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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
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DAILY NEWS DIGEST BY BFSI BOARD

17 May 2024



ECONOMY

India to become \$4 trn economy in FY25, surpass Japan by FY26: Sanyal: India will be a \$ 4 trillion economy in 2024-25 and surpass Japan by early next fiscal to become the world's fourth largest economy, Economic Advisory Council to the Prime Minister (EAC-PM) member Sanjeev Sanyal said on Thursday. Sanyal further said that a 7 per cent economic growth rate will be a 'very good' growth rate for India, given various constraints, including the country's weak exports. "So, this financial year, we will become a \$4 trillion economy," he said at an event here. Recently, Finance Minister Nirmala Sitharaman said that India is expected to overtake Japan and Germany to emerge as the world's third-largest economy by 2027.

(Moneycontrol)

India's merchandise exports may grow to \$500-510 bn in FY25: FIEO: Merchandise exports from India may grow to \$500-510 billion in the current financial year (FY25) after witnessing a 3 per cent contraction in the last financial year (FY24), Federation of Indian Export Organisations (FIEO), the apex body for exporters, said on Thursday. Services exports could be worth \$390-400 billion, pushing the country's total exports to around \$890-910 billion, FIEO President Ashwani Kumar told reporters. This will be driven by sectors such as engineering, and advertising services, among others. Expansion of the global capability centre and their businesses are expected to further push exports. India's total exports stood at \$778 billion in FY24.

(Business Standard)

UAE launches new 10-year Blue Residency Visa for tree-huggers: The UAE Cabinet has announced a new 10-year Blue Residency visa for individuals who have made exceptional contributions to protecting the environment. The announcement was made during a Cabinet meeting chaired by His Highness Sheikh Mohammed bin Rashid Al Maktoum, Vice President and Prime Minister of the UAE and Ruler of Dubai, at Qasar Al Watan in Abu Dhabi on Wednesday. "In alignment with the national directives declared by the UAE President, to designate 2024 as the year of



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sustainability in the UAE, we introduced the 'Blue Residency', a 10-year residency granted to individuals who have made extraordinary contributions to environment protection, whether in marine life, land-based ecosystems, or air quality, sustainability technologies, the circular economy, or related fields. The sustainability of our economy is now linked to the sustainability of our environment... Our national orientations are clear and firm in this area," Sheikh Mohammed said.

(Business Standard)

BANKING & FINANCE



RBI to conduct Rs 1.25 lakh crore 14-day variable rate repo auction on May 17: RBI on May 17 said it will conduct 14-day variable rate repo auction for a notified amount of Rs 1.25 lakh crore on May 17. "On a review of current and evolving liquidity conditions, it has been decided to conduct a Variable Rate Repo (VRR) auction on May 17," the RBI said in a release. The bidding will take place between 10:30 AM and 11:00 AM, and reversal of these funds will take place on May 31, the release added. Usually, the central bank conducts VRR auction to infuse liquidity in the banking system when it turns tight or fall in deficit mode. Also, when there is reversal of VRR auction conducted earlier. Currently, liquidity in the banking system is estimated to be in deficit of around Rs 1.20 lakh crore, as per the RBI's Money Market Operations as on May 15.

(Moneycontrol)

Finance Ministry asks SBI to form committee to address co-lending issues: The Finance Ministry has asked the State Bank of India to set up a committee to address issues related to the co-lending business model, said a senior government official. The Reserve Bank of India had allowed banks to co-lend or co-originate loans with non-banking finance companies, including housing finance companies, to enhance the flow of credit to the unserved and underserved sections of the economy. Non-banking finance companies can take a maximum of 20 per cent, according to the norms. "We've identified some co-lending issues and thus asked SBI to form a committee. This committee will include representatives from major banks and non-banking financial services," said the official.

(Business Standard)

Axis Bank to groom LGBTQIA+ talent for careers in banking: Axis Bank has introduced the 'ARISE ComeAsYouAre' talent acquisition programme to recruit individuals from the LGBTQIA+



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community across India for careers in banking. The initiative focuses on skills-based hiring, offering equal opportunities to fresh graduates and professionals up to 5 years of experience. The bank emphasizes diversity, equity, and inclusion, aiming to foster innovation and leverage talent diversity. This follows Axis Bank's previous efforts to support the LGBTQIA+ community, including offering joint accounts and insurance products. (LGBTIQA+ 'LGBTIQA+' is an evolving acronym that stands for lesbian, gay, bisexual, transgender, intersex, queer/questioning, asexual.)

