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DAILY NEWS DIGEST BY BFSI BOARD

20 May 2024

ECONOMY

GDP growth rate likely to be 6.7% in Q4, around 7% in FY24: Ind-RA: India Ratings and Research expects the country's GDP growth rate for the March quarter at 6.7 per cent and around 6.9-7 per cent for the 2023-24 fiscal, its principal economist Sunil Kumar Sinha said. The GDP numbers for the fourth quarter (January-March 2024) and the provisional estimates for the 2023-24 fiscal are scheduled to be released by the government on May 31. The Indian economy grew 8.2 per cent in the June quarter, 8.1 per cent in the September quarter and 8.4 per cent in the December quarter of 2023-24. "We are expecting the fourth quarter growth to be 6.7 per cent and the overall GDP growth for FY24 to be around 6.9-7 per cent," Sinha told PTI Videos in an interview.
(Business Standard)

FPIs withdraw Rs 28,200 crore from Indian equities on election jitters: Foreign investors have pulled out a massive Rs 28,200 crore from Indian equities so far this month, owing to uncertainties about the outcome of the general elections and attractive valuations of Chinese markets. The withdrawal was way higher than a net pullout of over Rs 8,700 crore in April on concerns over a tweak in India's tax treaty with Mauritius and a sustained rise in US bond yields. Before that, FPIs made a net investment of Rs 35,098 crore in March and Rs 1,539 crore in February. Going forward, there is likely to be a dramatic change in foreign portfolio investors' (FPIs) equity flows in response to election results.
(Business Standard)

MFs invest Rs 1.3 trn in equities in 2024 on strong market performance: Mutual funds (MFs) showed strong confidence in Indian equities this year, injecting around Rs 1.3 trillion, driven mainly by significant retail investor interest and the robust performance of the stock market. Mutual funds, which manage long-term wealth for domestic investors, prioritise the Indian market's underlying growth potential and are less rattled by short-term events like elections, which allows them to keep investing in equities, Tradejini COO Trivesh D said. Additionally, the growing interest in

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systematic investment plans (SIPs) on the back of astonishing compounding stories by influencers and industry veterans has perked investors, who otherwise wish to stay away from the markets, to start participating through these mutual funds, he added.
(Business Standard)

BANKING & FINANCE

SBI acquires 6.125% stake in CCIL IFSC, strengthens presence in GIFT City: SBI has executed transaction documents to acquire a 6.125 per cent stake in CCIL IFSC Limited for ₹6.125 crore. CCIL IFSC, which will be incorporated with an authorised and paid-up capital of ₹200 crore and ₹100 crore, respectively, will operate the foreign currency settlement system and act as a clearing house and system operator at the International Financial Services Centre (IFSC) within the Gujarat International Finance Tec City (GIFT City). The indicative period for completion of the transaction (acquisition of 61.25 lakh equity shares at ₹10 each) is up to six months from the date of execution of transaction documents. The Clearing Corporation of India Ltd (CCIL) is promoting CCIL IFFSC. CCIL will have a 57.125 per cent stake in the proposed company.
(Business Line)

No merger but PSB privatization still on cards: The Centre doesn't have any plans to merge public sector banks (PSBs) in FY25, though it will not ditch plans to privatize PSBs during the fiscal, two people aware of the matter said. Last week, Informist media reported that the government was contemplating a different strategy to strengthen the banking sector, with the finance ministry looking to merge certain state-owned banks if the incumbent Bharatiya Janta Party (BJP) retains power.
(Mint)

Banks should focus on core banking business, says FM Sitharaman: Finance Minister Nirmala Sitharaman has said that scheduled commercial banks should focus on core banking rather than high-risk long-term project financing. In an interview to businessline, the FM clarified that she was not commenting on a specific policy but on the general principle that banks should focus on their core banking functions.
(Business Line)

Govt will receive 30% more dividend from public sector banks in FY24: PSBs will pay dividends aggregating ₹18,013 crore to the government in FY24 against ₹13,804 crore in the

preceding financial year. The government will get about 30 per cent more dividends from public sector banks (PSBs) in FY24 vis-a-vis FY23 due to handsome payouts declared by them on the back of strong financial performance.
(Business Line)

