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Breaking News

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RBI's December MPC Meeting: Key Decisions and Their Economic Impact
Article by Kshitij Modak

Global Market Watch: A Snapshot in Time

The financial snapshot reveals mixed performance across different asset classes. Stock indices all saw positive growth, with the NASDAQ leading at +3.34%, followed by the Sensex (+2.39%) and Nifty50 (+2.27%). Commodities presented a more varied picture, with gold and crude oil declining (-0.66% and -2.08% respectively), while silver gained +1.18% and natural gas experienced a significant drop of -8.63%. Currency movements against the Indian Rupee were minimal, showing slight gains for the Euro, US Dollar, and British Pound. The cryptocurrency market saw notable gains, particularly in Ethereum (+11.46%) and BNB (+11.70%), while Bitcoin also rose by +2.49%. As expected, the stablecoin Tether (USDT) remained unchanged.

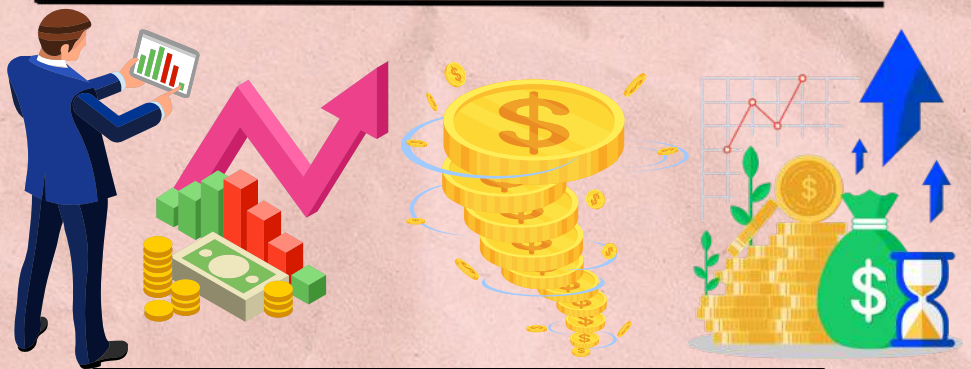
Index	Change	
Sensex	81,709.12	▲ 2.39%
Nifty50	24,677.80	▲ 2.27%
S&P 500	6,090.27	▲ 0.96%
NASDAQ	19,859.77	▲ 3.34%

Currency	Change	
JPY/INR	0.56	▲ 0.00%
EUR/INR	89.48	▲ 0.01%
USD/INR	84.67	▲ 0.13%
GBP/INR	107.92	▲ 0.26%



Commodity	Change	
Gold(US\$/OZ)	2,633.04	▼ -0.66%
Silver(US\$/OZ)	30.98	▲ 1.18%
WTI Crude Oil	67.2	▼ -2.08%
Natural Gas	3.07	▼ -8.63%

Crypto	Change	
BTC	99895.17	▲ 2.49%
ETH	4005.14	▲ 11.46%
USDT	1	▲ 0.00%
BNB	731.48	▲ 11.70%



- Overall, this snapshot indicates a generally positive trend in equities and cryptocurrencies, while commodities showed more volatility and mixed results. Currency markets remained relatively stable against the Indian Rupee. The strong performance of tech-heavy indices like the NASDAQ, coupled with the gains in cryptocurrencies, suggests a possible investor preference for these asset classes at this time. However, the declines in commodities like crude oil and natural gas warrant attention and could signal shifts in the broader economic landscape.

India readies various strategies to tackle 'US first' trade policy



The Reluctant Negotiator

DEVELOPED NATIONS push India to start talks on ecommerce, SMEs, investment and fisheries at WTO

INDIA has so far opposed inclusion of new issues in WTO

IN LAST MEET. developed nations clinched deal away from India by allowing new issues in WTO mandate

INDIA STUDYING papers submitted to WTO on e-comm sector and consulting ecomm firms

FOREIGN E-COMM cos want liberalised rules for servers and right to recall

NEXT WTO ministerial meeting slated for Dec 2017

Our policy has not evolved in ecommerce. But in the current situation, how can one avoid talking on ecommerce? We'll have to take a position

Commerce Ministry Official

India is preparing for potential trade challenges stemming from US President-elect Donald Trump's protectionist "America First" agenda, which includes threats of 100% tariffs against BRICS nations if they undermine the US dollar. Indian ministries are brainstorming strategies to address these potential challenges, recognizing the significant impact Trump's policies could have on India's economy. Trump has repeatedly criticized India for its tariff policies, and during his campaign, proposed broad tariffs on imports. While India was initially excluded from Trump's tariff hike plans, which focused on Canada, Mexico, and China, the government remains cautious due to Trump's unpredictability. India is exploring adjusting tariffs on some products without harming domestic industries and emphasizes that its tariff policies aim to balance protecting domestic producers and meeting import-dependent business needs.