(Economic Times)

INDUSTRY OUTLOOK



US stocks: Dow Jones tops 40,000 for the first time: The Dow index reached a milestone on May 16, surpassing 40,000 points for the first time, driven by robust Walmart earnings and a favorable inflation report that led to record highs in the previous session. Around 1505 GMT, the Dow Jones Industrial Average was at 40,036.40, marking a 0.3 percent increase. Similarly, the broad-based S&P 500 also saw a 0.3 percent rise, reaching 5,324.69, while the Nasdaq Composite Index stood at 16,796.00. This achievement followed a rally in all three indices on Wednesday, prompted by an inflation report that reignited hopes for Federal Reserve interest rate cuts. Dow closed at 39,908 on May 15.

(Moneycontrol)

Voda Idea Q4 results: Net loss widens to Rs 7,674 cr, Arpu at Rs 146: Vodafone Idea (Vi) on Thursday reported a net loss of Rs 7,674.6 crore, widening by 19.5 per cent in the fourth quarter (January-March) of FY24 from Rs 6,418.9 crore in the corresponding quarter of FY23 due to higher expenses and stalling revenues. On a sequential basis, the firm's net loss expanded 9.85 per cent, up from Rs 6,986 crore in the preceding quarter. The telco's finance cost increased to Rs 6,280.3 crore in Q4, shooting up 25.5 per cent from Rs 6,284 crore in the same quarter of the previous year. For FY24, net loss expanded to Rs 31,238 crore, up 6.6 per cent from Rs 29,301 crore in FY23.

(Moneycontrol)



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REGULATION & DEVELOPMENT

Investors can buy mutual funds without additional documents for now: Mutual fund investors, especially NRIs, who were grappling with KYC non-compliance issue on account of non-linkage of PAN-Aadhaar can heave a sigh of relief, at least for the time being. The capital market regulator, SEBI, has eased KYC norms by removing temporarily the requirement to link PAN with Aadhaar for 'KYC registered' status for mutual fund transactions. This means all mutual fund investors can continue investing without the necessity of having submitted additional documents for now. To obtain 'KYC validated' status, however, one still needs to have his Aadhaar linked with PAN. In October last year, the Securities and Exchange Board of India (SEBI) directed all fund houses to re-verify know your customer (KYC) status of their customers based on 'officially valid documents' such as Aadhaar, passport, driving licence or Voter ID. The regulator also mandated all mutual fund folio holders to have their PAN and Aadhaar linked before March 31, 2024. As the deadline passed, the SEBI directive resulted in over 13 million accounts facing temporary suspension. In mutual fund parlance, these accounts are called 'on-hold' accounts. Mutual fund subscribers with 'on-hold' account status are not allowed to sell or buy units. NRIs were mostly impacted by the SEBI directive because they are not required to obtain Aadhaar. In a revised circular on May 14, SEBI has removed this restriction of linking PAN with Aadhaar for doing mutual fund transactions.

(Financial Express)

After rooftop scheme, plan in works to drive solar pumps: The government plans to streamline the installation of solar agricultural pumps for farmers under the PM-KUSUM scheme by connecting them directly to vendors through a national portal, similar to the PM Suryaghar Muft Bijli Yojana for solar rooftop schemes. This initiative aims to simplify the process, reduce delays, and empower farmers to choose their preferred solar pumps. The scheme's subsidy structure, with 30% from the Centre and a minimum of 30% from states, will remain unchanged.

(Economic Times)



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FINANCIAL TERMINOLOGY

VALUE AT RISK

- ❖ Value at risk (VaR) is a statistic that quantifies the extent of possible financial losses within a firm, portfolio, or position over a specific time frame. This metric is most commonly used by investment and commercial banks to determine the extent and probabilities of potential losses in their institutional portfolios.
- ❖ Risk managers use VaR to measure and control the level of risk exposure. One can apply VaR calculations to specific positions or whole portfolios or use them to measure firm-wide risk exposure.
- ❖ Investment banks commonly apply VaR modeling to firm-wide risk due to the potential for independent trading desks to unintentionally expose the firm to highly correlated assets.



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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 : 83.5011
 INR / 1 GBP : 105.8610
 INR / 1 EUR : 90.8342
 INR /100 JPY: 54.1500

EQUITY MARKET

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 NIFTY: 22403.85 (+203.30)
 Bnk NIFTY: 47977.05 (+289.60)

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