



**THE INSTITUTE OF
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(STATUTORY BODY UNDER AN ACT OF PARLIAMENT)
CMA BHAWAN
12, SUDDER STREET, KOLKATA – 700 016

Telephones: +91-33- 2252-1031/1034/1035
+ 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
Website :www.icmai.in

DAILY NEWS DIGEST BY BFSI BOARD

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BANKING & FINANCE



LIC overtakes SBI to become the most valuable PSU; market cap touches Rs 5.8 lakh crore: Life Insurance Corporation of India, a government-owned insurance giant, has regained its status as the most valued public sector undertaking, surpassing the market capitalization of State Bank of India. While SBI holds a market value of Rs 5.63 lakh crore, LIC has surpassed it with a market capitalization (MCap) of Rs 5.64 lakh crore. As of 9:30 am, the SBI stock witnessed a 1.5 percent decline to Rs 624, whereas LIC traded at Rs 896 on the BSE, showing a 0.2 percent increase. Concurrently, the benchmark BSE Sensex experienced a 1.02 percent loss, settling at 72,386 points.

(Financial Express)

Google Pay signs pact with NPCI to expand UPI payments outside India: Google India Digital Services and NPCI International Payments Ltd (NIPL) have signed an agreement that will help expand UPI payments to countries outside India. The memorandum of understanding (MoU) will enable Indian travellers to make payments in other countries via Google Pay (also known as GPay), eliminating the need to carry cash or resort to international payment gateways.

(Financial Express)

HDFC Bank slide triggers worst day for market in last 18 months: A precipitous decline in shares of HDFC Bank, the most heavyweight component of the Nifty and the Sensex, on Wednesday, triggered the worst day for the domestic markets in nearly a year and a half. The Sensex closed at 71,501, shedding 1,628 points or 2.2 per cent, marking the most significant decline since June 13, 2022. The Nifty50 wrapped up the session at 21,572, down by 460 points or 2.1 per cent, the most substantial drop since June 16, 2022. The disappointing earnings for the December quarter led to an over 8 per cent fall in the stock of HDFC Bank, accounting for more than half of the losses for both Sensex and Nifty — where it holds a weighting of 14.7 per cent and 12.7 per cent, respectively. The fall of HDFC Bank sent ripples through other banking stocks; the Nifty Bank index plummeted 4.3 per cent, its steepest fall since March 7, 2022. HDFC Bank carries a 29 per cent weighting in the Nifty



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Bank. Although HDFC Bank's net profit met expectations, its net interest margin (NIM) declined. Analysts noted that following the amalgamation of HDFC Ltd, the bank has struggled to establish the drivers necessary for earnings growth.

(Business Standard)

Yes Bank becomes first Indian bank to conduct export finance transaction on RXIL's ITFS platform: Yes Bank on Wednesday became the first Indian bank to execute an export finance transaction on the International Trade Financing Services Platform (ITFS) of RXIL Global IFSC Limited (RXIL), a leading cross-border fintech company registered under the International Financial Services Centres Authority (IFSCA). This strategic partnership facilitates arranging credit for exporters and importers from both Indian and Global Institutions through Factoring, Forfaiting, and other trade financing services at competitive pricing with quick turnaround using a digital platform, the bank said in a press release. This is the first transaction on the ITFS platform in collaboration with any bank in India.

(Economic Times)

Africa's biggest insurer banks on India as its home market reels: Sanlam Ltd., Africa's biggest insurer, is betting on India to boost short-term profits. The Cape Town-based firm has the potential to triple profits from India within a decade, according to CEO Paul Hanratty. Sanlam has been partnered with Shriram Capital Group in India since 2005, with the country currently accounting for 10% of profit. India's rapidly growing economy, with a projected 6.4% growth this year, is attracting firms like Sanlam. However, Sanlam still relies on South Africa for 75% of its revenue and needs the country to do well in the long run.

(Economic Times)



ECONOMY

Indian economy to grow at 7% in FY25, inflation to ease further: RBI Governor at Davos: RBI Governor Shaktikanta Das on January 17 said that the Indian economy is likely to grow 7 percent in the next financial year 2024-25. "The government for structural reforms undertaken in recent years, saying they have boosted the medium and long-term growth prospects of the Indian economy," Das said while speaking at a CII session on 'High growth, low risk: The India story' at Davos during the World Economic Forum Annual Meeting. Further, the RBI Governor added that amid a challenging global macroeconomic environment, India presents a picture of growth and



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stability. Last month, the central bank raised its GDP growth forecast for 2023-24 by a huge 50 basis points to 7 percent following the big upside surprise in the July-September data.

