGEST BY BFSI BOARD

15 April 2024

BANKING & FINANCE



RBI to bring POS players under license regime: It appears that a new category of licenses is soon to be added in the world of financial services. To tighten the offline payments ecosystem, the Reserve Bank of India (RBI) is expected to come out with guidelines for issuing licenses to operate in the point of sales (POS) business. Third-party POS operators would have to obtain licenses to function in the space. The move is expected to impact players such as Pine Labs, MSwipe, Paytm and BharatPe to name a few.

(Business Line)

BJP promises to double Mudra loan limit to Rs 20 lakh in its poll manifesto: The Bharatiya Janata Party (BJP) on Sunday promised to double the Mudra loan ceiling to Rs 20 lakh, further expand the coverage of PM-SVANidhi to villages and reduce the compliance burden on micro, small & medium enterprises (MSMEs). The Pradhan Mantri Mudra Yojana (PMMY) was launched in 2015 to facilitate collateral-free micro credit of up to Rs 10 lakh to non-corporate, non-farm small and micro entrepreneurs for generating income. Under the PM Mudra Yojana, over 460 million loans worth Rs 27 trillion have been given so far.

(Business Standard)

Amazon Pay plans to offer credit on UPI: Amazon Pay is looking to offer credit on unified payments interface (UPI) to customers, and is working with the National Payments Corporation of India (NPCI) for the same. "One of our stated objectives is to innovate in partnership with NPCI. Credit on UPI is one large initiative. So, we are very actively looking at that to see how we continue to enhance customer experience and value proposition," Amazon Pay India whole-time director Vikas Bansal said.

(Financial Express)



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Wary of BoB World app and other scams, Fin Min bats for enhanced KYC, due diligence: In a bid to check incidence of BoB World app scam and other such financial frauds, the finance ministry makes a case for an enhanced KYC procedure and extensive due diligence by banks and financial institutions for onboarding merchants to safeguard customers against cyber risks, sources said. Appropriate due diligence of merchants and Business Correspondents (BCs) who offer banking services in rural and remote areas is necessary not only to check frauds but also to fortify the financial ecosystem, sources said. According to sources, there is a need to strengthen data security and data protection at the level of merchants and BCs as chances of compromise are higher at that level.

(Economic Times)



ECONOMY

Gold likely to continue record-breaking streak as Middle East tensions simmer: The escalating crisis in the Middle East will lead to prices of commodities such as gold and crude oil surging, as a war premium will be baked into the total value. Gold is up by 29 percent since early October and by 18 percent since mid-February. In a note to investors, international brokerage HSBC wrote, "Escalating geopolitical risks significantly bolster gold as hot and cold conflicts, and a record number of elections this year, keep the risk thermometer high. Trade risks associated with geopolitical risks are also gold positive." However, the precious metal prices were surging even before Iran's retaliatory attack on Israel.

(Moneycontrol)

Iran attack on Israel: Dangerous escalation could spell dire implications for India's oil supply: The war in Gaza has been going on for seven months. The recent exchanges between Israel and Iran brings the danger closer to India. After the Israeli attack on the Iranian Consulate in Damascus on 1st April, Iranian retaliation was expected. The Iranian Supreme Leader in his Eid message likened it to an attack on Iranian soil and said that Israel must be, and will be punished. The Iranian counter-strike against Israel early morning today, took the form of a barrage of drones and missiles launched directly from Iran against Israel. Though most of them were intercepted, an Israeli airforce base in the south was reportedly hit. The Iranian Mission to the UN said that so far as Iran is concerned, the present round is concluded. The Israeli Cabinet is meeting to decide the next course of



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Israeli action. India has excellent relations with the Arab states, Iran and Israel. If the conflict spreads to the Gulf, this could have a dramatic impact on oil prices. Twenty percent of the world's crude oil supply passes through the Hormuz Strait. For India, the implications are dire. Nearly 60 percent of Indian crude supply traditionally comes from the Gulf region. There has been a surge in oil purchases from Russia. In the long term, however, the Gulf region would remain the most important source of crude supply to India. In addition, Qatar is a major supplier of LNG to India.

(Moneycontrol)

Inflows into equity MF schemes jump 25% to ₹1.86 lakh cr in FY24: The net inflows into equity mutual funds have jumped 25 per cent in the financial year ended March 2024 to ₹1.86 lakh crore against ₹1.49 lakh crore in the same period last year even as concern on high market valuation continue to prevail. Investment in hybrid schemes has turned positive to ₹1.47 lakh crore against an outflow of ₹16,790 crore logged in the last fiscal while outflow from debt funds moderated to ₹21,073 crore (₹1.81 lakh crore), according the Association of Mutual Funds in India data. Interestingly, the inflows through small and mid-cap, at ₹62,805 crore last fiscal, alone account for 34 per cent of the overall equity investments.

