



ICMAI
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+ 91-33-2252-1602/1492/1619
+ 91-33- 2252-7143/7373/2204
Fax :+91-33-2252-7993
+91-33-2252-1026
+91-33-2252-1723

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DAILY NEWS DIGEST BY BFSI BOARD

03 June 2024



ECONOMY

OPEC+ extends oil cuts to third quarter, discusses 2025, sources say: OPEC+ agreed on Sunday to prolong its deep oil output cuts in 2024 and was discussing extending them into 2025, OPEC+ sources said as the group seeks to shore up the market amid tepid global demand growth, high interest rates and rising rival U.S. production. Oil prices trade near \$80 per barrel, below what many OPEC+ members need to balance their budget. Worries over slow demand growth in top oil importer China have weighed on prices. The Organization of the Petroleum Exporting Countries and allies led by Russia, together known as OPEC+, have made a series of deep output cuts since late 2022.

(Economic Times)

Economists give a thumbs up to robust FY24 GDP ahead of poll results on June 4; maintain FY25 estimates at 6.5-7%: Economists said that India's gross domestic product (GDP) growth at 7.8 per cent in the March quarter of the previous financial year, which pushed up the annual growth rate for the whole of FY24 to 8.2 per cent, shows economic resilience. The economists and experts stated that the Indian economy has emerged as an outlier after maintaining the growth rate at a higher level as compared to global economies following the breakout of the pandemic. Sanjeev Agrawal, President, PHD Chamber of Commerce and Industry, said, "India's growth at 8.2 per cent in FY 2023-24 is a reflection of the efforts for Viksit Bharat by 2047; the growth momentum is expected to continue and strengthen in the coming times. Despite deepening geopolitical distress and global macroeconomic headwinds, India remains resilient. India has become a growth leader among the major advanced, emerging and developing countries."

(Financial Express)

BJP wins Arunachal assembly election; ruling SKM sweeps Sikkim, win 31 of state's 32 seats: The Bharatiya Janata Party (BJP) on Sunday retained power in Arunachal Pradesh as it won 46 seats. In Sikkim, the incumbent SKM swept the polls, winning 31 of state's 32 seats. The 10



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candidates of the saffron party, including Chief Minister Pema Khandu and Deputy Chief Minister Chowna Mein, were already elected unopposed to Arunachal Pradesh assembly.

(Mint)

BANKING & FINANCE



RBI approves a Committee of Executives (CoE) in Tamilnad Mercantile Bank as an interim arrangement: The Reserve Bank of India has approved the appointment of a Committee of Executives (CoE) in Tamilnad Mercantile Bank as an interim arrangement to oversee its operations and administration in the absence of a regular managing director. Current head of the bank S Krishnan resigned from his position in September last year but continued till date on RBI's guidance. However, he has now desired "to get relieved from the position of MD and CEO for better prospects," the bank said in a note to stock exchanges. Based on his request, the bank board sought RBI's permission for a CoE. The interim arrangement will be in place till the new MD & CEO assumes charge or for a period of three months from the date of relieving Krishnan, whichever is earlier, the bank said.

(Economic Times)

Banking frauds triple in the past fiscal year: RBI data: The number of frauds detected in the banking system last fiscal almost tripled on year, even as the amount involved decreased. Public sector banks continue to contribute the most to the total fraud amount, data from the Reserve Bank of India showed. The amount involved due to fraud in public banks was Rs. 10,507 crores, while private banks incurred losses of Rs. 3,107 crores. The number of frauds due to card and internet transactions shot up more than four times, with 29,000 cases being detected in FY24.

(Economic Times)

Centre to take decisive steps to strengthen banking system, says Finance Minister: In a post on X, Sitharaman said India's banking sector turned around due to Prime Minister Narendra Modi's strong and decisive leadership, and recently achieved a significant milestone by recording its highest-ever net profit of over ₹3 lakh crore. "During FY 2023-24, public sector banks recorded the highest-ever aggregate net profit of ₹1.41 lakh crore, almost 4 times higher than ₹36,270 crore in FY 2014," she noted.

