



**THE INSTITUTE OF  
COST ACCOUNTANTS OF INDIA**  
(STATUTORY BODY UNDER AN ACT OF PARLIAMENT)  
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DAILY NEWS DIGEST BY BFSI BOARD, ICAI

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- **UNEMPLOYMENT RATE IN JUNE RISES TO 7.8% AS RURAL JOBLESSNESS WORSENS: CMIE:** Increase in rural joblessness raised the unemployment rate in India in June to 7.8 per cent of the total workforce from 7.12 per cent in May, according to latest data published by the Centre for Monitoring Indian Economy (CMIE). The rise could be fully attributed to rural unemployment rate, which increased to 8.03 per cent from 6.62 per cent in May. Urban unemployment rate shrank to 7.30 per cent in June from 8.21 per cent in May. Haryana witnessed the highest unemployment rate in June at 30.6 per cent followed by Rajasthan (29.8 per cent). States that recorded low rates of unemployment during the month included Madhya Pradesh at 0.5 per cent, Chhattisgarh and Odisha at 1.2 per cent each and Tamil Nadu at 2.1 per cent.

[Unemployment rate in June rises to 7.8% as rural joblessness worsens: CMIE - The Hindu BusinessLine](#)

- **RUPEE HITS FRESH LOW AMIDST CONCERNS OVER TRADE DEFICIT, CURRENT ACCOUNT DEFICIT :** The rupee hit a fresh low against the US dollar on Tuesday amidst continuing foreign portfolio outflows, rising oil prices, and a record trade deficit, leading to concerns over a wider current account deficit. The Indian rupee closed at a record low of 79.37 against the US dollar. It opened at 79.00. It had closed at 78.95 on July 4. "The rupee has slumped to a new record low of 79.37 against the dollar, depreciating by around 0.50 per cent on the back of a rise in the dollar index towards a new twenty-decade peak. Besides, heavy portfolio outflows, soaring crude oil prices, and a rising interest rate regime of the major central banks have been the key catalysts behind this recent bout of weakness in the rupee-dollar exchange rate," said Sugandha Sachdeva, Vice President-Commodity and Currency Research, Religare Broking. Analysts expect the rupee to weaken to less than 80 against the dollar. India's trade deficit widened to a record \$25.63 billion in June as imports shot up by 51.02 per cent to \$63.58 billion, according to preliminary data. Nomura said it expects the current account deficit to be 3.3 per cent of GDP in fiscal 2022-23, up from 1.2 per cent in 2021-22.

[Rupee hits fresh low amidst concerns over trade deficit, current account deficit - The Hindu BusinessLine](#)



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- **HDFC-HDFC BANK MERGER: MORE CLARITY NEEDED ON STAKES IN SUBSIDIARIES, OTHER CONDITIONS, SAYS MACQUARIE RESEARCH:** The RBI's no objection certificate for the merger of HDFC Ltd with HDFC Bank indicates no holding company is required but more clarity is needed on subsidiaries and other conditions, Macquarie Research has said. HDFC Bank had on July 4 said it has received a no-objection certificate from the RBI for the proposed composite scheme of amalgamation of HDFC Investments and HDFC Holdings with and into HDFC Ltd and HDFC Ltd with and into HDFC Bank. "This implies that RBI is fine merging the above-mentioned companies into HDFC Bank without needing to set up a holding company. The structure is kept simple removing a major overhang, in our view," Macquarie said in a note on Tuesday. Noting that the RBI's approval is subject to certain conditions, it said clarity is required on their stakes in subsidiaries, exemptions and timeline extensions related to priority sector requirements, CRR, and SLR. "We expect clarity to emerge in the July 16 earnings call," it said. Until now, stock exchanges and the RBI have approved the merger. More approvals will be required and HDFC Chairman Deepak Parekh has indicated a 12-15 month timeline for the merger to be completed.  
[HDFC-HDFC Bank merger: More clarity needed on stakes in subsidiaries, other conditions, says Macquarie Research - The Hindu BusinessLine](#)
- **YES BANK: ADVANCES UP 14% Y-O-Y, DEPOSITS RISE 18% Y-O-Y AS ON JUNE 30, 2022:** Private sector lender YES Bank has reported a 14 per cent year-on-year (y-o-y) growth in loans and advances and an 18.3 per cent jump in deposits on an annual basis as of June 30, 2022. The bank's advances grew to ₹1,86,598 crore as on June 30, 2022 from ₹1,63,654 crore a year ago. It also registered a 3.1 per cent quarter-on-quarter (q-o-q) growth in disbursements from ₹1,81,052 crore as on March 31, 2022  
[YES Bank: Advances up 14% y-o-y, deposits rise 18% y-o-y as on June 30, 2022 - The Hindu BusinessLine](#)
- **SOF TBANK-BACKED OLA KICKS OFF COST-CUTTING EXERCISE, MAY LAY OFF 400-500 STAFF:** Mobility platform Ola is seeking to significantly bring down its costs, a move that could result in 400-500 employees being laid off, amid a delay in listing plans and a tough funding environment, according to sources. The move to undertake layoffs also comes days after Ola decided to shut down Ola Dash, its quick commerce business, and also recast its cars business to focus more on strengthening its electric division. The company said then that the moves are part of its strategy to accelerate its electrification journey and build on its core capabilities in Mobility services and Financial services. The person further said that Ola has also hit the brakes on investments in overseas markets where it is present, such as the UK, Australia, and New Zealand. "They have stopped spending in international markets. They have a single-digit market share now in countries like the UK and New Zealand," a second person said.  
[SoftBank-backed Ola kicks off cost-cutting exercise, may lay off 400-500 staff \(moneycontrol.com\)](#)