(Business Line)

INDUSTRY OUTLOOK



Govt simplifies payment process for merchant importing pulses from Myanmar: The government announced on Saturday, April 13, that it has streamlined and simplified the payment process for merchants who import pulses from Myanmar. According to a statement from the consumer affairs ministry, importers have been asked to use the Rupee/Kyat direct payment mechanism through Punjab National Bank's Special Rupee Vostro Account (SRVA). India imports pulses to make up for the deficit at home. Myanmar is the country's importer of tur and urad dals. As per the statement, Consumer Affairs Secretary, Nidhi Khare, discussed with the Indian Mission in Yangon on matters concerning the import of pulses from Myanmar, including import costs following changes in exchange rates and stocks held by importers in Myanmar.

According to the ministry, the secretary was notified by the Indian Mission that the Rupee/Kyat Settlement Mechanism became live on January 25 of this year with the goal of streamlining and improving commercial transactions. On January 26, 2024, the Central Bank of Myanmar published instructions for SRVA payment operations. The Indian Mission also informed the secretary that the



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new mechanism will apply for both sea and border trade and for trade in goods as well as services. "Adoption of the mechanism by traders will reduce costs associated with currency conversions and eliminate complexities related to exchange rates by eliminating the need for multiple currency conversations," the ministry statement said.

(Financial Express)

Leasing of lithium-ion batteries for 3-wheelers to be rolled out soon in Kolkata: On the streets of Kolkata and surrounding areas, e-rickshaws, popularly known as 'toto', are set to be powered by lithium-ion batteries with the rolling out of a battery leasing model, officials said on Sunday. Neuron Energy, a lithium-ion battery maker, has joined hands with Urja Mobility to spearhead the leasing model which has so far been heard only in the business-to-business EV sector, they said. "We're kick-starting this journey from Bengal, offering lithium-ion batteries for e-rickshaws on a lease model with our financing partner, Urja Mobility. Our sights are set on expanding to other markets soon," said Pratik Kamdar, CEO & Co-Founder of Neuron Energy.

(Economic Times)



REGULATION & DEVELOPMENT

Government takes measures to operationalize Gas-based Power Plants to help meet Summer Electricity Demand: In order to help meet the high electricity demand in the country during the summer season, the Government of India has decided to operationalize gas-based power plants. To ensure maximum power generation from Gas-Based Generating Stations, the Government has issued directions to all Gas-Based Generating Stations under Section 11 of the Electricity Act, 2003 (under which the appropriate government may specify that a generating company shall, in extraordinary circumstances operate and maintain any generating station in accordance with the directions of that Government). A significant portion of the Gas-Based Generating Stations (GBSs) is currently unutilized, primarily due to commercial considerations. The order under Section 11, which is on similar lines as done for imported-coal-based power plants, aims to optimise the availability of power from Gas-Based Generating Stations during the ensuing high demand period. The order shall remain valid for generation and supply of power from May 1, 2024 to June 30, 2024. As per the arrangement, GRID-INDIA will inform the Gas-based Generating Stations in advance, of the number of days for which Gas-based power is required. Gas-Based Generating Stations holding Power Purchase Agreements (PPAs) with Distribution Licensees shall first offer their power to PPA holders.



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If the power offered is not utilised by any PPA holder, then it shall be offered in the power market. Gas-Based Generating Stations not tied to PPAs must offer their generation in the power market. A high-level committee headed by Chairperson, Central Electricity Authority has been constituted to facilitate the implementation of this direction.

(PiB)

Bitcoin rebounds from sharp slump triggered by Iran's attack on Israel: Bitcoin recovered from the steepest selloff in more than a year, an early indication of impending volatility across asset markets as investors digest the prospects of a military escalation in the Middle East. The largest cryptocurrency advanced 3.9% to \$64,40 as of 8:50 a.m. in London on Sunday after jumping as much as 8.3% earlier. Smaller coins like Polkadot and Uniswap rallied more than 10%.

(Business Standard)



FINANCIAL TERMINOLOGY

REVERSE STOCK SPLIT

- ❖ A reverse stock split is a type of corporate action that consolidates the number of existing shares of stock into fewer (higher-priced) shares.
- ❖ A reverse stock split divides the existing total quantity of shares by a number such as five or 10, which would then be called a 1-for-5 or 1-for-10 reverse split, respectively.
- ❖ A reverse stock split also is known as a stock consolidation, stock merge, or share rollback and is the opposite of a stock split, where a share is divided (split) into multiple parts.



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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 : 83.3931
 INR / 1 GBP : 104.4243
 INR / 1 EUR : 89.1261
 INR /100 JPY: 54.4200

EQUITY MARKET

Sensex: 74244.90 (-793.25)
 NIFTY: 22519.40 (-234.40)
 Bnk NIFTY: 48564.55 (-422.05)

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