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Cheap Venezuelan oil to India turns costlier as traders eat into margins



SHRINKING OIL DISCOUNTS

	Feb	Mar	Sep	Oct	Nov
Brent crude (\$/barrel)	83.5	85.4	74	NA	NA
Venezuelan oil delivered (\$/barrel)	63	66.3	61.5	NA	NA
Discount (\$/barrel)	20.5	19.1	12.5	NA	NA
Imports ('000 barrels/day)	175	154	65	0	132

Note: All figures are for calendar year 2024

Sources: Indian Customs data, Kpler, Statista

India's access to cheap Venezuelan oil is shrinking due to increased trader margins. While Venezuelan crude was previously offered at significant discounts, traders are now keeping a larger portion of the discount, reducing the benefit for Indian refiners. This has resulted in lower import volumes of Venezuelan crude in recent months compared to earlier in 2024. While state-run refiners have made purchases through traders like Vitol, Reliance Industries, typically the largest buyer, has reduced its intake. Although Venezuelan oil remains profitable for some Indian refineries, the decreased discounts are impacting overall value. Meanwhile, Russia remains India's top oil supplier. The situation is complicated by US sanctions, which prohibit direct purchases from Venezuela's state oil company, PDVSA, but the legality of resales through traders remains unclear.

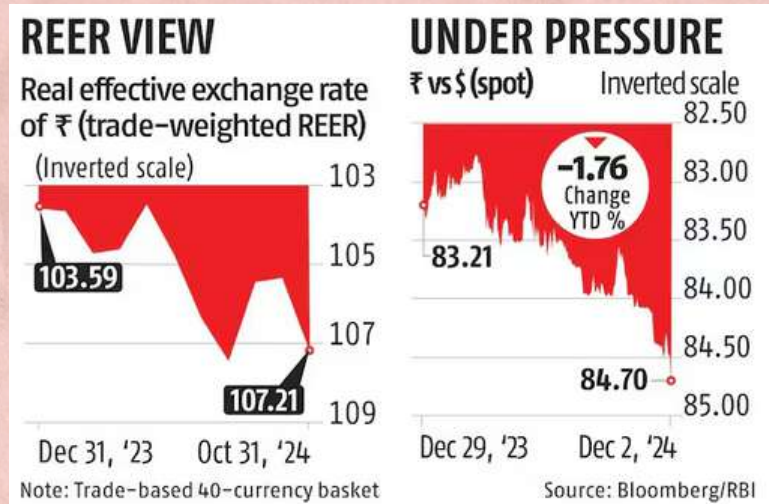
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Rupee stares at 85 against dollar amid GDP worries, hits fresh low of 84.70

Rupee stares at 85 against dollar amid GDP worries, hits fresh low of 84.70

The Indian rupee hit a new low of 84.70 against the US dollar due to concerns about slowing economic growth following disappointing Q2 GDP data and increased demand for the dollar in the NDF market. Trump's tariff threats against BRICS nations further weakened sentiment. The RBI's substantial short positions in the NDF market limit its ability to intervene and support the rupee, increasing the likelihood of it breaching the 85 mark. Market participants are closely watching upcoming US economic data and Fed statements for clues on future interest rate decisions, which will further impact the rupee's trajectory.



The weakening rupee, coupled with high domestic inflation, is also expected to influence the real effective exchange rate (REER). The upcoming RBI Monetary Policy Committee meeting is crucial for determining the central bank's next steps and their potential impact on the rupee.

