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DAILY NEWS DIGEST BY BFSI BOARD

27 Dec, 2023

BANKING & FINANCE



Axis Bank files insolvency petition against Zee Learn: Axis Bank has approached the National Company Law Tribunal (NCLT) with a plea seeking insolvency proceeding against Zee Learn, the education services provider said on December 26. "This is to inform you that a petition under Section 7 of the Insolvency and Bankruptcy Code, 2016 has been filed by Axis Bank Limited to initiate Corporate Insolvency Resolution Process (CIRP) of the Company, before the Hon'ble National Company Law Tribunal, Mumbai," a regulatory filing stated. Zee Learn said that, in this context, it has received a notice from the Mumbai-bench of the NCLT.

(Moneycontrol)

Tax outflows push banking system liquidity deficit to highest in over 7.5 years: The liquidity deficit in the banking system rose to the highest level in seven and a half years this week on account of advance tax and Goods and Services Tax (GST) outflows. According to RBI data, liquidity in the banking system is in a deficit of around Rs 2.67 lakh crore as of December 25, compared to a deficit before tax outflows of Rs 44,284.92 crore on December 14. The liquidity deficit is at its highest since March 2016, according to Bloomberg data. As of March 16, 2016, the liquidity deficit stood at Rs 2.63 lakh crore. "Advance tax and GST payments in December are weighing on liquidity conditions," said Swati Arora, senior economist with HDFC Bank. Further, Gaura Sengupta, economist at IDFC First Bank, said the sharp rise in system liquidity deficit reflects a confluence of factors: a rise in currency leakage since the festival season, the RBI's foreign exchange operations with Balance of Payments (BoP) turning mildly to a deficit since Q2 FY24, and strong tax collections.

(Moneycontrol)

RBI releases draft licensing framework for authorised persons under forex law: RBI 26 released a draft 'Licensing Framework for Authorised Persons (APs)' under Foreign Exchange Management Act (FEMA), 1999. The focus of the draft norms is on rationalising the authorisation framework for money changers in view of the widespread availability of banking services to public, to



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look at alternate models for facilitating foreign exchange related services and improve the scope of services being offered by AD-Category II entities, a release stated. It will also review the regulatory framework for APs, the release added. The RBI had, in its June monetary policy meeting, said that the central bank decided to rationalise and simplify the licensing framework for APs to effectively meet the emerging requirements of the rapidly growing Indian economy. The objective is to achieve operational efficiency in the delivery of foreign exchange facilities to common persons, tourists and businesses, while maintaining appropriate safeguards.

(Business Line)

Finance minister Niramala Sitharaman to meet heads of PSBs on Sat; review progress of implementation of govt schemes: Finance Minister is set to meet managing directors of public sector banks (PSBs) to review their financial performance. Public sector banks have reportedly earned a net profit of around Rs 68,500 crore during the first six months of the current financial year. The meeting will assess the progress made by banks in achieving targets for government schemes such as Pradhan Mantri Jan Dhan Yojana (PMJDY), Kisan Credit Card (KCC), Stand-Up India, and Pradhan Mantri Mudra Yojana (PMMY). She will also discuss on measures to improve customer service and cyber security, sources said. The finance minister would also review financial inclusion, credit growth, asset quality, and business growth plan of banks for the next financial year, the sources said, adding non-performing assets (NPAs) and the recovery status would also be discussed.

(Economic Times)

LIC to setup branch office in GIFT City; board clears proposal: Life Insurance Corporation of India (LIC) on Tuesday said its board has approved a proposal to set up a branch office in the International Financial Services Centre, GIFT City, Gandhinagar, Gujarat. The board on Tuesday approved the proposal to set up a branch office at IFSC, LIC said in a regulatory filing. LIC's presence in the Gujarat International Finance Tec (GIFT) City-International Financial Services Centre (IFSC) will enable the company to expand its global business.

(Financial Express)

SBI Mutual Fund launches SBI Fixed Maturity Plan: SBI Mutual Fund announced the launch of the SBI Fixed Maturity Plan. However, there is no guarantee or assurance that the investment objective of the scheme will be achieved. The scheme opened for public subscription on December 26, 2023, and will close on December 28, 2023. The objective of the scheme is to offer investors a consistent income and potential capital growth while minimizing exposure to interest rate risk by investing in debt instruments that mature on or before the scheme's maturity date. Investors can invest with a minimum investment of ₹5000 and in multiples of Re 1.

