



**THE INSTITUTE OF
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DAILY NEWS DIGEST BY BFSI BOARD

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BANKING & FINANCE



RBI draft norms suggest Fintech SROs to be independent from influence, development oriented: The Reserve Bank of India (RBI) on January 15 in its draft norms said Self-Regulatory Organisations (SROs) for fintech sector should be independent from influence, development oriented, and legitimate arbiter of disputes. SROs for Fintech sector should also be true representative of the sector, encourage members for adherence to regulatory priorities, repository of information. According to the norms, SROs for fintech sector is expected to operate objectively, with credibility and responsibility under the oversight of the regulator. The central bank has invited comments or feedback from stakeholders and members of the public on the draft by end of February.

(Moneycontrol)

Co-operative banks to seek approval to appoint, re-appoint or remove Statutory Auditor: RBI: RBI has mandated that all state and central co-operative banks need to seek prior approval of the regulator for appointment, re-appointment or removal of statutory auditors. “The bank shall seek prior approval for re-appointment of SA annually,” the RBI said in a circular issued on January 15, adding the guidelines will come into effect from April 1. Further, the central bank said for all accounting periods commencing on or after April 1, 2024, all state and central co-operative bank need to submit application for prior approval of RBI before July 31 of the reference accounting year, in accordance with the guidelines. As per the guidelines, National Bank for Agriculture and Rural Development (NABARD) shall obtain a list of audit firms on an annual basis, from the Institute of Chartered Accountants of India (ICAI) and then apply the eligibility criteria prescribed for SAs in this circular and prepare an All-India State-wise list of eligible audit firms.

(Moneycontrol)

RBI proposes to further harmonise regulations of HFCs and NBFCs: RBI on January 15 issued a draft circular that seeks to harmonise regulations of housing finance companies (HFCs) with that of Non-banking finance companies (NBFCs) in several areas including minimum capital



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requirement, deposit taking rules among other areas of regulations. The central bank has reviewed deposit directions for deposit-taking HFCs, participation of HFCs in various derivative products for hedging purposes, diversification into other financial products and adoption of technical specifications by HFCs under Account Aggregator ecosystem, etc, the RBI said in a press release. Further, the draft circular proposes to review certain directions for deposit taking NBFCs, the central bank said, adding this exercise is part of further harmonisation of HFC regulations with NBFC regulations

(Moneycontrol)

RBI eases credit concentration norms for NBFCs: The Reserve Bank of India (RBI) has eased the credit concentration risk norms for non banking finance companies (NBFCs) in the middle layer (ML) and base layer (BL) bringing them on par with their larger peers or upper layer (UL) NBFCs. In new directions effective immediately, exposures to state and central governments, security deposits of borrowers held as collateral and national credit guarantee schemes among others have been exempted from concentration limits allowing NBFCs to reduce their concentration risk.

(Economic Times)

India Post Payments Bank Celebrates Milestone Achievement of Eight Crore Customers: India Post Payments Bank (IPPB) proudly announces the attainment of a significant milestone, with eight crore customers now benefiting from its innovative and inclusive financial services. Since its inception, the IPPB has been dedicated to providing accessible and affordable banking solutions to every corner of the nation. This remarkable achievement of reaching eight crore customers reflects the trust and confidence placed in IPPB by the people of India. The establishment of India Post Payments Bank was a strategic move to bridge the financial gap, empower the underserved population and drive financial inclusion through a combination of traditional and digital banking services. With a commitment to financial inclusion, IPPB has played a pivotal role in empowering individuals across diverse demographics, including those residing in remote and underserved areas. The bank's focus on digital banking services has facilitated seamless transactions, making banking services accessible to a broader spectrum of the population.

