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DAILY NEWS DIGEST BY BFSI BOARD

03 April 2024

BANKING & FINANCE



RBI to leave key interest rates unchanged at April monetary policy, say economists, bankers: The Monetary Policy Committee (MPC) of the Reserve Bank of India (RBI) is likely to maintain the status quo in the upcoming April monetary policy while remaining cautious on inflation, according to Moneycontrol's poll of at least 21 economists, bankers and fund managers. This is because of the moderation in Consumer Price Index (CPI) inflation in February and stable economic activity, said a majority of the economists who participated in the poll. Also, experts pointed out that higher growth in Gross Domestic Product (GDP) gives the central bank room to focus more on lowering inflation. The majority of experts said that the central bank will maintain its 'Withdrawal of Accommodation' stance. However, one economist said it will be changed to neutral. "The MPC's language on firm growth—above target inflation dynamics—is unlikely to change materially, suggesting there is limited room to manoeuvre on rates for the time being," said Radhika Rao, Executive Director and Senior Economist, DBS Group Research.

(Moneycontrol)

Mutual funds pump record Rs 45,000 crore into domestic stocks in March: Domestic mutual funds (MFs) injected a record Rs 45,120 crore into domestic stocks in March, marking their highest ever buying in a month. This surge in domestic fund inflows took place amid a selloff in smallcap and midcap stocks, and the execution of large block trades in blue chip companies. The March deployment was more than three times the buying seen in the previous month. The previous record for monthly inflows from domestic MFs was set during the unprecedented Covid-19 selloff in March 2020, when they had invested a net of Rs 30,300 crore. The sharp uptick in MF buying also pushed the overall investment from domestic institutional investors (DIIs), which include insurance firms and pension funds in addition to MFs, to a new high of Rs 56,300 crore. The previous high was also in March 2020 when they had collectively deployed Rs 55,600 crore. So far this calendar year



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(CY24), MFs have made a net equity buying of Rs 82,500 crore, nearly half of the total deployment during 2023 of Rs 1.7 trillion.

(Business Standard)

SBI refuses to disclose SOP for sale, redemption of electoral bonds in RTI reply: The State Bank of India (SBI) has refused to disclose its standard operating procedure for the sale and redemption of the electoral bonds that were issued to its authorised branches, citing the exemption given under "commercial confidence", according to an RTI response. In an application filed under the Right to Information (RTI) Act, transparency activist Anjali Bhardwaj had sought the details of the standard operating procedure issued to the SBI's authorised branches on the sale and redemption of the electoral bonds. "Standard Operating Procedures (SOPs) of Electoral Bond Scheme-2018 issued to authorised branches from time to time are internal guidelines with regard to sale and redemption of electoral bonds (meant for internal circulation only), which is exempted under section 8(1)(d) of the Right to Information Act," the response from M Kanna Babu, the central public information officer and deputy general manager of the SBI, said on March 30.

(Economic Times)



ECONOMY

India's \$3.7-trillion economy can absorb capital inflows comfortably, but needs reforms: CEA: India's \$3.7 trillion economy is well-positioned to absorb capital inflows than ever before, but reforms are necessary, says V Anantha Nageswaran, the Chief Economic Advisor to the Government of India. Nageswaran credits India's growing absorptive capacity, at least in part, to the production-linked incentive (PLI) scheme for which 14 sectors, including the capital intensive 'semiconductors', are eligible. However, the economist underscores that to be able to take in capital inflows and not end up with a problem of plenty, India should undertake "granular reforms", particularly in land and labour, which calls for cooperation of both the Centre and State governments. "Today there are many areas where the capital can be productively absorbed," Nageswaran said, responding to a question on how prepared India is to take incoming capital, which would happen especially if the US started lowering its interest rates.

(Business Line)



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India's manufacturing PMI hits 59.1 in March, highest since 2008: Strong growth in new orders coupled with better output pushed the Purchasing Managers' Index (PMI) for India's Manufacturing Sector to a 16-year high of 59.1 in March, S&P Global said on Tuesday. The index was 56.9 in February. The good news is that job creation also gathered momentum after a lull for some time. Manufacturing has an over 15 per cent share in Gross Value Added (GVA) and is considered the biggest job multiplier. "India's March manufacturing PMI rose to its highest level since 2008. Manufacturing companies expanded hiring in response to strong production and new orders. On the back of strong demand and a slight tightening in capacity, input cost inflation picked up in March," Ines Lam, Economist at HSBC, said. S&P Global prepares the index based on responses of purchasing executives of 400 companies from different subsectors. An index above 50 shows expansion, while a below 50 index explains contraction.