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'Overreach': USISPF, Nasscom on Sebi's specified digital platform plan

nasscom

The US-India Strategic Partnership Forum (USISPF)

Nasscom have raised concerns about Sebi's proposal to define Specified Digital Platforms (SDPs). Sebi intends to regulate the content and advertising of these platforms related to the securities market to protect investors from fraud and misleading information. However, USISPF argues that Sebi's jurisdiction doesn't extend to regulating digital platforms, which are not classified as Regulated Entities under the Sebi Act.

'Overreach': USISPF, Nasscom object to Sebi's specified digital platform plan

SHIVANI SHINDE & KHUSHBOO TIWARI
Mumbai, 3 December

Advocacy group US-India Strategic Partnership Forum (USISPF) and IT trade body Nasscom have flagged concerns over a recent proposal by the markets regulator, Securities and Exchange Board (Sebi), to define Specified Digital Platforms (SDPs).

Sebi's October 22 consultation paper outlined criteria for recognising SDPs with which Sebi-registered entities shall be allowed to engage or associate for content, advertising, and related activities.

The proposal followed Sebi's mandate restricting registered securities market entities from associating with unregistered or non-regulated platforms.

To qualify as an SDP, platforms must adopt policies to take action against users and content creators responsible for fraud, impersonation, and misleading claims in connection with these securities market. Specified actions include content takedowns, channel removals after three violations, and blacklisting entities on



SEBI PROPOSALS

- Platforms must enforce policies against fraud, impersonation, and misleading securities claims

- Sebi's decisions to be final in content or ad disputes between platforms and entities

- Platforms must remove channels after three violations; blacklist entities after three instances of non-compliance

INDUSTRY ARGUMENT

- Existing frameworks sufficient; Sebi should leverage them
- Clause 8 mandates prescreening

three instances of infractions. The USISPF, in its response to the proposal, said the draft circular attempts to regulate digital platforms by prescribing registration requirements for

- all ads, including user-generated content; IT Rules already cover this
- Three-month implementation timeline is too short for compliance

SDPs. However, the market watchdog's jurisdiction, it said, is limited to protecting investor interests and regulating entities explicitly notified as Regulated Entities (REs) under the Sebi Act.

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KEY POINTS

They believe the proposal overreaches Sebi's authority and imposes impractical obligations. Nasscom also objects, pointing out the lack of global precedent for such preemptive content screening and highlighting potential unintended consequences. They argue existing legal frameworks, like the IT Act, are sufficient. Industry experts also criticize Sebi's broad definition of content, which includes user-generated material, and the regulator's final authority in content disputes. This proposal follows Sebi's earlier move to restrict registered entities from engaging with unregistered platforms and influencers.

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RBI asks banks to bring down inoperative accounts urgently, report their numbers quarterly

GST collection rises 8.5 pc to Rs 1.82 lk cr in November

GST collection increased to Rs 1.82 lakh crore in November, an 8.5 per cent rise from the previous year. Central GST was Rs 34,141 crore, State GST at Rs 43,047 crore, Integrated IGST at Rs 91,828 crore, and cess at Rs 13,253 crore. The total collections from April to November stood at Rs 14.57 lakh crore.



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RBI asks banks to bring down inoperative accounts urgently, report their numbers quarterly

The RBI has directed banks to urgently reduce the number of inoperative or frozen accounts and make activation smoother. Banks should enable seamless KYC updates and organize special campaigns. The progress in reducing such accounts must be reported quarterly to the RBI, starting from December 31, 2024.



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Israel seeks collab with India Inc, startups; aims to hire Indian workers



Israeli Economy and Industry Minister Nir Barkat highlighted Israel's interest in collaborating with Indian businesses and startups, particularly in the IT sector. He announced upcoming reciprocal visits of CEO delegations from both countries to foster partnerships.

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Barkat emphasized Israel's focus on six key clusters for collaboration: high-tech, life sciences and healthcare, advanced manufacturing, defense and cybersecurity, agro-foodtech, and desert and climate tech.

Israel seeks collab with India Inc, startups; aims to hire Indian workers

"We are looking at opportunities across all sectors and would like to import labour from India -both skilled and unskilled"



He expressed interest in importing skilled and unskilled labor from India and mentioned a potential workforce of 200,000 Indians in Israel. Regarding the Adani Group's investment in Haifa port, Barkat assured protection for all Indian investments in Israel. While bilateral trade, excluding defense, reached \$6.53 billion in 2023-24, further cooperation beyond a trade pact is being explored.