(Mint)



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ECONOMY

India's current account deficit narrows to \$8.3 billion in July-September: India's current account deficit (CAD) narrowed to \$8.3 billion in the second quarter of 2023-24, according to data released on December 26 by the Reserve Bank of India (RBI). As per the data, the CAD in July-September amounted to 1.0 percent of India's GDP. "Underlying the lower current account deficit on a year-on-year basis in July-September 2023 was the narrowing of merchandise trade deficit to \$61.0 billion from \$78.3 billion in July-September 2022," the RBI said. The CAD in April-June 2023 was \$9.2 billion, or 1.1 percent of GDP. In July-September 2022, the deficit stood at a huge \$30.9 billion, or 3.8 percent of GDP.

(Moneycontrol)

GST rate rationalisation likely to be taken ahead in FY25: Rationalisation of rates of the goods and services tax (GST) may be taken up in the coming fiscal and the government could give an indication towards this in the upcoming Interim Budget. The Group of Ministers on rate rationalisation of GST was reconstituted in November this year and indications are that the GST Council may take the issue further in the coming fiscal. The expectation is that the exercise may be taken up after the General Elections 2024 but an announcement about this could come in the Interim Budget, scheduled to be presented on February 1. "Revenue collection from GST has more or less stabilised at over Rs 1.6 lakh crore per month and compliance is improving. It is likely that rate rationalisation may be taken forward in the new fiscal year," said another person familiar with the development.

(Business Today)

India-Oman free trade agreement likely to be inked next month, says official: The negotiations for the proposed free trade agreement (FTA) between India and Oman are moving at a fast pace and the pact is likely to be signed next month, a senior government official said. Officials of the two countries concluded the second round of talks for the pact, officially dubbed as Comprehensive Economic Partnership Agreement (CEPA) earlier this month in Muscat. Oman is India's third-largest export destination among the Gulf Cooperation Council (GCC) countries. The



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pact would help increase exports from India post the free trade agreement, as currently over 80 per cent of its goods enter Oman at an average 5 per cent import duties, and there are not many trade barriers.

(Financial Express)

INDUSTRY OUTLOOK



Coca-Cola extends partnership with ICC till 2031: Beverage major Coca-Cola announced on Tuesday that it has extended its partnership with the International Cricket Council (ICC) for an eight-year period, encompassing ICC World events across all three formats, up until the end of 2031. This eight-year partnership as a Global Partner of the ICC confirmed the collaboration as one of the longest-ever associations formed by the ICC with a single brand, spanning a total timeline of 13 years (2019-2031), it added. “The partnership will see the Coca-Cola Company’s brands becoming exclusive non-alcoholic beverage partners. The agreement includes all men’s and women’s events at the pinnacle of the sport including the ICC Cricket World Cups, ICC T20 World Cups, and ICC Champions Trophies through to the end of 2031.

(Business Line)

FinMin imposes anti-dumping duty on gypsum board from China, Oman:

The Finance Ministry has imposed definitive anti-dumping duty on “gypsum board/tiles with lamination at least on one side” from China and Oman. The anti-dumping duty will be valid for five years. Saint-Gobain India Private Ltd had filed the petition seeking anti-dumping probe on “Gypsum Board/Tiles with lamination at least on one side” from China and Oman. Based on the recommendations of the designated authority in the Commerce Ministry in its final findings, the revenue department has imposed an anti-dumping duty ranging from \$23.46-47.62 per tonne depending on the producer from China. In the case of imports from Oman, the anti-dumping duty has been pegged at \$71.80-91.42 per metric tonne. Gypsum board/tiles with lamination at least on one side (also known as PVC gypsum tiles, gypsum ceiling tiles or ceiling tiles) are predominantly used for ceilings in auditoriums, conference rooms, shops, commercial and residential buildings etc.

