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DAILY NEWS DIGEST BY BFSI BOARD

24 April 2024



ECONOMY

India pips China to become the largest electric 3W market globally in 2023: India surpassed China to become the largest market for electric three-wheelers in 2023, thanks to government financial incentives and resulting reductions in the cost of ownership of electric three-wheelers (3Ws), according to a report by the International Energy Agency (IEA). Total electric 3W sales in India stood at 5.8-lakh plus units in 2023, an increase of 65 per cent over 2022 volumes, while China experienced an 8 per cent decline in electric 3W sales, totalling 3.2 lakh units, making it the second-largest market.

(Business Line)

Flash composite PMI surges to 14-year high of 62.2 in April: Riding on positive demand, private sector continues to show impressive performance, as flash composite Purchasing Managers' Index (PMI) surged to 14-year high to 62.2 in April, a survey result released by S&P Global on Tuesday showed. It was 61.8 in March

(Business Line)

Bihar has no manufacturing unit listed on stock exchange: BSE has over 66.5 lakh registered investors. Yet, the third most populous State in the country, Bihar, does not have a single manufacturing unit listed on the stock exchange. It is a statistic that aptly summarises the State's laggardness in manufacturing. This is despite three key industrialists – Anil Agrawal (Vedanta), Sampada Singh (Alkem Pharma), and King Mahendra or Mahendra Prasad (Aristo Pharma) – having roots in Bihar. However, according to the official websites of their respective groups, none of them have a manufacturing unit in their home State. Data from BSE shows that as of April 22, although Bihar accounts for just 2.65 per cent of the total number of registered investors on BSE, it has witnessed a rise of over 10 per cent in the last quarter and over 47 per cent in the past year. As on date, BSE has just one prominent name from Bihar – Aditya Vision – which is basically a trading



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company and it has graduated from the SME platform to the main platform. It is a multi-bagger which was listed at ₹15.50 in 2016, but the closing price on Monday was ₹3320.

(Business Line)

Extreme weather conditions, crude pose inflation risk: RBI Bulletin: Retail inflation — the main yardstick for the central bank’s policymaking — is ‘finally’ in sight of hitting the 4 per cent target, but extreme weather events, along with a spike in international crude oil prices due to geopolitical uncertainties, pose an inflation risk, the Reserve Bank of India’s (RBI’s) State of the Economy report said. The report, authored by RBI staffers including Deputy Governor Michael Patra, says that the country must grow by 8-10 per cent for the next three decades to reap the advantage of demographic dividends, which will last until 2055.

(Business Line)

**BANKING &
FINANCE**



After 15 months, PayU gets RBI’s in-principle nod to operate as a payment aggregator:

After a wait of nearly 15 months, the Reserve Bank of India (RBI) has given its in-principle nod to Prosus-backed fintech firm PayU to operate as a Payment Aggregator (PA) and restart onboarding new merchants. In January 2023, the banking regulator had returned the fintech firm's application to operate as a PA due to its complex corporate structure and directed it to reapply for the same. Following this move, PayU had to pause onboarding new merchants for its online payment aggregation business. Similar ban was imposed on Paytm, Razorpay and Cashfree, of which the latter two received their approval in December last year while the former continues to await.

(Moneycontrol)

Rate transmission higher in PSBs than private banks, says RBI Bulletin: The rate transmission is higher in public sector banks (PSB) than that of private banks, the RBI bulletin for April 2024 showed. “The transmission across bank groups indicates that the increase in the deposit and lending rates was higher in the case of PSBs. The lending rates of PSBs continued to remain lower than those of private banks while their deposit rates were higher,” it said. The RBI Bulletin is a monthly publication that offers insights into the developments in domestic and global economies but doesn’t represent the views of the central bank.

(Moneycontrol)



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BharatPe launches all-in-one payment device BharatPe One: Indian fintech major BharatPe on Tuesday launched BharatPe One, an all-in-one payment product that integrates POS (point of sale), QR code, and speaker into one device. The company in a statement said it plans to launch the product in about 100 cities in the first phase. It will further scale it to around 450 cities over the course of the next 6 months. "Equipped with a high-definition touchscreen display, 4G and Wi-Fi connectivity, and powered by the latest Android operating system, BharatPe One delivers enhanced performance and security. BharatPe One is designed to streamline transactions for merchants, it further said, offering versatile payment acceptance options including dynamic and static QR code, tap-and-pay and traditional card payment options, across a wide range of debit and credit cards.

(Business Line)

First-year premium of life insurers up 2 pc at ₹3,77,960 cr in FY24: IRDAI: The first-year premium or new business premium of life insurers increased 2 per cent to ₹3,77,960 crore in the financial year ended March 31, 2024, compared with ₹3,70,543 crore in the previous financial year.

