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DAILY NEWS DIGEST BY BFSI BOARD

27 & 28 December 2024



ECONOMY

Current account deficit narrows marginally to 1.2% of GDP in Q2FY25: India's current account deficit (CAD) moderated marginally to 1.2 percent of GDP at \$11.2 billion in the second quarter of 2024-25 from 1.3 percent or \$11.3 billion in the same period a year ago. The deficit stood at \$9.7 billion or 1.1% of GDP in the preceding quarter. This, despite merchandise trade deficit increasing to \$75.3 billion in Q2FY25 from \$64.5 billion in the second quarter of the previous financial year, showed data released by the Reserve Bank of India (RBI) on December 27. The moderation in CAD was largely assisted by an increase in net services receipts at \$44.5 billion in the July-September quarter from \$39.9 billion a year ago.

(Moneycontrol)

Govt plans to borrow Rs 3.9 trillion via treasury bills in Q4 FY24: The government plans to borrow Rs 3.9 trillion through the issuance of treasury bills in the last quarter of the current financial year. The amount will be raised over 13 weeks, with Rs 1.68 trillion allocated to 91-day treasury bills (DTBs), Rs 1.28 trillion to 182-day DTBs, and Rs 98,000 crore to 364-day DTBs. Market participants said that the gross borrowing amount was higher than expected. "We were expecting a lower number; some people were looking at a borrowing cut in the last quarter," said a dealer at a state-owned bank. Weekly borrowing through the issuance of treasury bills in the last quarter is expected to be Rs 28,000 crore for seven weeks and Rs 33,000 crore for six weeks.

(Business Standard)

Rural, urban consumption inequality dips during Aug 2023-July 2024: Govt: Consumption inequality in rural as well as urban areas declined during August 2023-July 2024 period as compared to a year ago, according to the latest Household Consumption Expenditure Survey released on Friday. The Gini coefficient declined to 0.237 from 0.266 for rural areas and to 0.284 from 0.314 for urban areas during the period under review, a statement by Ministry of Statistics & Programme Implementation on the survey said. The Gini coefficient statistically measures



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consumption inequality and wealth distribution within a society. The "consumption inequality, both in rural and urban areas has declined from the level of 2022-23," stated the Household Consumption Expenditure Survey (HCES) based on the fieldwork undertaken during August 2023 to July 2024.

(Business Standard)

BANKING & FINANCE



RBI permits UPI access for prepaid payment instruments through third-party apps: RBI announced on Friday that users of Prepaid Payment Instruments (PPI) are now permitted to conduct UPI payments through third-party UPI applications. While UPI payments between bank accounts can be done using the bank's own UPI app or any third-party provider's app, UPI transactions involving PPIs must currently be completed using the PPI issuer's mobile application. As per the statement on Development and Regulatory Policies (April 05, 2024), it has been decided to enable UPI payments from/to full-KYC PPIs through third-party UPI applications. The RBI said this will enable PPI holders to make/receive UPI payments through the mobile application of third-party UPI applications. A PPI issuer shall enable holders of only its full-KYC PPIs to make UPI payments by linking its customer PPIs to its UPI handle. UPI transactions from PPI on the issuer's application shall be authenticated using the customer's existing PPI credentials. Such a transaction will, thus, be pre-approved before it reaches the UPI system. A PPI issuer, in its capacity as a PSP, shall not on-board customers of any bank or any other PPI issuer

(Business Today)

Attrition in private and small finance banks raises concerns: RBI: Employee attrition rates are high across select private sector banks (PVBs) and small finance banks (SFBs), according to RBI's Report on Trends and Progress of Banking in India 2023-24. The central bank cautioned that high attrition and employee turnover rates pose significant operational risks, including disruption in customer services. They also lead to loss of institutional knowledge and increased recruitment costs. The report noted that the total number of employees of private sector banks (PVBs) surpassed that of public sector banks (PSBs) during 2023-24, but their attrition has increased sharply over the last three years, with average attrition rate of around 25 per cent.

(Business Line)

SBI to down-sell part of ₹1,800-cr loan for Adani's Lanco buy: J&K India's largest government-owned bank, State Bank of India (SBI), is in talks with its peer banks to down-sell a part



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of an ₹1,800-crore loan it provided to an Adani group entity for acquiring a thermal power company, said people aware of the development. State Bank of India is negotiating with other banks to sell a part of the INR 1,800-crore loan given to Adani Power for acquiring Lanco Amarkantak Power. Adani Power bought Lanco Amarkantak for INR 4,101 crore. Adani repaid lenders using generated cash, internal accruals, and raised funds.

(Economic Times)

Credit and deposit grow at 11.5% in fortnight ending Dec 13: RBI data: Credit growth gained pace in the fortnight ending December 13 over the previous fortnight, latest data by Reserve Bank of India (RBI) showed. While credit growth stood at 11.5 per cent year-on-year (Y-o-Y), deposits grew in tandem, posting a growth of 11.5 per cent Y-o-Y during the fortnight ended December 13. Data shows that outstanding deposits in the fortnight ending December 13 stood at Rs 227.61 trillion, while outstanding credit stood at Rs 180.81trillion. In the previous fortnight ending (November 15), while deposits stood at Rs 213.13 trillion, growing at 10.7 per cent Y-o-Y, outstanding credit stood at Rs 168.37 trillion, growing at 10.6 per cent Y-o-Y.