SBI writes to RBI to consider non-financial transactions as well for tagging an account as operative

The State Bank of India has asked the Reserve Bank to include non-financial transactions like balance checking to keep accounts active. The SBI is also addressing inoperative accounts and ensuring better outreach, especially for accounts with mobile phones. The bank aims to prevent misselling of products like insurance and focuses on CSR efforts for the differently abled.



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RBI's December MPC Meeting: Key Decisions and Their Economic Impact

Article by Kshitij Modak

MBA FinTech-DB 2023-25 Batch

On December 6, 2024, the Reserve Bank of India (RBI) held its last Monetary Policy Committee (MPC) meeting of the year. The committee made important decisions to tackle current economic challenges. They decided to keep the repo rate at 6.5%, which is the same rate at which banks borrow money from the RBI. This is the eleventh time in a row that the repo rate has remained unchanged. Additionally, the RBI lowered the Cash Reserve Ratio (CRR) from 4.5% to 4%. These decisions come as India faces rising inflation and slowing economic growth.



RBI's December MPC Meeting: Key Decisions and Their Economic Impact

RBI's December MPC Meeting: Key Decisions and Their Economic Impact

In response to India's increasing demand for a modern and efficient port, Jawaharlal Nehru Port was built. The port was constructed to facilitate smooth import and export operations, act as an entry point for container traffic, and improve international trade.

1. **Repo Rate Stays at 6.5%:** The RBI kept the repo rate steady to manage inflation while also supporting economic growth. This cautious approach reflects ongoing uncertainties in the economy.
2. **CRR Cut to 4%:** Lowering the CRR helps banks have more money to lend, which is expected to boost economic activity.
3. **Revised GDP Growth Forecast:** The RBI has lowered its GDP growth forecast for FY25 from 7.2% to 6.6% because of a slowdown in economic activity. The real GDP growth for July-September 2024 was reported at 5.4%, which is the lowest it has been in seven quarters.
4. **Inflation Concerns:** India's inflation rate rose to 6.2% in October 2024, exceeding the RBI's target range of 2-6%. This ongoing inflation is a major factor influencing the RBI's decisions.

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Economic Implications

The RBI's decision to keep the repo rate unchanged while cutting the CRR shows they are trying to balance controlling inflation and promoting growth.