(Business Line)

INDUSTRY OUTLOOK



Air India, Vistara looking to complete merger by Oct end: Tata group-owned Air India and Vistara are targeting October end to complete their merger consolidating their presence in the aviation market. While the National Company Law Tribunal has reserved its order on the merger application, the airlines have approached the Directorate General of Civil Aviation seeking clarification on crossover training requirements for pilots and crew. The two airlines have separate operating manuals and procedures and the same are being harmonised now. When pilots switch jobs they typically undergo training to familiarise themselves with the procedures of the new organisation. "Discussion is on with DGCA on the issue of crossover training and if the training period can be shortened. Training the entire set of pilots and crew will require lot of time and will impact schedules," said a person familiar with the matter.

(Business Line)

Mahindra Finance detects fraud in its retail vehicle loans portfolio amounting to ₹150 crore: Mahindra & Mahindra Financial Services Limited (MMFSL) on Tuesday said it has detected a fraud in its retail vehicle loans portfolio in the fourth quarter (Q4) of FY24 amounting to ₹150 crore involving forgery of KYC (know your customer) documents at one of its branches in the North East.



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“In respect of retail vehicle loans disbursed by the company, the fraud involved forgery of KYC documents leading to embezzlement of company funds,” MMFSL said in a regulatory filing.

(Business Line)

Mahindra Financial Services KYC lapse under RBI scrutiny: The banking regulator is looking into the ₹150-crore KYC lapse that was disclosed by Mahindra and Mahindra Financial Services on Tuesday. According to highly placed sources aware of the matter, the RBI could impose some sort of curbs on the non-lender with respect to acquisition of new businesses. Whether these curbs would have a pan-India impact on the business or would be restricted to certain branches isn't clear yet.

(Business Line)



REGULATION & DEVELOPMENT

PSBs don't have power to issue 'Look Out Circulars' against defaulters: HC: A division bench of Justices Gautam Patel and Madhav Jamdar held as unconstitutional the clause of an office memorandum issued by the central government empowering the chairpersons of public sector banks to issue LOCs against default borrowers. Advocate appearing for the Union government, sought the HC to stay its order but the bench refused. The court passed its verdict on a bunch of petitions challenging validity of the said clause. The bench said the Bureau of Immigration shall not act upon such LOCs (issued by banks against defaulters). The court also said its judgment would not affect the orders issued against any defaulter by a tribunal or a criminal court restraining them from travelling abroad. While the office memorandum issued by the Centre was not ultra vires the Constitution, the clause empowering the chairperson of a public sector bank to issue LOC was "arbitrary and without power in law", the HC said. The Centre's office memorandum, in 2018, empowered the PSBs to issue LOCs in the "economic interest of India". This restrained a person from travelling abroad if his/her departure could be detrimental to the economic interest of the country.

(Business Standard)

New agri export policy soon, to focus on unregulated products: India's agriculture exports strategy is being reworked with greater focus on products whose trade is not regulated. The government has identified 20 farm products whose global imports are over \$ 405 billion for focussed



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push in the coming years, official sources said. India's share in the world exports of these 20 products – which largely comprises fruits, alcoholic beverages, meat and products derived from milk and cereals – is \$9.03 billion or just 2.23 %. According to Agriculture Processed Food Export Development Authority (APEDA) the unrealised export potential of these products is \$56.7 billion. “We are working on a detailed strategy on each of these products. Maybe in the next three to four months we will have a strategy,” additional secretary in the department of commerce Rajesh Agarwal said.

(Financial Express)

India objects to ILO report that claims 83% unemployed are youth: India has formally conveyed its objections to the International Labour Organization (ILO) over its recent report on employment, questioning the inconsistency in data sets and misinterpretation of data on youth employment and ignoring international mobility as well as gig and platform workers data. Labour and employment secretary Sunita Dawra called senior ILO officials and conveyed the government's displeasure over the India Employment Report 2024, prepared by the Institute for Human Development in collaboration with a multilateral organisation, people familiar with the development told ET.

(Economic Times)



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FINANCIAL TERMINOLOGY

DISCRETIONARY EXPENSE

- ❖ A discretionary expense is a cost that a business or household can survive without, if necessary. Discretionary expenses are often defined as nonessential spending. This means a business or household is still able to maintain itself even if all discretionary consumer spending stops. Meals at restaurants and entertainment costs are examples of discretionary expenses.
- ❖ In a corporate environment, discretionary expenses are usually costs linked with improving a company's reputation among its customers and employees.
- ❖ Expenses are divided into several categories, namely non-discretionary and discretionary. While non-discretionary expenses are considered mandatory—housing, taxes, debt, and groceries—discretionary expenses are any costs incurred above and beyond what is deemed necessary. These are generally considered wants, while non-discretionary expenses are usually referred to as needs.



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 : 83.3765
INR / 1 GBP : 102.8772
INR / 1 EUR : 88.7387
INR /100 JPY: 53.8700

EQUITY MARKET

Sensex: 73738.45 (+89.83)
NIFTY: 22368.00 (+31.60)
Bnk NIFTY: 47970.45 (+45.55)

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