(Economic Times)



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INDUSTRY OUTLOOK



NHAI hikes tolls across highways by 5% from Monday: Motorists using expressways will have to shell out more from Monday as the National Highways Authority of India (NHAI) has decided to hike tolls across the country by an average of 5 per cent. The annual revision of highway user fee, which is expected to be in the range of average 5 per cent, was earlier to come into effect on April 1. But the hike was deferred due to the Lok Sabha elections. "The new user fee will come into effect from 3.6.2024," a senior NHAI official said on Sunday. The change in toll fee is part of an annual exercise to revise the rates that are linked to the changes in the wholesale price index (CPI)-based inflation.

(Moneycontrol)

Gautam Adani overtakes Ambani to become Asia's richest person again: Gautam Adani has retaken the tag of richest person in Asia after a surge in stock price of the listed companies in his apples-to-airport conglomerate helped him overtake Reliance Industries head Mukesh Ambani. Adani with a net worth of \$111 billion is now ranked as the 11th richest in the world, ahead of Ambani whose \$109 billion wealth placed him at No. 12, according to the Bloomberg Billionaires Index. Shares of all Adani Group companies surged on Friday by up to 14 per cent after US brokerage Jefferies put a bullish view on the group that is back to an expansion spree with a planned \$90 billion capital expenditure over the next decade. An addition of ₹84,064 crore in market value took the market capitalisation of 10 Adani group listed firms to ₹17.51 lakh crore at the close of trading on Friday. This helped Adani, a first generation entrepreneur and chairman of the namesake conglomerate, overtake Ambani, who is currently on a cruise in Europe for a second, multi-million-dollar pre-wedding celebration of his youngest son Anant.

(Business Line)



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REGULATION & DEVELOPMENT

DGFT taps export bodies for inputs on efficacy of interest equalisation scheme: The DGFT has sought information from various export bodies on the trade finance eco system in India and related challenges to assess if the government's interest equalisation scheme for exporters is yielding results and how trade finance can be improved. "The DGFT has been asked by the Finance Ministry to show that the interest equalisation scheme is yielding results. It has asked us for certain details for a study on trade finance it is carrying out. We have already provided those details to the DGFT. Once all export bodies give their submission, a report would be put together," a representative of a Delhi-based export body told businessline.

(Business Line)

RBI to expand UPI in 20 countries by FY29, reveals RBI's annual report: The Reserve Bank of India (RBI) and NPCI International Payments (NIPL) have plans to expand the Unified Payments Interface (UPI) to 20 countries by FY29. The RBI Annual Report states that initiatives would be taken to increase UPI and RuPay global reach. "In light of goals for Viksit Bharat 2047, the Reserve Bank, along with NPCI International Payments Ltd. (NIPL) will work towards taking UPI to 20 countries with initiation timeline of 2024-25 and completion timeline of 2028-29," RBI in its annual report stated. The report further mentions that the Fast Payment System (FPS) collaboration with a group of countries such as European Union and South Asian Association for Regional Cooperation (SAARC), as well as multilateral linkages will be explored. At the moment, France and Nepal accept UPI payments via QR codes for merchant (e-commerce) payments.

(Financial Express)

GST appeal process to be fully digitised: The Goods and Services Tax Network (GSTN) will digitise the entire process of dispute resolution via appeal to the GST Appellate Tribunal (GSTAT), a senior official told FE. A portal is likely to be ready for this purpose before the full operationalisation of all the benches of the tribunal. FE had reported earlier that the government intends to operationalise all the benches of GST Appellate Tribunal (GSTAT) by January 2025, as it aims to alleviate the significant backlog of pending GST-related disputes at the appellate level, citing a source.

(Financial Express)



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FINANCIAL TERMINOLOGY

PHASES OF A PROJECT

Projects shall be broadly divided into three phases namely,

- ❖ **Design phase:** This is the first phase which starts with the conception of the project and includes, inter-alia, designing, planning, and obtaining all applicable clearances/approvals till its financial closure.
- ❖ **Construction phase:** This is the second phase which begins after the financial closure and ends on the day before the DCCO.
- ❖ **Operational Phase:** This is the last phase which starts with commencement of commercial operation by the project.



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 : 83.2988
INR / 1 GBP : 105.9283
INR / 1 EUR : 90.1210
INR /100 JPY: 53.0800

EQUITY MARKET

Sensex: 73961.31 (+75.71)
NIFTY: 22530.70 (+42.05)
Bnk NIFTY: 48983.95 (+301.60)

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TEAM BFSIB

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