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DAILY NEWS DIGEST BY BFSI BOARD

15 June 2024



ECONOMY

India's goods exports rise 9.1% in May 2024 to \$38.13 billion: India's goods exports in May 2024 increased 9.1 % YoY to \$38.13 billion, propped by sectors such as engineering goods, petroleum products, electronics, pharmaceuticals, and textiles, as global demand showed clear signs of picking up, according to government data released on Friday. Imports in May 2024 increased by a lower 7.7 per cent to \$61.91 billion, with a rise in shipments of petroleum, transport equipment, silver, and vegetable oil, but the trade deficit widened to \$23.78 billion, which was a seven-month high.

(Business Line)

India's wholesale inflation accelerates to 15-month high of 2.61% in May: India's wholesale inflation as measured by the wholesale price index (WPI) rose sharply to a 15-month high of 2.61 per cent in May from 1.26 per cent in April. This was on the back of an adverse base effect and a sharp spike in food prices. The inflation in food prices stood at 9.82 per cent during the month, while in May 2023, the wholesale inflation was at -3.61 per cent. Data released by the Ministry of Commerce and Industry on Friday showed that the uptick in factory gate inflation during May was also driven by other major sub-indices barring fuel and power. This comes as they witnessed either a higher year-on-year (Y-o-Y) inflation print or a lower deflation in the month. Within food articles, pressure on the factory gate prices mainly built up on account of acceleration in the prices of vegetables (32.42 per cent), pulses (21.95 per cent), cereals (9.01 per cent), fruits (5.81 per cent) and wheat (6 per cent). Meanwhile, even as the prices of potato (64.05 per cent), onion (58.05 per cent) and paddy (11.79 per cent) decelerated during the month, they remained quite elevated.

(Business Standard)

India cuts windfall tax on petroleum crude: The Indian government has cut the windfall tax on petroleum crude to 3,250 Indian rupees (\$38.90) per metric ton from 5,200 rupees, effective June 15, according to a notification issued on Friday. The tax, which is revised every fortnight, remained



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unchanged at zero for diesel and aviation turbine fuel. India on June 1 cut the windfall tax on petroleum crude to 5,200 rupees per metric ton from 5,700 rupees.

Economic Times)

BANKING & FINANCE



SBI hikes lending rate by 10 basis points across tenures, EMIs to go up: State Bank of India (SBI) has raised its marginal cost of funds-based lending rate (MCLR) by 10 basis points (bps) or 0.1 per cent across all tenures, a move that will lead to an increase in EMIs for borrowers. With the increase, EMIs will go up for those borrowers who have availed loans on MCLR, not for those whose loans are linked to other benchmarks. The revised MCLR rate is effective from June 15, according to SBI website. With the revision, the one-year MCLR has increased to 8.75% from 8.65% earlier. The overnight MCLR is now 8.10% from 8.00%, one-month and three month MCLR is now 8.30% from 8.20%, whereas the six-month MCLR increased to 8.65% from 8.55%. Most of the loans are linked to the one-year MCLR rate. At the same time, two-year MCLR increased by 0.1% to 8.85% from 8.75% and three year MCLR to 8.95% from 8.85%.

(Moneycontrol)

Banks to request RBI to incentivise green financing: Banks plan to request the Reserve Bank of India (RBI) to incentivise green financing, including considering this category of lending, irrespective of loan limit, as priority sector lending (PSL) or excluding infrastructure sector exposure from overall credit for the purpose of arriving at annual PSL target. Green finance is defined as financing of investments that deliver environmental benefits in the broader context of environmentally sustainable development, according to G20 Green Finance Synthesis Report. The environmental benefits of such financing include, for example, reduction in air, water and land pollution, reductions in greenhouse gas emissions and improved energy efficiency.

(Business Line)

PFRDA selects NEC Corp India as system integrator: Pension regulator PFRDA has selected NEC Corporation India as System Integrator (SI) for its digital platform PFRDA-TRACE. NEC Corporation has been selected as SI for a period of six years, PFRDA has said. NEC Corporation India is expected to play a crucial and pivotal role in PFRDA's digital transformation journey.