(Business Line)

World Bank lifts India's economic growth forecast for FY25 to 6.6%: The World Bank on Tuesday upgraded its FY25 economic growth forecast for the Indian economy by 20 basis points to 6.6 per cent, primarily because of "upward revisions to investment growth". In its latest bi-annual South Asia Development Update, the multilateral lender pegged India's FY24 growth rate at 7.5 per cent, a tad lower than 7.6 per cent estimated by the National Statistical Office. "South Asia's growth outlook is somewhat stronger than in the previous edition of this report, by 0.4 percentage points for 2024 and 0.3 percentage points for 2025. This primarily reflects upward revisions to investment growth in India and somewhat faster-than-anticipated rebounds from last year's recessions in Pakistan and Sri Lanka...Growth (in India) is expected to moderate to 6.6 per cent in FY2024-25 before picking up in subsequent years as a decade of robust public investment yields growth dividends," the April update notes.

(Business Standard)

INDUSTRY OUTLOOK



ASSOCHAM appoints former KKR India head Sanjay Nayar as President: The Associated Chambers of Commerce and Industry of India (ASSOCHAM) on Tuesday announced that it has appointed Sanjay Nayar, the founder and chairman of Sorin Investment Fund, and a veteran in the global financial markets, as its President. Sanjay Nayar will replace Ajay Singh, who has completed its tenure at the Chamber. Sanjay Nayar has four decades of experience in global financial and capital



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markets, including 25 years at Citi and nearly 14 years at KKR, before retiring last year. He established KKR India operations in 2009 after leaving Citigroup.

(Financial Express)

S Jaishankar says India needs to focus on manufacturing to compete with China on economic ground: Speaking at an interaction with Industry leaders at an event in Surat, External Affairs Minister S Jaishankar highlighted that India should focus on manufacturing, to compete with China on the economic front. Noting that tension at the border with China has caused abnormality in New Delhi-Beijing relations, he highlighted India's thinking is absolutely clear that unless there is peace and stability in the border areas, the ties between the two Asian powers will not improve.

(Financial Express)



REGULATION & DEVELOPMENT

FSSAI tells ecommerce companies to stop using the term 'health drink or energy drink' for malt based drinks: The Food Safety and Standards Authority of India (FSSAI) has directed all ecommerce companies to not to refer to dairy based beverages, cereal based beverages or malt based beverages as 'health drink or energy drink' as the term 'health drink' has not been defined under the food laws of the country and 'energy drink' refers to carbonated and non-carbonated water based flavoured drinks under the laws.

(Economic Times)

Centre met revised tax collection targets for fiscal 2024: Government Official: The Centre has more or less met its tax collection target of over Rs 34.37 lakh crore for 2023-24 on the back of robust economic activity and improved compliance. The government had raised the target for direct tax collection in FY24 (April 2023 to March 2024) to Rs 19.45 lakh crore, while for indirect taxes (GST+ Customs + Excise) the target was lowered to Rs 14.84 lakh crore in the revised estimates (RE) presented in Parliament on February 1, 2024. The net direct tax collections (comprising corporate tax and personal income tax) reached over Rs 18.90 lakh crore as of March 17. A government official told news agency PTI on Tuesday: "Overall targets for tax revenue have been met." The Goods and Services Tax (GST) played a significant role in the previous financial year, with record collections surpassing Rs 1.87 lakh crore recorded in April 2023. A subsequent high figure of Rs 1.78 lakh crore was achieved in March 2024, making it the second-highest collection period for that fiscal year.



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According to revised estimates, the gross tax collection target for Fiscal Year '24 was set at an ambitious Rs 34.37 lakh crore.

(Business Today)



BLUE OCEAN

- ❖ Blue ocean is an entrepreneurship industry term to describe a new market with little competition or barriers standing in the way of innovators. The term refers to the vast "empty ocean" of market options and opportunities that occur when a new or unknown industry or innovation appears.
- ❖ A blue ocean is considered (from a marketing standpoint) a yet unexploited or uncontested market space.
- ❖ Blue oceans are contrasted with "red oceans," characterized by cutthroat competition and crowded markets.
- ❖ Many firms choose to innovate or expand in the hopes of finding a blue ocean market with uncontested competition. Blue ocean markets are also of high interest to entrepreneurs.
- ❖ Overall, blue ocean markets have several characteristics that innovators and entrepreneurs love. A pure blue ocean market has no competitors. A blue ocean market business leader has first-mover advantages, cost advantages in marketing with no competition, the ability to set prices without competitive constraints, and the flexibility to take its offering in various directions.



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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 : 83.3585
INR / 1 GBP : 104.5805
INR / 1 EUR : 89.4470
INR /100 JPY: 54.9400

EQUITY MARKET

Sensex: 73903.91 (-110.64)
NIFTY: 22453.30 (-8.70)
Bnk NIFTY: 47545.45 (-32.80)

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