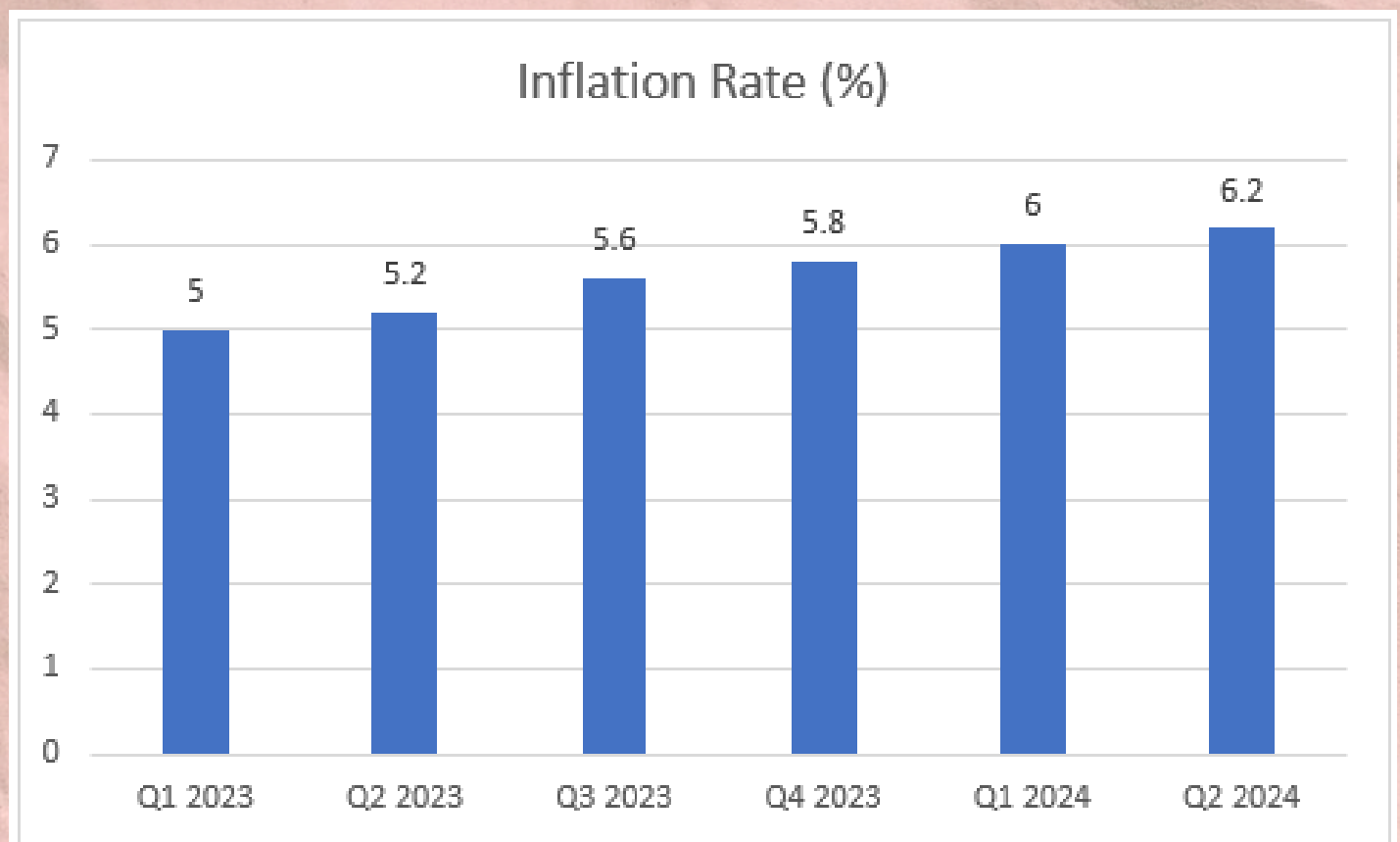
Potential Effects on the Economy:

- **Impact on Borrowing Costs:** Keeping the repo rate steady means that interest rates for loans will remain stable, which is important for sectors like housing and retail that rely on borrowing.
- **Increased Liquidity for Banks:** The CRR cut allows banks to keep more funds, leading to increased lending and investment in areas like infrastructure and consumer goods.
- **Inflation Management:** The RBI's focus on managing inflation is crucial since high prices can reduce how much consumers can buy and affect overall economic stability.

RBI's December MPC Meeting: Key Decisions and Their Economic Impact

Analysis of Economic Trends

Inflation Rate Trend



- **Increasing Trend:** The inflation rate has been rising steadily from 5.0% in Q1 2023 to 6.2% in Q2 2024, showing growing price pressures.
- **Exceeding Target:** The inflation rate has gone above the RBI's target range of 2-6%, reaching 6.2%, which raises concerns as high inflation can hurt consumers.

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Analysis of Economic Trends

GDP Growth Rate Trend



- **Declining Growth:** The GDP growth rate has been falling from 7.0% in Q1 2023 to 5.4% in Q2 2024, indicating a slowdown in economic activity.
- **Seven-Quarter Low:** At 5.4% in Q2 2024, this is the lowest growth rate recorded in seven quarters, suggesting challenges in maintaining strong economic growth.

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Conclusion

The RBI's recent decisions show a careful approach to handling rising inflation and slowing growth in India's economy. By keeping the repo rate steady and cutting the CRR, the central bank aims to support economic recovery while managing inflation. As these policies take effect, their impact on various sectors will be closely watched by economists and market participants alike. The RBI's ability to balance controlling inflation with promoting growth will be vital as India moves into a new year filled with both challenges and opportunities.

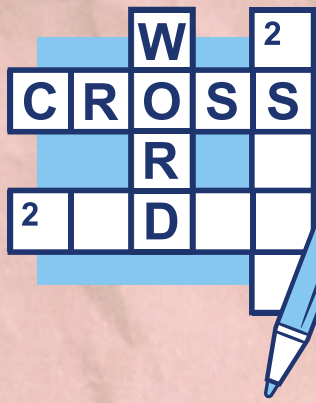
The next MPC meeting is scheduled for February 5-7, 2025, where further decisions on monetary policy will be made based on changing economic conditions.

