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DAILY NEWS DIGEST BY BFSI BOARD

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ECONOMY

India added 2.5 times more jobs in FY24, highest since 1981-82: RBI data: India added 2.5 times more jobs in FY24 compared to the previous year, provisional data released by the Reserve Bank of India on July 8 showed. The total additions to the workforce at 46.7 million were the highest since 1981-82, according to calculations, with the rate of growth at 6 percent also outpacing the previous three decades. The country's noteworthy job addition came when the output growth was only marginally higher at 6.7 percent in FY24 compared to 6.6 percent in the previous year. Reserve Bank of India's KLEMS database uses the government's periodic labour force survey to calculate employment numbers.

(Moneycontrol)

Centre dismisses Citigroup's claim that India would struggle to create jobs: The Centre has issued a rebuttal to a recent Citigroup research note that had raised concerns over the pace of job creation. The report 'fails to account for the comprehensive and positive employment data available from official sources such as the Periodic Labour Force Survey (PLFS) and the Reserve Bank of India's KLEMS data', Ministry of Labour and Employment said. Citigroup had said that India would struggle to create enough jobs for its growing population over the next decade, even if the country grew at a 7 percent growth rate, and suggested more concerted steps were needed to boost employment creation. Ministry clarified that India has generated over 8 crore job opportunities between 2017-18 to 2021-22, which translates to an average of over 2 crore (20 million) jobs per year. This, despite the COVID-19 disruption, contradicts Citigroup's assertion a potential lack of employment in India.

(Moneycontrol)

Goldman Sachs forecasts 'golden' fiscal future for India: India will likely peg its FY25 fiscal deficit target 5.1% of GDP in the upcoming budget, which could make an overarching statement about long-term economic policy towards 2047 with an emphasis on job creation through labour-intensive manufacturing, credit for MSMEs and continued focus on services exports by expanding GCCs,



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according to Goldman Sachs. India's FY25 deficit target is set at 5.1% of GDP, aiming for 4.5% by FY26. Presented by Nirmala Sitharaman on July 23, it stresses job creation, MSME credit, vocational programs, food processing, public debt sustainability, land reform, rural economy, green finance, and political capital.

(Economic Times)

BANKING & FINANCE



Foreign banks' dealing rooms buzz with G-Sec trades as PSBs mind their gap: Public sector banks, the traditional heavyweights in bond trading, are ceding ground to foreign lenders as a scramble for deposits compels state-owned players to liquidate bond holdings while the international players aggressively court rising global interest in local debt. From holding a share of almost 60% in the trading book portfolios of banks just prior to the Covid-19 pandemic, state-owned lenders now account for a little above 40%. Foreign banks, on the other hand, have seen that share climb from 19% to almost 30%, central bank data showed. Public sector banks are reducing their bond holdings while foreign lenders are increasing theirs, impacting the trading landscape. Factors like excess SLR holdings and a tightening monetary policy have contributed to this shift. The market value of investments is assessed at ₹22.4 lakh crore. The increasing share of foreign banks has been led by two key factors - a burgeoning trade in a complex derivative product that overseas banks execute to meet insurance companies' growing demand for risk-free debt and the global flurry of interest in Indian bonds after JP Morgan included the country in its Emerging Market bond index.

(Economic Times)

RBI to hand-deliver a message of zero tolerance on lapses: RBI met CFOs and auditors to enforce zero tolerance for compliance lapses. Deputy governors stressed accurate balance sheets, aggressive lending risks, and ever-greening of loans. Recent CEO talks included credit-deposit growth gaps. Governor Das emphasized risk awareness. Digital banking restrictions on Kotak Bank, IIFL Finance, and others were due to regulatory lapses.

(Economic Times)

EXIM Bank enters into \$2.5 million Line of Credit agreement with Guyana: The Export-Import Bank of India (EXIM Bank) has entered into an agreement with the government of Guyana to provide a line of credit worth \$2.5 million for the installation of a solar photo voltaic power plant, the Reserve Bank of India said on Monday. While the deal was dated February 29, 2024, the agreement



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under the Line of Credit is effective from June 24, 2024, the RBI said. Under the Line of Credit, the last date for disbursements will be 48 months after the completion of the project, the RBI said. The solar photo voltaic power plant will be set up at the Cheddi Jagan International Airport in Guyana.

(Economic Times)

SBI shareholders, bondholders: State Bank of India appoints new Registrar & Share Transfer Agent (RTA): SBI has informed that it has appointed KFin Technologies Limited as the Registrar & Share Transfer Agent (RTA) of the Bank in place of existing RTA Alankit Assignments. SBI published an advertisement in the Times of India newspaper on July 8, 2024, regarding the same. Bank Notice is hereby given to the Shareholders, Bondholders, Beneficial owners, Depository Participants and all concerned that the RTA of the Bank has been changed from Alankit Assignments Limited to KFin Technologies Limited. This will be with effect from July 5, 2024 as date of shifting of electronic connectivity to the new RTA. SBI as per advertisement mentioned in the newspaper, “All documents/correspondence such as transmission / transposition of shares, issuance of duplicate shares, change of address and updation of KYC (Physical shares), claim of unpaid dividend, unpaid interest, unpaid redemption amount on Bonds, shares held in abeyance, claim from unclaimed suspense account, etc. may be delivered to the new RTA.”