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- **PLI scheme CAN ADD 4% TO GDP ANNUALLY, SAYS NEW REPORT:** The production-linked incentives (PLI) scheme, which seeks to boost manufacturing in key areas by offering nearly Rs 2.4 lakh crore in incentives over the next five years, can add 4 percent to the GDP annually in terms of incremental revenue, says a report. So far, the scheme has seen maximum response from the electronics, auto components, and pharma sectors, according to Emkay Investment Managers. The PLI scheme has the potential to add nearly 4 percent to GDP per annum in terms of incremental revenue if fully realised, the report released on Tuesday said. Manufacturing companies are adding capacities due to robust returns and this is evident from the number of new manufacturing companies registered.  
[PLI scheme can add 4% to GDP annually, says new report \(moneycontrol.com\)](https://www.moneycontrol.com/news/economy/pli-scheme-can-add-4-to-gdp-annually-says-new-report-11111111.html)
- **FURTHER PRIVATISATION OF BANKING SECTOR FEASIBLE, BUT NEEDS MORE THAN 10 YEARS, SAY EXPERTS:** Privatisation of all government banks in India is feasible and even desirable considering certain challenges, but the entire sector being in private hands is an eventuality that is at least a decade down the line, said analysts, senior bankers and several other banking experts. According to various recent media reports, the government may come up with several amendments and introduce a bill in the upcoming monsoon session of Parliament to facilitate the privatisation of state-run banks. Even the government completely exiting the banks being privatised is a probability, reported several news organizations. Senior bankers pointed out that privatisation may even open up more employment opportunities in the sector. “There has been talent drainage in PSBs as many young bankers prefer private jobs over these government jobs because the PSBs fail to offer competitive market-related salary,” said a senior public sector banker, also requesting anonymity. Many other senior bank officials agreed with this assessment. But in the private sector, there might be some concern over job security but there won’t be a situation of more work with less pay, they said. Experts pointed out repeatedly that it would be wrong to claim that private banks are more efficient, rather, there have been instances when PSB intervened to support a private bank.  
[Further privatisation of banking sector feasible, but needs more than 10 years, say experts \(moneycontrol.com\)](https://www.moneycontrol.com/news/economy/further-privatisation-of-banking-sector-feasible-but-needs-more-than-10-years-say-experts-11111111.html)
- **TWITTER FILES PETITION FOR JUDICIAL REVIEW OF INDIAN ORDERS ON TAKEDOWN:** Twitter has filed a petition in the Karnataka High Court for a judicial review of an order calling upon it to take down content against the Indian government from its platform. This comes even as the company has complied with the Information Technology Ministry’s July notice of removing certain content from its site. However, the details of the content for which the US microblogging firm wants a judicial review could not be ascertained. A Reuters report said Twitter argued in its request for a judicial review that some removal orders fell short of the procedural requirements of India's IT act, without specifying which ones Twitter wanted to be reviewed.  
[Twitter files petition for judicial review of Indian orders on takedown | Business Standard News \(business-standard.com\)](https://www.business-standard.com/news/twitter-files-petition-for-judicial-review-of-indian-orders-on-takedown-11111111.html)