(Moneycontrol)

Interim budget may tweak income-tax norms to benefit salaried and middle class: As Finance Minister Nirmala Sitharaman prepares to present the last budget of the Modi 2.0 government, expectations are building for relief on the personal income tax front. Indications are that the Minister may not disappoint. An option being discussed actively is raising the standard deduction, which is currently available under both tax regimes. While a standard deduction of ₹50,000 will be available under the new regime from FY24, this amount has been applicable under the old regime since FY20. However, the current thinking is to raise the standard deduction by ₹10,000 under both schemes from FY25 in order to fight inflation, particularly food prices. Though core inflation (headline inflation minus food and fuel inflation) is down, food inflation is getting more uncertain because of unpredictable weather. While general rates under both the old and new tax regimes are unlikely to be tweaked, a change in thresholds and exemptions may be possible. Government sources said under the old income tax regime, the lower slab of ₹2.5 lakh may be raised by ₹50,000, which could result in a direct saving of ₹1,250. A rise in the lower slab could push up the rebate and ensure that people with an annual income of ₹5.50 lakh do not have to pay tax at all.

(Business Line)

Fitch affirms India's rating at 'BBB-': Relying on a robust medium-term GDP growth outlook and sound external finances, Fitch has affirmed India's sovereign rating at 'BBB-' with stable outlook. 'BBB-' is last investment grade and stable outlook means it can be upgraded to a notch above provided economic situations improve from here. Foreign investors rely on such rating before deciding about putting money in a country. "India is poised to remain one of the fastest-growing countries globally in the next few years as the robust economic momentum is proving resilient. We forecast GDP growth of 6.9 per cent in the fiscal year ending March 2024 (FY24), well above our 6 per cent FY24 forecast from our last review in May 2023, before easing to 6.5 per cent in FY25," the rating agency said in a statement. While the government expects growth rate during current fiscal at 7.4 per cent, RBI has estimated 7 per cent growth. Many agencies forecasted growth rate between 6.3 per cent and 7 per cent.

(Business Line)

US says it is not possible to meet India's demand on public stockholding at MC13: The US has said that it will be impossible to meet India's demand for a permanent solution for public stockholding for food security at the 13th Ministerial Conference (MC13) of the WTO in Abu Dhabi next month, according to Geneva-based trade officials. "Washington's point blank refusal followed a representation made by India at the WTO agriculture meeting on Tuesday, where it emphasised that public stockholding (PSH) has to be dealt with separately on a fast track without linkages and



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delivered at MC13,” the official told businessline. India sought to refresh WTO members memory about the 2013 Bali Ministerial Decision and the 2015 Nairobi Ministerial Decision, where there was a clear mandate for PSH negotiations to be held on an accelerated, separate track.

The Bali Ministerial decision has already allowed developing countries to invoke a peace clause under which they can breach the WTO-prescribed agriculture subsidy limit of 10 per cent of the value of production. But India and other members of the G33 coalition want a permanent solution, as the peace clause comes with a number of onerous clauses. These include the submission of data related to production and procurement and ensuring that the measures do not affect the food security of other vulnerable nations.

(Business Line)

Govt's cash surplus tops ₹3.4 lakh crore: Apart from the deceleration in government spending, higher direct tax collections and a likely sharp rise in issuances of Treasury Bills by the Centre in FY24 were factors pushing up the government's cash balances, analysts said. The flow of government cash balances to and from the banking system is a key factor that influences liquidity conditions.

(Economic Times)

INDUSTRY OUTLOOK



Govt to sell 3.5% in NHPC via OFS at Rs 66 per share from January 18: The government on Wednesday said it will sell a 3.5 per cent stake in power producer NHPC at a floor price of Rs 66 a share, which will garner Rs 2,300 crore to the exchequer. "Offer for sale in NHPC opens tomorrow for non-retail investors. Retail investors can bid on Friday. The government will divest 3.5 per cent equity, including Greenshoe option of 1 per cent," the Department of Investment and Public Asset Management Secretary Tuhin Kanta Pandey said on X. As part of the OFS, the government will sell over 25 crore equity shares in NHPC, with a greenshoe option to sell 10 crore more. The floor price of Rs 66 a share is at a discount of 9.66 per cent over Wednesday's closing price of NHPC shares.