(Business Line)

India Inc seeks 3.9 mn jobs for frontline workers in H1 FY24: Report:

Despite ongoing macroeconomic headwinds, demand for frontline workers continues to remain strong in India at 3.9 million jobs in the first half (H1) of financial year 2023-24 (FY24), according to



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a report by workforce management platform BetterPlace. Most of this demand was driven by the logistics and mobility sector, which accounted for over 50 per cent of the total demand, the report added. This was followed by e-commerce, and integrated facility management and information technology (IFM and IT), which accounted for 27 per cent and 13.7 per cent of the overall demand, respectively. Sectors which contributed least to the overall demand included banking, financial services and insurance (BFSI) at 0.87 per cent, and retail and quick service restaurants (QSR) at 1.96 percent.

(Business Standard)



REGULATION & DEVELOPMENT

PM Modi becomes only world leader to cross 2 crore YouTube subscribers:

The number of subscribers on Prime Minister Narendra Modi's personal YouTube channel crossed two crore on Tuesday, with the Indian leader becoming the only world leader to have this distinction and leading his contemporaries by a long distance. Officials noted that the videos posted on PM Modi's channel have more than 4.5 billion views, far ahead of his global peers. Former Brazilian president Jair Bolsonaro is second on the list of subscriber numbers with around 64 lakh — less than a third of PM Modi's. In terms of views, Ukrainian President Volodymyr Zelenskyy is second to the Indian Prime Minister with 22.4 crore, a small fraction of PM Modi's. US President Joe Biden has 7.89 lakh subscribers while his Turkiye counterpart Recep Tayyip Erdogan has 3.16 lakh.

(Moneycontrol)

RBI, Mumbai banks receive bomb threat demanding resignation of FM:

A threat mail sent to the Reserve Bank here about 11 bomb blasts in Mumbai on Tuesday sent police into a tizzy, but no suspicious object was found at these locations, including the RBI central office building and two other banks. The e-mail was sent from the id khilafat.india@gmail.com on the RBI governor's email id at around 10:50 am threatening bomb blasts at the RBI new Central Office building, Fort, HDFC House in Churchgate, and ICICI Bank Tower in Bandra-Kurla Complex at 1:30 pm, a police official said. Threatening execution of blasts, the sender demanded that Finance Minister Nirmala Sitharaman and RBI governor Shaktikanta Das resign from their posts immediately and release a full statement about the disclosure of the "banking scam", as per the FIR. Police conducted searches at all the locations but nothing suspicious was found at these spots, the official said.

(Business Standard)



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PLI schemes attract over Rs 95,000 crore investment till September this year: The production-linked incentive (PLI) schemes for 14 sectors have attracted over Rs 95,000 crore in investment till September this year, an official statement said on Tuesday. According to the Commerce and Industry Ministry, as many as 746 applications have been approved till November 2023 under these schemes. In the Union Budget 2021-22, the government announced an outlay of Rs 1.97 lakh crore for the schemes. The sectors included electronics, telecommunication, pharma, white goods (AC and LED light components), and textiles. The aim is to enhance India's manufacturing capabilities and exports.

(PiB)



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FINANCIAL TERMINOLOGY

DEFERRED TAX ASSET

- ❖ A deferred tax asset is an item on a company's balance sheet that reduces its taxable income in the future. Such a line item asset can be found when a business overpays its taxes. This money will eventually be returned to the business in the form of tax relief. Therefore, the overpayment becomes an asset to the company.
- ❖ Thieves do so either by physically copying data from the card or by hacking the payments network of the companies in question.
- ❖ A deferred tax asset is the opposite of a deferred tax liability, which indicates an expected increase in the amount of income tax owed by a company.
- ❖ A deferred tax asset usually is found when there are differences between tax rules and accounting rules. They also occur with a carryover of tax losses.



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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 : 83.1703
INR / 1 GBP : 105.6690
INR / 1 EUR : 91.6836
INR /100 JPY: 58.4500

EQUITY MARKET

Sensex: 71336.80 (+229.84)
NIFTY: 21349.40 (+91.90)
Bnk NIFTY: 47724.85 (+233.05)

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 - ❖ **Aide Memoire on lending to MSME Sector (including restructuring of MSME Credit).**
 - ❖ **Guidance Note on the Internal Audit of General Insurance Companies.**
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