Bank of Maharashtra tops among PSU banks in business growth in FY24: State-owned Bank of Maharashtra recorded the highest growth rate last fiscal in terms of total business and deposit mobilisation among public sector lenders at a time when most banks are facing difficulty in achieving double-digit growth. The Pune-headquartered lender has registered a 15.94 per cent rise in the total business (domestic) in FY24, followed by State Bank of India (SBI) with 13.12 per cent growth, according to published financial numbers of the public sector banks (PSBs). However, SBI's total business (deposit and advances) was about 16.7 times higher at ₹79,52,784 crore compared to ₹4,74,411 crore of Bank of Maharashtra (BoM) in absolute terms. Similarly, BoM continued to maintain its top spot in terms of growth in deposit mobilisation, with a 15.66 per cent rise in FY24. It was followed by SBI (11.07 per cent), Bank of India (11.05 per cent) and Canara Bank (10.98 per cent).
(Business Line)

Ujjivan Small Finance Bank becomes eligible for universal banking license, but has no immediate plan to seek one: Ujjivan Small Finance Bank doesn’t have an immediate plan to seek a universal banking licence despite becoming eligible, managing director Ittira Davis told ET. The bank’s gross non-performing assets ratio stood below 3% and net NPA ratio below 1% for two consecutive years, making it entitled to apply for a licence. "Next week, the process of reverse merger will be over. A call on universal banking will be taken later. We are not rushing for it," managing director Ittira Davis said.
(Economic Times)

INDUSTRY OUTLOOK

US firm becomes world's most valuable solar firm after Chinese rivals slip: A US company has become the world's most valuable solar manufacturer for the first time since 2018, as Chinese rivals suffer from a profit-slashing price war and an onslaught of trade barriers erected by Washington. First Solar Inc. gained 1.5% Friday to end trading with a market capitalisation of $21.15 billion. The move higher allowed the Arizona-based company to overtake Sungrow Power Supply Co., which saw its shares fall 4.2% Friday in Shenzhen to put its value at about $20.85 billion. It's the first

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time since 2018 a Chinese company hasn't been the most valuable solar equipment maker. The country dominates global production of panels, and controls more than 80% in every step of the supply chain. But China's build-up of factories has come at a cost as capacity has surpassed global demand, leading to falling prices and shrinking profit margins. Longi Green Energy Technology Co., another leading Chinese manufacturer, posted a net loss of 2.35 billion yuan ($325 million) in the first quarter after netting a profit of 3.64 billion yuan the same period of 2023.
(Moneycontrol)

Tata Motors group hikes investment outlay to ₹43,000 crore for FY25: Tata Motors Group has raised its investment outlay for FY25 to ₹43,000 crore for new products and technologies, with its British arm Jaguar Land Rover absorbing the maximum share, according to a senior company official. In FY24, Tata Motors group had given a guidance of 3 billion pound investment for Jaguar Land Rover (about ₹₹30,000 crore) and ₹8,000 crore for Tata Motors, a total of about ₹38,000 crore. "Investment by JLR ended at 3.3 billion pounds (more than ₹33,000 crore), and Tata Motors did more than ₹8,200 crore. So, the total we ended was at about ₹41,200 crore investment in FY24," Tata Motors Group CFO PB Balaji said in an earnings conference.
(Business Line)

Reliance seeks access to ATF pipelines, storages of PSU oil firms: Reliance Industries Ltd has sought access to pipelines and storages that public sector oil companies have built over the years for supplying jet fuel (ATF) from depots and oil refineries to airports, as it looks for a larger pie of fuel trade at some of Asia's busiest airports. Reliance, which produces a fourth of India's aviation turbine fuel (ATF), wants access to storage depots outside the Delhi airport as well as to pipelines leading to Mumbai, Bengaluru, and Hyderabad airports. It currently supplies small volumes of ATF when compared with supplies made by State-owned firms. The firm made the suggestion in its comments to oil regulator PNGRB's draft regulation calling for supply of ATF in all existing and future airports through pipelines that can be accessed by any supplier so as to bring in competition and cut fuel cost.
(Business Line)