(Economic Times)

INDUSTRY OUTLOOK



India ranks fifth in GenAI innovations, China leads: From tech companies to start-ups to universities, every segment of India wants a share of the Generative AI pie but data show that the country has a lot of catching up to do. China tops the table with 38,210 patents followed by US 6,276, Republic of Korea 4,155 and Japan 3,409

(Business Line)

Ola's Bhavish Aggarwal urges developers to exit Google Maps, offers credits: Bhavish Aggarwal, founder and chief executive officer of Ola, is encouraging developers to switch from Google Maps to Ola Maps. Ola is offering developers a year of free access to Ola Maps on the company's Krutrim Cloud and over Rs 100 crore in free credits. This initiative comes after Ola replaced Google Maps with its own Ola Maps, leading to annual savings of around Rs 100 crore. Aggarwal also recently migrated Ola's workload from Microsoft Azure to Krutrim Cloud. “After #ExitAzure, it's time for



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Indian developers to #ExitGoogleMaps! One-year free access to all developers to Ola Maps on @Krutrim, more than Rs 100 crore in free credits,” Aggarwal announced on X on Monday.

(Business Standard)

Centre likely to roll out electric vehicle policy guidelines by Sept-end: Policy guidelines on the Centre’s “Scheme to Promote Manufacturing of Electric Passenger Cars in India” (SPMEPCI), which include provisions for reduced customs duties on imported cars if there is a concomitant investment commitment in India, are expected to come by September, according to officials. According to government officials working on the scheme, the portal for original equipment manufacturers (OEMs) to submit applications will open only after the guidelines are released. “We are finalising the guidelines, which will take around two months,” an official told Business Standard.

(Business Standard)



REGULATION & DEVELOPMENT

Maharashtra announces free higher education for girls from EWS, SEBC, OBC groups: The Maharashtra government on Monday said higher education for girls of the Economically Weaker Section (EWS), Socially and Economically Backward Classes (SEBC) and OBCs will be free, the announcement being seen as a major women-oriented sop ahead of the assembly polls later this year. In the cabinet meeting headed by Chief Minister Eknath Shinde, a decision was also made to waive tuition and exams fees for orphan students (male and female), as per a government resolution (GR). The decision will be implemented from academic year 2024-25 and is expected to cost Rs 906 crore, it added. A GR said female students seeking admission to recognised vocational courses through Centralised Admission Process in government colleges, aided private colleges and semi-aided private colleges and non-aided colleges, polytechnic, autonomous government universities, open universities can avail the facility.

(Business Standard)

After strengthening capital, RRBs to focus on product diversification: After consolidating capital adequacy, improving profitability and asset quality, regional rural banks (RRBs) will now focus on diversification of lending products to small and medium enterprises (SMEs) for value addition in agriculture chain and allied sectors. The top priority will be upgrading the technology platform for digital banking for retaining existing customers and attracting new ones in rural areas. Goverdhan S. Rawat, deputy managing director, National Bank for Agriculture and Rural Development (Nabard)



told Business Standard that with fund infusion and profitability, the capital adequacy has improved substantially and asset quality is robust.

(Business Standard)

RBI asks microfinance lenders to go slow in Bihar, UP: The central bank has asked microfinance lenders to go slow on loan disbursements in Bihar and Uttar Pradesh as a precautionary measure, people familiar with the matter said. The two states account for 25.3% of total microfinance loans, unsecured loans primarily catering serve low-income women borrowers. Bihar and UP are also among the fastest growing states in terms of assets under management for microfinance institutions since 2019. The advice to lenders—banks including small finance banks and non-banks focused on MFI loans—is in reaction to signs of market overheating, which became particularly visible in the March quarter. According to a recent report by CRIF Highmark, for the quarter ended March 2024, the number of borrowers availing loans from three lenders stood at 10.1% of total outstanding loans, while the number of borrowers availing loans from four or more lenders stood at 8.7% in Bihar. In UP, these numbers stood at 7.7% and 6.6% respectively

(Moneycontrol)



FINANCIAL TERMINOLOGY

GOLD OPTION

- ❖ A gold option is an options contract that utilizes either physical gold or gold futures as its underlying asset.
- ❖ A gold call option would give the holder the right, but not the obligation, to buy bullion at a future date at a set price, while a put option would grant the holder the right to sell it at a predetermined price level. The option agreement terms will list details such as the delivery date, quantity, and strike price, which are all predetermined.
- ❖ Gold options trading in the U.S. are listed on the CME COMEX and use gold futures, which represent 100 troy ounces of gold, as the underlying asset.



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 : 83.4755
INR / 1 GBP : 106.8998
INR / 1 EUR : 90.3005
INR /100 JPY: 51.9700

EQUITY MARKET

Sensex: 79960.38 (-36.22)
NIFTY: 24320.55 (-3.30)
Bnk NIFTY: 52425.80 (-234.55)

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