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- **SBI, CANARA, BOB TO RAISE RS 7,500 CRORE VIA AT-1 BONDS BEFORE RATES HARDEN:** A number of public sector banks, including the country's largest lender State Bank of India, plan to raise capital worth a total of about Rs 7,500 crore through the issuance of Additional Tier I bonds soon, sources told Business Standard.  
[SBI, Canara, Bank of Baroda plan to raise Rs 7,500 crore through AT-1 bonds | Business Standard News \(business-standard.com\)](#)
- **INDIA'S SERVICES ACTIVITY RISES TO 59.2 IN JUNE, HIGHEST IN 11 YEARS:** Services activity in June expanded at the fastest pace in over 11 years. This comes amid new demand orders and upturn in economic activity, following withdrawal of pandemic restrictions, a private survey showed. Data released by S&P Global on Tuesday showed that Purchasing Managers' Index (PMI) services rose from 58.9 in May to 59.2 in June, the highest since April 2011. However, PMI manufacturing data released on Friday showed slowing manufacturing activity from 54.6 in May to 53.9 in June.  
[India's services activity rises to 59.2 in June, highest in 11 years | Business Standard News \(business-standard.com\)](#)
- **ED RAIDS VIVO OFFICES; POSSIBLE MONEY LAUNDERING UNDER SCANNER: SOURCES:** Offices of Chinese smartphone manufacturer BBK Electronics' Vivo and its connected firms were raided on Tuesday by the Enforcement Directorate (ED), a senior government official and a business executive told Reuters. According to local media, the searches by the ED are a part of a probe into possible money laundering. Requests for comment from the Directorate and Vivo were not immediately fulfilled. Due to the investigation's secrecy, the sources declined to be identified. Meanwhile Vivo has said that it is cooperating with authorities to provide them with all the required info. "As a responsible corporate, we're committed to being fully compliant with laws," Vivo said.  
[ED raids Vivo offices; possible money laundering under scanner: Sources | Mint \(livemint.com\)](#)



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- **REDEMPTION PRESSURE OF SHORT-TERM DEBT TO ADD TO RBI'S FOREX MANAGEMENT**

**CHALLENGES:** The Rupee which has been facing the heat due to withdrawals by portfolio investors, has another trouble brewing - maturing external debt of Indian companies. About 43.1 percent or \$267 billion worth of external debt of the \$620.7 billion amounting to 44 percent of country's foreign exchange reserves comes up for maturity this fiscal, according to RBI's latest data on India's external debt as of March'22. Though some amounts will be rolled over, given the slow pace of reserves pile-up, this will be an additional challenge for the Reserve Bank to manage reserves and dollar levels. Taking advantage of softer interest rates overseas a number of firms borrowed under the external commercial borrowing route in the past few years that came up for maturity. In addition, the pick-up in economic activity leading to higher merchandise trade volume has resulted in a surge in short-term trade credit which jumped 20 per cent during the year. In addition to these capital flows, the widening current account deficit which is expected to more than double to over 3 percent of the GDP in the current financial year is also an additional source of concern for reserves management and the overall balance of payments. India's foreign exchange reserves declined to \$ 590.6 billion as of June 17'22 from a peak of \$ 642.5 billion on September 3, 2021. These are equivalent to nearly 10 months of imports projected for the current financial year, thereby providing a sufficient buffer against external shocks, according to RBI's latest Financial Stability Report. " As a result of the accumulation of large foreign exchange reserves in recent years, various external vulnerability indicators show marked improvement vis-à-vis the taper tantrum period. This augurs well for mitigating external risks and global spillovers" RBI said.

[rbi: Redemption pressure of Short-term debt to add to RBI's forex management challenges - The Economic Times \(indiatimes.com\)](https://www.economictimes.com/markets/india/rbi-redeem-pressure-short-term-debt-add-rbi-forex-management-challenges-2022-06-17)



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#### **RBI KEY RATES**

Repo Rate: 4.90%

SDF: 4.65%

MSF & Bank Rate: 5.15%

Fixed Reverse Repo Rate: 3.35%

CRR: 4.50%

SLR: 18.00%

#### **FOREX RATES (AS PER FBIL1.30 PM)**

INR / 1 USD : 79.0790

INR / 1 GBP : 95.8000

INR / 1 EUR : 82.5147

INR / 100 JPY: 58.0800

#### **EQUITY MARKET**

Sensex: 53134.35 (-100.42)

NIFTY: 15810.90 (-24.50)

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