(Moneycontrol)

Jio remains India's strongest brand for 2024: Brand Finance: According to Brand Finance's 'Global-500 2024' report, Jio, , remains the strongest Indian brand, securing the 17th position globally with a Brand Strength Index of 88.9. Jio's brand value increased by 14% to \$6.1 billion, reflecting its rapid growth in the telecom industry, driven by substantial brand investment from Reliance Industries. In the 2024 ranking, Jio is placed at the 17th position among the world's



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strongest brands with a Brand Strength Index of 88.9 in the list led by WeChat, YouTube, Google, Deloitte, Coca Cola and Netflix. LIC is placed at the 23rd place on the list, followed by SBI at 24th rank.

(Economic Times)

Jio Financial Services launches rental services for laptops, phones, airfiber and other tech devices: Jio Financial Services is introducing Device as a Service (DaaS) as a financing model for corporates. DaaS allows companies to lease devices instead of purchasing them, preserving cash flow and enabling better IT fleet management. The company plans to offer finance and operating leases for assets like airfiber, phones, and laptops.

(Economic Times)



REGULATION & DEVELOPMENT

EPFO removes Aadhaar for date of birth proof: The Employees' Provident Fund Organisation (EPFO) has removed Aadhaar from the list of acceptable documents as proof of date of birth (DoB). This decision follows a directive from the Unique Identification Authority of India (UIDAI) that use of Aadhaar as a proof of DoB needs to be deleted from the list of acceptable documents. The removal decision has been made with the approval of the Central Provident Fund Commissioner (CPFC).

(Business Line)

Incentives worth ₹4,415 crore disbursed in 8 sectors under PLI scheme: The government has disbursed incentive of around ₹4,415 crore disbursed under the Production Linked Incentive (PLI) scheme for eight sectors so far, per figures shared by the Department for Promotion of Industry and Internal Trade (DPIIT). The sectors where disbursements have been made include large scale electronic manufacturing, IT Hardware, bulk drugs, medical devices, pharmaceuticals, telecom and networking products, food processing and drones and drone components.

(Business Line)

Centre plans to replace existing Stamp Act with a new law: The government intends to replace another colonial era law, the Indian Stamp Act 1899, with a new one. According, it has come out with draft of new bill and invited suggestions. The proposed bill aims “to align it with modern stamp duty regime,” a Finance Ministry statement said. Further terming the existing law as a pre-Constitution Act, it said that it has been amended from time to time to enable a more modern Stamp Duty regime. However, a number of provisions contained in the Indian Stamp Act, 1899 have become



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redundant/ inoperative and hence, there is a need to re-orient the Indian Stamp Act, 1899. Accordingly, “it has been proposed that the Indian Stamp Act, 1899 is repealed and a new legislation is enacted to reflect the present realities and objectives,” the ministry said.

(Business Line)

PFRDA notifies Point of Presence (PoP) Regulations requiring only one registration for National Pension System: The Pension Fund Regulatory and Development Authority (PFRDA) notified the Point of Presence (PoP) Regulations 2023, simplifying the registration process with the objectives of ease of doing business and greater usage of digital mode. With this notification, banks and non-banks can act as PoPs to on-board NPS subscribers. Now, they require only single Registration for NPS, instead of multiple registrations earlier, and can operate with just one branch with wider digital presence. The timeline for disposing off applications has been reduced from 60 days to 30 days.

(PiB)



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FINANCIAL TERMINOLOGY

ORGANIZATIONAL BEHAVIOR

- ❖ Organizational behavior is the academic study of how people interact within groups and its principles are applied primarily in attempts to make businesses operate more effectively.
- ❖ The study of organizational behavior includes areas of research dedicated to improving job performance, increasing job satisfaction, promoting innovation, and encouraging leadership and is a foundation of corporate human resources.
- ❖ Organizational behavior is embedded in human resources such as employee retention, engagement, training, and culture.
- ❖ Organizational behavior is a subset of organizational theory which studies a more holistic way of structuring a company and managing its resources.



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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 : 83.1310
INR / 1 GBP : 104.7379
INR / 1 EUR : 90.2531
INR /100 JPY: 56.2300

EQUITY MARKET

Sensex: 71500.76 (-1628.01)
NIFTY: 21572.00 (-460.30)
Bnk NIFTY: 46064.45 (-2060.65)

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