(Business Line)



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INDUSTRY OUTLOOK



Hyundai ‘set to file’ IPO papers with SEBI; looks to raise \$3 b: The country’s second-largest passenger vehicle maker has been gearing up for an IPO for months, and according to analysts, it is set to make a significant impact in the Indian financial market with its IPO. Interestingly, HMIL will be the first initial share sale by an automaker in India since Maruti Suzuki India Limited’s (MSIL) listing in 2003, and it is also expected to be one of the largest IPOs in India’s history. India is Hyundai’s third largest revenue generator after the US and South Korea, and it is opting for an IPO to capitalise on the growing market potential in India. Once the DRHP is filed, the market regulator is expected to take two months to give the final approval, after which the company can ring a bell on the Indian stock exchange. Hyundai has roped in investment banks such as Kotak Mahindra, Citibank, Morgan Stanley, JP Morgan, and HSBC to smoothen its entry into the public markets and make it successful.

(Business Today)

Jio gets green signal to launch satcom services: Jio Platforms has received the approval of the Indian National Space Promotion and Authorisation Centre (IN-SPACe) – its final go-ahead – to launch satellite communication (satcom) services in the country. The approval comes even as global majors such as Elon Musk-owned Starlink and Amazon Project Kuiper await regulatory clearances to launch their services in the country. Bharti Enterprises-backed Eutelsat OneWeb is the only other company to have already received all necessary clearances.

(Financial Express)

No formal proposal to enter health insurance, says LIC: Life Insurance Corporation (LIC) has clarified that there is currently no formal proposal for it to enter the health insurance space. This clarification comes amid expectations that composite licenses may be permitted by amending the Insurance Act, which currently does not allow life insurers to underwrite health insurance policies. A parliamentary panel had earlier suggested the introduction of composite licensing for insurers to undertake life, general, or health insurance under one entity, which could lead to cost savings and offer customers more choice and value.

(Economic Times)



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REGULATION & DEVELOPMENT

Sebi tweaks framework for OFS format for employees through stocks: Capital markets regulator Securities and Exchange Board of India (Sebi) has tweaked the process for offer for sale of shares to employees through stock exchanges. In a master circular issued on June 14, Sebi said that employees will have to place bids on T+1 (trading plus one day), but at the previous day's valuation. Sebi had first issued guidelines on Offer for Sale (OFS) of shares through the stock exchange mechanism on October 16, 2023. Again on January 23, 2024, it issued a Framework for Offer for Sale (OFS) of Shares to Employees through Stock Exchange Mechanism. SEBI permitted company promoters in January to offer shares to employees via the stock exchange mechanism in OFS, aiming for easier compliance. Before that, shares under OFS were given to employees outside the stock exchange mechanism. "Based on the feedback received from certain stakeholders and deliberations in the Secondary Market Advisory Committee of SEBI (SMAC), it has been decided that employees shall place bids on T+1 day at cut-off price of T day," Sebi said in its master circular.

(Business Today)

Centre announces General Provident Fund interest rate for April-June quarter: The Centre has recently announced the interest rate for the General Provident Fund (GPF) and other similar provident fund initiatives for Q1, i.e. April- June 2024. The government has maintained the interest rate on the General Provident Fund (GPF) at 7.1 per cent for the April-June quarter of FY25. It is the 17th consecutive quarter where the interest rate has remained unchanged. quarter.

(Business Today)

Curb on unfair GST demand recovery proceedings: GST official needs prior approval from higher authority to act within 3 months of demand: If you receive a GST demand order, you have the option to either file an appeal against it or pay the demand amount. However, if GST officials believe that it is necessary to ask for payment before the stipulated time (three months) for the 'interest of revenue', they can do so. Unfortunately, this provision has been misused by some GST field officers. In order to prevent this misuse, Central Board of Indirect Taxes & Customs (CBIC) has issued new clarification guidelines stating that GST field officers need to obtain prior approval from a higher authority before initiating demand recovery.

(Economic Times)



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FINANCIAL TERMINOLOGY

OVERWEIGHT STOCK RATING

- ❖ Financial analysts give their opinions of the future performance of a security. They can give performance ratings of underweight, overweight, or market perform to a security. If analysts give a stock an overweight rating, they expect the stock to outperform its industry in the market. Analysts may give a stock an overweight recommendation due to a steady stream of positive news, good earnings, and raised guidance.
- ❖ An overweight rating indicates that an analyst has a high conviction that a stock can outperform a market benchmark or its peers over the next six to 12 months.



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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 : 83.5458
INR / 1 GBP : 106.3694
INR / 1 EUR : 89.5505
INR /100 JPY: 52.8900

EQUITY MARKET

Sensex: 76992.77 (+181.87)
NIFTY: 23465.60 (+66.70)
Bnk NIFTY: 50002.00 (+155.30)

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