(PiB)



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ECONOMY

Over 24.8 cr people moved out of multidimensional poverty in India in 9 years: NITI report: As many as 24.82 crore people moved out of multidimensional poverty in nine years to 2022-23, with Uttar Pradesh, Bihar and Madhya Pradesh registering the largest decline, Niti Aayog said in a report on Monday. According to the NITI discussion paper, multidimensional poverty in India declined from 29.17 per cent in 2013-14 to 11.28 per cent in 2022-23, with about 24.82 crore people moving out of this bracket during this period. The national multidimensional poverty measures simultaneous deprivations across three equally weighted dimensions of health, education, and standard of living that are represented by 12 sustainable development goals-aligned indicators, according to NITI Aayog. At the state level, Uttar Pradesh topped the list with 5.94 crore people escaping poverty followed by Bihar at 3.77 crore and Madhya Pradesh at 2.30 crore.

(Business Line)

Wholesale inflation rises to 0.73 per cent in December: The wholesale price index (WPI)-based inflation rose in December at 0.73 per cent mainly due to a sharp rise in food prices. The WPI inflation was in the negative zone from April to October and had turned positive in November at 0.26 per cent. "Positive rate of inflation in December 2023 is primarily due to increase in prices of food articles, machinery & equipment, other manufacturing, other transport equipment and computer, electronics & optical products etc," the Commerce and Industry Ministry said in a statement on Monday. Food inflation rose to 9.38 per cent in December from 8.18 per cent in November 2023.

(Business Line)

Trade deficit narrowed to 3-month low of \$19.8 billion in December: India's trade deficit in December narrowed to a three-month low of \$19.8 billion amid an import slowdown due to falling commodity prices. Merchandise exports during the month grew 0.97 per cent over a year earlier to \$38.45 billion, contrary to the trend of a slowdown so far this financial year, showed data released by the commerce department on Monday. Merchandise imports, meanwhile, grew 8.45 per cent to \$58.25 billion, boosted by gold imports. Higher demand for engineering goods, electronic products, and drugs & pharmaceutical products aided growth in outbound shipments from India, said government officials. Commerce Secretary Sunil Barthwal said India moved into a positive territory in terms of exports, 'beating global trends', though there was a need to see how the Red Sea situation



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would pan out. The region is vital for 30 per cent of global constrained traffic and 12 per cent of global trade.

(Business Standard)

India on top for trust in businesses, NGOs; 4th for media, 5th in government: India tops the charts in terms of trust in businesses and NGOs, but it is fourth in terms of trust in media and fifth for the government, an annual trust barometer showed on Monday. The Edelman Trust Barometer 2024, released here ahead of the World Economic Forum Annual Meeting, put Saudi Arabia on the top for trust shown by their people in the government and China for trust in media. In terms of trust shown in one's employer, Indonesia emerged at the top followed by India at the second. The 24th annual survey, which covered over 32,000 respondents across 28 countries, showed developing countries having a lead over developed ones in terms of overall trust perception of their respective populations. On the overall index, prepared on the basis of average per cent trust in NGOs, business, government and media, India moved to second place from fourth in 2023, while China retained its top spot. The UK replaced South Korea as the least trusted nation. The survey also showed less trust for companies headquartered in global powers.

(Economic Times)

INDUSTRY OUTLOOK



Airlines allowed to cancel flights delayed beyond 3 hours: The Directorate General of Civil Aviation (DGCA) on Monday has come out with a set of Standard Operating Procedures (SOPs) amid a series of flight delays in the winter season. The DGCA has urged airlines to ensure the timely and accurate publication of real-time information on flight delays. Additionally, the DGCA emphasised the importance of sensitising airport staff to effectively communicate with passengers during disruptions caused by fog at airports. The passengers should be continuously guided about flight delays. The watchdog said that given the prevalent fog season and adverse weather conditions, “airlines may cancel, sufficiently in advance, such flights that are anticipated to be delayed or consequentially delayed on account of such conditions beyond a period of 3 hours with a view to obviate congestion at the airport and mitigate passenger inconvenience”. The official release said that the SOPs have been released considering the disruptions caused by fog and adverse weather conditions at several airports, including Delhi airport.