(Business Standard)

INDUSTRY OUTLOOK



India Inc mourns the demise of former Prime Minister Dr Manmohan Singh: India Inc on Friday paid tributes to Late former Prime Minister Dr Manmohan Singh, who passed away on December 26, 2024 at the age of 92 following age-related ailment. Dr Singh breathed his last at Delhi's AIIMS hospital. According to an official statement from AIIMS, Dr Singh suffered a sudden loss of consciousness at his residence on the morning of December 26. Resuscitative measures were initiated immediately, and he was rushed to the emergency department at 8:06 PM. Despite all medical efforts, Dr Singh was declared dead at 9:51 PM.

(Financial Express)

SBI-SG Global pays Rs 29.25 lakh, settles FPI violation case with Sebi: SBI-SG Global Securities Services on Friday settled a case related to an alleged violation of FPI (foreign portfolio investors) rules and other regulatory norms with Sebi by paying Rs 29.25 lakh towards settlement charges. SBI-SG Global Securities Services Pvt Ltd (applicant) is a Sebi-registered designated depository participant (DDP). The order came after SBI-SG Global Securities Services submitted a settlement application, requesting for settlement of the adjudication proceedings under the Sebi's



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settlement regulations. "In view of the acceptance and the compliance of the settlement terms by the applicant, the instant adjudication proceedings initiated against the applicant (SBI-SG Global Securities Services) vide show cause notice dated May 08, 2024, is disposed of in terms of the settlement regulations," Sebi's chief general manager and adjudicating officer N Hariharan said in the order.

(Business Standard)

DGCA orders suspension of 2 Akasa directors for lapses in pilots training: DGCA on Friday ordered the suspension of director of operations and director of training at Akasa Air for six months for alleged lapses in pilots' training. The Directorate General of Civil Aviation (DGCA) while issuing suspension orders, said: "It has been found in regulatory audit conducted by DGCA on Oct 7, 2024, at M/s SNV Aviation Private Limited (Akasa Air), Mumbai, that RNP training (Approaches) is being conducted on simulators which have not been qualified for the same... which is in violation of Para 7 of CAR Section 7, Series D, Part VI." Stating that the director of operations and the director of training at Akasa Air "failed to ensure the compliances of Civil Aviation Requirements (CAR)," the DGCA said that the two officials "failed to train personnel adequately ... also repeated lapses/violation has been found pertaining to training".

(Moneycontrol)



REGULATION & DEVELOPMENT

DPIIT signs MoU with private company 'boat' to help startups: Department for Promotion of Industry and Internal Trade (DPIIT) has entered into a strategic alliance with boAt, an Indian company in audio and wearables market. This collaboration aims to foster innovation and provide tailored support to DPIIT recognised Startups including startups in D2C and manufacturing domains. The key features of this mutual partnership includes: curate dedicated program(s)/ initiative(s) for mentoring startups, innovators and entrepreneurs, provide resources, guidance, and support for different milestones such as prototype development, and offer connections and insights for international expansion, wherever applicable and feasible.

(PiB)

Bank fraud cases skyrocket: RBI flags Rs 21,367 cr in losses in 6 months: A recent report by the Reserve Bank of India (RBI) has highlighted a concerning rise in bank fraud cases during the first half of the current fiscal year. From April to September, there were 18,461 reported frauds,



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amounting to a Rs 21,367 crore. This marks a significant increase from the previous year, which saw 14,480 cases involving only Rs 2,623 crore. To put this into perspective, the number of fraud cases has surged by nearly 28% compared to last year, while the total amount involved has skyrocketed more than eight-fold.

(Business Standard)

Sebi issues guidelines on share transfer, ownership changes for intermediary cos: The Securities and Exchange Board of India (Sebi) on Friday issued a circular outlining guidelines on the transfer and transmission of shareholding among immediate relatives and in specific types of intermediary firms, with the aim of streamlining the regulatory process and safeguarding investor interests in the securities market. Sebi clarified that share transfers among immediate relatives will not be considered a change in control. Immediate relatives, as defined by Sebi's (Substantial Acquisition of Shares and Takeovers) Regulations, include spouses, parents, siblings, and children. Additionally, the transmission of shares to immediate relatives or others, whether through inheritance or otherwise, will not be viewed as a change in control.

(Mint)



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FINANCIAL TERMINOLOGY

DELIVERED DUTY UNPAID (DDU)

- ❖ Delivered Duty Unpaid (DDU) is an old international trade term indicating that the seller is responsible for the safe delivery of goods to a named destination. The seller pays all transportation expenses and assumes all risks during transport.
- ❖ The buyer becomes responsible for paying import duties when the goods arrive at the agreed-upon location as well as further transport costs. Delivered Duty Paid (DDP) indicates that the seller must cover duties, import clearance, and any taxes, however.
- ❖ Delivered Duty Unpaid (DDU) isn't included in the most recent 2023 edition of the International Chamber of Commerce's Incoterms. The official term that best describes the function of DDU is now "Delivered-at-Place (DAP)."



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 : 85.5914
INR / 1 GBP : 107.2055
INR / 1 EUR : 89.1109
INR /100 JPY: 54.2600

EQUITY MARKET

Sensex: 78699.07 (+226.59)
NIFTY: 23813.40 (+63.20)
Bnk NIFTY: 51311.30 (+140..60)

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