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DAILY NEWS DIGEST BY BFSI BOARD

27 June 2024



ECONOMY

RBI Remittances growth to India may halve to 3.7% in 2024, says World Bank: The growth in remittances to India is likely to halve in 2024 to 3.7 per cent from 7.5 per cent in 2023, according to the World Bank. However, in its latest Migration and Development Brief, the multilateral bank said India's efforts to link its Unified Payments Interface with source countries such as the United Arab Emirates (UAE) and Singapore are expected to reduce costs and speed up remittances. India received remittances worth \$120 billion in 2023, supported by strong labour markets in the United States and Europe. "Reduced outflows from GCC (Gulf Cooperation Council) countries, amid declining oil prices and production cuts, contributed to the slowdown," the World Bank said. Remittances are projected to rise marginally to \$124 billion in 2024 and to \$129 billion in 2025.

(Business Line)

Exporters seek govt push for India-based shipping line: Exporters have called for a government-led initiative to develop a India-based shipping line of global standing. This would reduce the shipping costs, and help sharpen Indian exports' competitiveness in the global markets, they feel. According to Federation of Indian Export Organisations (FIEO) India remitted \$ 109 billion as transport service charge in 2020 and with rising exports it could touch \$ 200 billion as exports touch \$ 1 trillion by 2030.

(Financial Express)

India allows imports of corn, vegetable oils at concessional duty: India on Wednesday allowed limited imports of corn, crude sunflower oil, refined rapeseed oil, and milk powder under the tariff-rate quota (TRQ), where importers pay nil or lower duty, as New Delhi tries to bring down food inflation. India is the world's biggest importer of vegetable oils such as palm oil, soyoil and sunflower oil and the top producer of milk. India has allowed imports of 150,000 metric tons of sunflower oil or



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safflower oil, 500,000 tons of corn, 10,000 tons of milk powder and 150,000 tons of refined rapeseed oil, the government said.

(Economic Times)

BANKING & FINANCE



PayU's LazyPay partners with Blinkit to offer customers with credit line: Fintech major PayU's credit service LazyPay on Wednesday partnered with quick commerce platform Blinkit to provide a one-tap checkout experience to the platform's customers. The latest partnership will provide the Zomato-led quick commerce platform's customers with a credit line, at no additional cost to merchants. LazyPay has previously partnered with other quick commerce platforms such as Zepto, Instamart, and Big Basket, providing customers of these platforms with deferred payment options.

(Business Standard)

Credit card base reaches 103 million, spending hits Rs 1.65 trillion: Credit card base grew 18% year on year (y-o-y) to reach an outstanding base of 103 million as on end May 2024, with HDFC bank adding the highest number of new cards, and Kotak Mahindra bank seeing a sharp drop amid RBI restrictions. Spendings by credit cards also grew 17% to reach Rs 1.65 trillion, according to a report by Motilal Oswal Financial Services.

(Economic Times)

Yes Bank restructures workforce, lays off 500 employees in cost-cutting move: Private sector lender Yes Bank has given marching orders to at least 500 employees in a restructuring exercise that could see more such layoffs in the coming days, multiple people aware of the development said. While the layoffs have happened across several verticals ranging from wholesale to retail, the branch banking segment saw a large impact, one person cited above said.

(Economic Times)

Farm loan waivers to negatively impact banks' asset quality: Macquarie: Farm loan waivers will have a negative impact on bank's asset quality, Macquarie Capital said in a note on Wednesday. States like Telangana, Jharkhand and Punjab have either announced a farm loan waiver or are mulling over it. Macquarie is of the view that farm loan waivers create a moral hazard, vitiate the credit culture.

(Economic Times)



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INDUSTRY OUTLOOK



Quant MF's Sandeep Tandon assures investors of fund's liquidity, risk management, steers clear of Sebi-probe details: Quant Mutual Fund's founder and Chief Investment Officer (CIO) Sandeep Tandon did not give any details about the market regulator's investigation into allegations of front running, but assured investors and other stakeholders about the fund's liquidity position and ability to manage risk. Tandon was addressing investors on June 26, through a Zoom call, which crossed its participant limit within minutes. During the call, Tandon referred to the Securities and Exchange Board of India (Sebi) inquiry but did not delve into the details. However, he did suggest that media coverage had caused him pain, particularly references to his late father. Tandon's father passed away four years ago.