(Financial Express)



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Income tax benefits granted to 2,975 DPIIT recognised startups: As many as 2,975 government recognised startups have been granted income tax exemptions so far, a senior official said on Monday. Under the Startup India , the government provides income tax exemption. Joint Secretary in the Department for Promotion of Industry and Internal Trade (DPIIT) Sanjiv said that as on December 31 last year, 1,17,254 startups have been recognised by the department.

(Financial Express)

Govt cuts windfall tax on petroleum crude to Rs 1,700 per tonne: The Government of India on Monday slashed the windfall tax on petroleum crude to Rs 1,700 a tonne from 2,300 rupees a tonne, according to a government notification. The cut will be effective from Jan. 16, the order said. The tax, levied in the form of Special Additional Excise Duty or SAED, on domestically produced crude oil was sharply increased by the government on Jan 2, 2024 to Rs 2,300 per tonne from Rs 1,300 a tonne. India first imposed windfall profit taxes on July 1, 2022, joining a growing number of nations that tax supernormal profits of energy companies. The tax rates are reviewed every fortnight based on average oil prices in the previous two weeks. A windfall tax is levied on domestic crude oil if rates of the global benchmark rise above USD 75 per barrel. Export of diesel, ATF and petrol attract the levy if product cracks (or margins) rise above USD 20 per barrel.

(Economic Times)



REGULATION & DEVELOPMENT

Green Energy Transition: Govt notifies rules to fast track energy storage: Power Ministry on January 15 said that consumers with more than a specified quantum of load and Energy Storage Systems (ESS) are allowed to establish, operate and maintain dedicated transmission lines themselves without the requirement of a licence. By allowing such a facility, a new category of bulk consumers would emerge in the country, benefiting from more affordable electricity and enhanced grid reliability. This facility was already available to generating companies and captive generating stations, the Ministry said. Power Minister R K Singh said that doing away with the requirement of license for dedicated transmission lines for industry will lead to ease of doing business for the industry, leading to faster industrial growth and more job creation.

(Business Line)

FASTags with incomplete KYC to be deactivated post Jan 31, says NHAI: NHAI on Monday said FASTags with valid balance but with incomplete KYC will get deactivated by banks post January 31, 2024. To enhance efficiency of electronic toll collection system and provide seamless movement at



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toll plazas, NHAI has taken 'One Vehicle, One FASTag' initiative that aims to discourage use of single FASTag for multiple vehicles or linking multiple FASTags to a particular vehicle, a company statement said.

(Business Standard)

SEBI mulls liquidation flexibility for AIF, VCFs to deal with beyond tenure: Capital markets regulator Sebi on Monday proposed to provide flexibility to Alternative Investment Funds (AIFs), Venture Capital Funds (VCFs) and their investors to deal with unliquidated investments of their schemes beyond expiry of tenure. In its consultation paper, the regulator suggested that instead of launching a new liquidation scheme by AIFs, the same scheme itself can be allowed to continue with the unliquidated investments beyond their tenure for a certain period or dissolution period for fully liquidating their unliquidated investments. Additionally, the regulator proposed extending flexibility of the dissolution process to venture capital funds through migration to the AIF regime.

(Business Standard)



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FINANCIAL TERMINOLOGY

STAGFLATION

- ❖ Stagflation is an economic cycle characterized by slow growth and a high unemployment rate accompanied by inflation.
- ❖ Economic policymakers find this combination particularly difficult to handle, as attempting to correct one of the factors can exacerbate another.
- ❖ Policy solutions for slow growth tend to worsen inflation, and vice versa. That makes stagflation hard to fight.
- ❖ The effects of stagflation were illustrated by means of a misery index. This index, a simple sum of the inflation rate and the unemployment rate, tracked the real-world effects of stagflation on a nation's people.



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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 : 82.8530
INR / 1 GBP : 105.6641
INR / 1 EUR : 90.8400
INR /100 JPY: 57.0300

EQUITY MARKET

Sensex: 73327.94 (+759.49)
NIFTY: 22097.50 (+203.00)
Bnk NIFTY: 48158.30 (+448.50)

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