Yes Bank launches premium services under 'Yes Grandeur' for affluent, elite customers: Yes Bank has launched premium banking services under the label 'Yes Grandeur' targeting elite and rising affluent class to drive business growth. Customers can also avail zero cross-currency markup charges on international debit card spends, complimentary airport lounge access, and lifestyle privileges
(Business Line)

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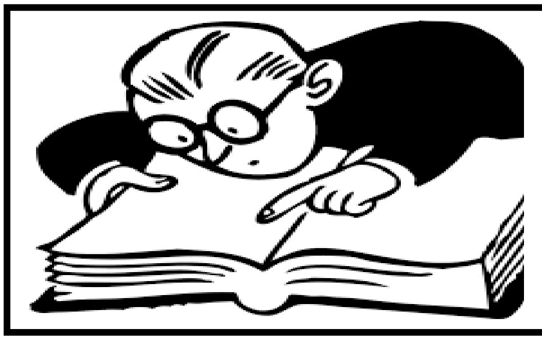
REGULATION & DEVELOPMENT

Govt recovers Rs 852 cr under amnesty scheme for exporters: The government has recovered about Rs 852 crore under the amnesty scheme for exporters for one-time settlement of default in export obligation by the holders of advance and EPCG authorisations, an official said. The figures are likely to increase further as the exercise is on for the compilation of the data, the official added. The government has fixed March 31 as the last date for payment of customs duty plus interest. "Under the scheme, 6,705 applications were filed and as per the provisional figures, an amount of about Rs 852 crore has been recovered. This figure is further expected to increase," the official said.
(Business Standard)

FSSAI Alerts Fruit Traders to Ensure Compliance with Prohibition of Calcium Carbide in Fruit Ripening: The Food Safety and Standards Authority of India (FSSAI) has alerted traders'/fruits handlers/Food Business Operators (FBOs) operating ripening chambers to strictly ensure compliance with the prohibition on calcium carbide for artificial ripening of fruits, particularly during the mango season. FSSAI is also advising Food Safety Departments of States /UTs to remain vigilant and take serious action and deal stringently against person(s) indulging in such unlawful practices as per the provisions of FSS Act, 2006 and Rules/Regulations made thereunder. Calcium carbide, commonly used for ripening fruits like mangoes, releases acetylene gas which contains harmful traces of arsenic and phosphorus. These substances, also known as 'Masala', can cause serious health issues such as dizziness, frequent thirst, irritation, weakness, difficulty in swallowing, vomiting and skin ulcers, etc. Additionally, acetylene gas is equally hazardous to those handling it. There are chances that calcium carbide may come in direct contact with fruits during application and leave residues of arsenic and phosphorus on fruits. Due to these dangers, the use of calcium carbide for ripening fruits has been banned under Regulation 2.3.5 of the Food Safety and Standards (Prohibition and Restrictions on Sales) Regulations, 2011. Considering the issue of rampant use of banned calcium carbide, FSSAI has permitted the use of ethylene gas as a safer alternative for fruit ripening in India.
(PiB)

SEBI revamps market cap computation basis for LODR compliance: Market regulator SEBI has modified the basis for the computation of market capitalisation of listed companies under its LODR regulations. As against an earlier practice of determining the applicability of provisions linked to market capitalisation on a single day's market cap (currently calculated on March 31), SEBI has now introduced a concept of 'average market capitalisation' for a defined period.

(Business Line)



FINANCIAL TERMINOLOGY

EFFICIENT MARKET HYPOTHESIS

- The efficient market hypothesis (EMH), alternatively known as the efficient market theory, is a hypothesis that states that share prices reflect all available information and consistent alpha generation is impossible.
- According to the EMH, stocks always trade at their fair value on exchanges, making it impossible for investors to purchase undervalued stocks or sell stocks for inflated prices.
- Although it is a cornerstone of modern financial theory, the EMH is highly controversial and often disputed. Believers argue it is pointless to search for undervalued stocks or to try to predict trends in the market through either fundamental or technical analysis.

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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 : 83.4815
INR / 1 GBP : 105.7226
INR / 1 EUR : 90.6832
INR /100 JPY: 53.6300

EQUITY MARKET

Sensex: 73917.03 (+253.31)
NIFTY: 22466.10 (+62.25)
Bnk NIFTY: 48115.65 (+138.60)

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