(Moneycontrol)

India's steel trade deficit widens as Chinese imports surge, exports decline: India's steel trade deficit, the difference between imports and exports, has widened to ₹4,284 crore in the first two months (April and May), approximately 47 per cent of the ₹9,036 crore recorded in FY24, as the country continues to be a net importer of the metal, with a consistent increase in shipments from China. According to a Steel Ministry report accessed by businessline, imports in April and May were valued at ₹11,831 crore (\$1,419 million). Exports were valued at ₹7,547 crore (\$905 million). According to a market source, exports remain under pressure. Chinese "dumping" and re-routing of their offerings through other countries into India continues, even as FTA renegotiations are underway with some of these countries.

(Business Line)

Amazon hits \$2 trillion valuation milestone on AI fervor, rate cut bets: Amazon.com Inc hit \$2 trillion in market value for the first time on Wednesday, becoming the fifth US company to surpass that level as optimism around artificial intelligence and potential interest rate cuts this year drove demand for technology-related stocks. The stock rose 3.4 per cent to \$192.70, giving the e-commerce giant a market value of over \$2 trillion and putting it in the same club as technology heavyweights Microsoft Corp, Apple Inc, Nvidia Corp and Alphabet. US stock indexes have recorded robust gains this year on relentless enthusiasm around AI, optimism around resilience in the US economy and potential easing of interest rates from the Federal Reserve.

(Business Standard)



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REGULATION & DEVELOPMENT

SEBI may revamp merger norms for companies: The Securities and Exchange Board of India (SEBI) may overhaul norms for scheme of arrangement for merger of listed and unlisted entities. The regulator could widen the number of circumstances under which majority of minority shareholder approval is required, tweak contingency provisions and valuation parameters. Increase of promoter shareholding beyond 75 per cent on a fully diluted basis (say, if the scheme provides for issuance of convertible instruments) and the rise of promoter liabilities in listed entities are areas of concerns.

(Business Line)

Labour Ministry seeks detailed report from Tamil Nadu govt regarding married women employment at Foxconn India plant: The Labour Ministry on Wednesday noted that it has taken note of various media reports claiming that married women are not being allowed to work at Foxconn India Apple iPhone plant in Tamil Nadu. In light of these reports, the Ministry has requested a detailed report from the Labour Department of the Tamil Nadu Government. "Section 5 of the Equal Remuneration Act, 1976 clearly stipulates that no discrimination to be made while recruiting men and women workers. As the State Government is the appropriate authority for the enforcement and administration of the provisions of this Act, hence the report has been sought from the State Government," the ministry said in a notification issued on Wednesday. "As the state government is the appropriate authority for the enforcement and administration of the provisions of this Act, hence the report has been sought from the state government," the ministry added.

(PiB)



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FINANCIAL TERMINOLOGY

4-EYES PRINCIPLE

- ❖ The four-eyes principle means that a certain activity, i.e. a decision, transaction, etc., must be approved by at least two people. This controlling mechanism is used to facilitate delegation of authority and increase transparency.
- ❖ The Four Eyes Principle (also two-person rule) is a widely used Internal Control mechanism that requires that any activity by an individual within the organization that involves Material Risk profile must be controlled (reviewed, double checked) by a second individual that is independent and competent.
- ❖ This approach not only ensures the efficiency of processes by enabling fast decision-making while ensuring effective control and monitoring, but also brings about cultural change.

Corrigendum to Financial terminology dated 26 June 2024: Please read the heading as Creative Destruction instead of Creative Distribution.



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 : 83.5409
INR / 1 GBP : 105.9610
INR / 1 EUR : 89.4060
INR /100 JPY: 52.2700

EQUITY MARKET

Sensex: 78674.25 (+620.73)
NIFTY: 23868.80 (+147.50)
Bnk NIFTY: 52870.50 (+264.50)

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