**"Faculty Editor: Mr. Suresh Kadam,
Asst Professor, DYPIU"**

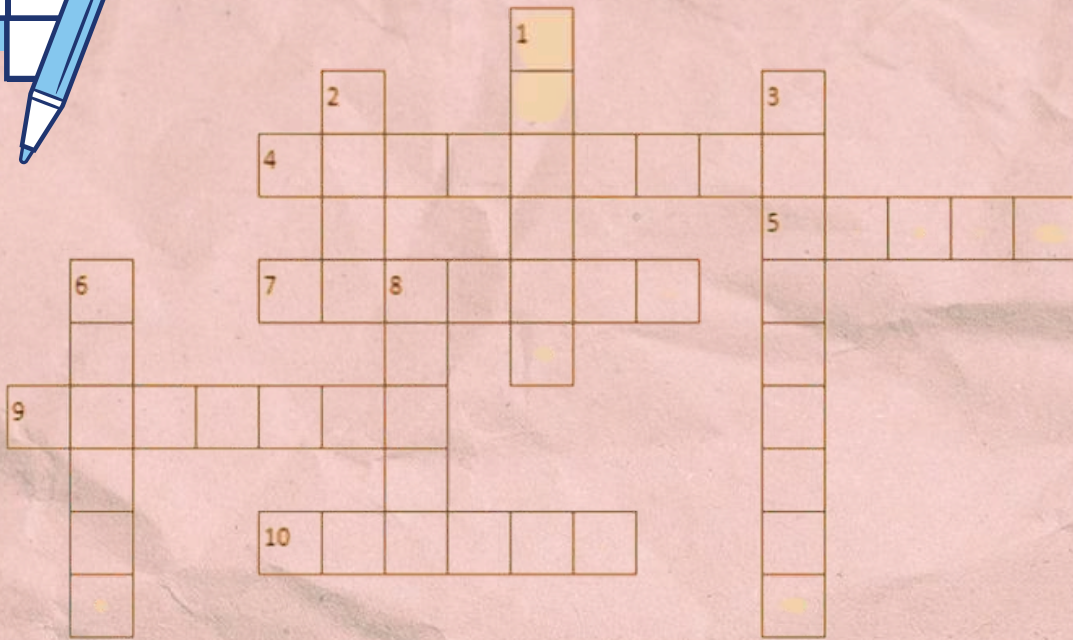


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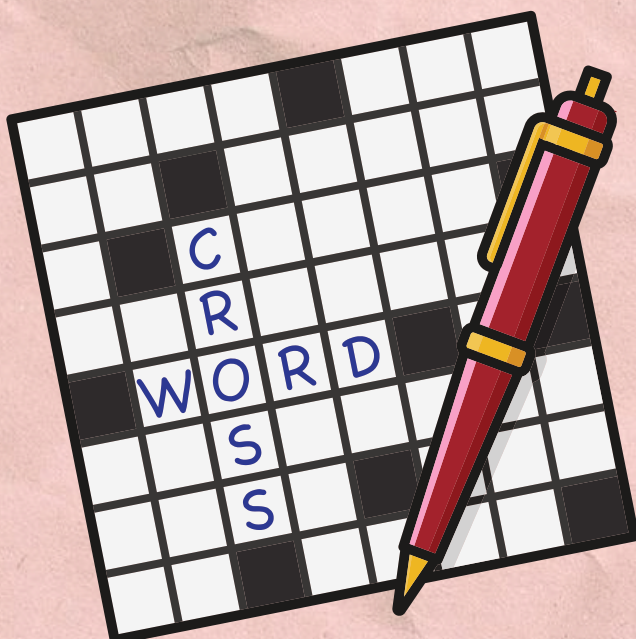
Across

4. Software giant known for Windows
5. Smartphone manufacturer based in Cupertino
7. Entertainment streaming service with a red "N" logo
9. German engineering and technology company specializing in industrial automation
10. Giant online retailer founded by Jeff Bezos

Down

1. Search engine giant, also a verb
2. Sportswear giant with a swoosh logo
3. Coffeehouse chain with a green mermaid logo
6. Pharmaceutical giant that developed Lipitor
8. Electric car manufacturer led by Elon Musk

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