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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
+91-33-2252-1723

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DAILY NEWS DIGEST BY BFSI BOARD

21 June 2024



ECONOMY

FDI inflows decline 43%, India drops to 15 in UNCTAD's FDI rankings: India slipped seven ranks to 15 in the World Investment Ranking in 2023 as foreign direct investment inflows fell 43 percent to \$28 billion, a report released by the United Nations Conference of Trade and Development (UNCTAD) showed on June 20. The country was ranked eighth last year, as it attracted inflows worth \$48 billion. While India's rank slipped, Brazil, Canada, Germany and Mexico moved up the rank in the global index, with Brazil becoming the fifth top FDI destination. The top order remains unchanged with the US attracting highest FDI at \$311 billion, followed by China, Singapore and Hong Kong, China.

(Moneycontrol)

Budget 2024: Renewable sector likely to get double-digit capex allocation: Ahead of the upcoming Union Budget 2024, reports suggest that the power and renewable sector can see a double digit allocation and a number of schemes dedicated to benefit the sector. A report by The Financial Express, quoting a recent study by CRISIL, stated that capital expenditure for renewable power may witness a double-digit allocation, with capacity expected to reach 180-gigawatt by FY26, primarily driven by the continued dominance of solar energy. The renewable energy capacity stood at 72 GW in FY20 and increased by 35 per cent to 97 GW in FY22. Currently, the capacity is at 130 GW, as of the end of FY24. According to the CRISIL study, a healthy executable pipeline of 75 GW will contribute 75 per cent of the 50 GW addition, while commercial and industrial (C&I) and rooftop segments may contribute the remaining 25 per cent in FY25 and FY26. The auctioned capacity in FY24 increased 2.5 times to 35 GW from 12 GW in FY23.

(Business Standard)

Budget 2024: Govt set to boost infrastructure spending, claims report: Following a decisive victory in the recent Lok Sabha elections, the Modi government is poised to sustain its robust infrastructure spending, emphasising economic growth and job creation, according to The Financial



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Express. In February, Finance Minister Nirmala Sitharaman announced an 11 per cent increase in capital infrastructure spending for the next fiscal year in the interim budget, raising the capital expenditure outlay to Rs 11.1 trillion. This follows a notable 33 per cent hike the previous year, highlighting the government's dedication to extensive infrastructure development. The planned capital expenditure for FY25 stands at Rs 11.1 trillion, reflecting an 11.1 per cent rise. Over the past four years, this consistent increase has driven economic growth, with infrastructure investments acting as a catalyst for job creation and attracting private investment.

(Business Standard)

BANKING & FINANCE



Credit card spending abroad under Government scrutiny again: With the rise in remittances under the Liberalised Remittance Scheme (LRS), spending through international credit cards is prominently on the government's radar. However, a decision has yet to be made about the date to bring it under LRS. A top government official confirmed this: "As more and more Indians go abroad, this means spending through cards is also on the rise. Certainly it is on our radar." Last May, the Finance Ministry issued a notification bringing credit cards under the LRS ambit with 20 per cent tax collection at source (TCS). Debit cards are already covered under LRS. However, in June last year, it was announced that to give adequate time to banks and card networks to implement requisite IT-based solutions, the government had decided to postpone the implementation of its May 16 notification. This would mean that international credit card transactions, while overseas, would not be counted as LRS and hence would not be subject to TCS. The Press Release dated May 19, 2023, stands superseded, the government said.

(Business Line)

Banks urge RBI to separate pvt, public infra projects in financing norms: Commercial banks have urged the Reserve Bank of India (RBI) to differentiate between private and public sector projects, citing the latter's implicit sovereign support that addresses any cost overruns. In response to the RBI's draft infrastructure financing guidelines, banks have also recommended that the guidelines be implemented only prospectively, according to four officials confirmed to Business Standard. The deadline to submit suggestions to the RBI was June 15, 2024. "The public sector projects have implicit sovereign support. Therefore, if there is a cost overrun, it will be funded by the government. In



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contrast, in a private project without sufficient equity or support, the risk of the project failing is higher. This distinction is not currently reflected in the draft guidelines,” said the first official.

(Business Standard)

FSIB shortlists five for executive director positions: The Financial Services Institutions Bureau (FSIB) has shortlisted five chief general managers (CGMs) to take over as executive directors (EDs) in public sector banks whenever vacancies arise. These CGMs are Beena Vaheed from Union Bank of India, Rajeeva and Amit Kumar Srivastava from Punjab National Bank (PNB) and S K Majumdar and D Surendran from Canara Bank.

(Economic Times)

INDUSTRY OUTLOOK



Hurun India’s future unicorn list sees 25 dropouts amid reset valuations: A record 25 upcoming unicorns dropped out of the Hurun India Future Unicorn Index 2024, reflecting the fallout of the funding winter that led to corrections in valuations in the Indian startup ecosystem. According to the Hurun India report released on Thursday, only three startups turned unicorns this year (valuation of over \$1 billion each), including quick commerce startup Zepto, fintech startup InCred Finance, and logistics startup Porter. The list categorises startups as unicorns – startups founded after 2000 with a valuation of \$1 billion); gazelles – startups that are most likely to turn unicorn in the next three years; and cheetahs – startups that could turn unicorn in the next five years.

(Business Line)

SEBI directs Religare Enterprises to file open offer application by July 12: The Securities and Exchange Board of India has asked Religare Enterprises (REL) to seek statutory approvals necessary for an open offer by the Burman family by July 12. This comes after the Burman group alleged that the Religare board and its Chairperson Rashmi Saluja were blocking the open offer, while Saluja had complained that the Burman family was not ‘fit and proper’ for the acquisition.

(Business Line)

India ranks sixth globally in deeptech startup ecosystems: Nasscom: India is home to over 3,600 startups in the deeptech space, and ranks sixth in the global deeptech ecosystem, according to a recent Nasscom-Zinnov study. Of the 3,600 deeptech's over 480 deeptech startups were established in CY23 alone, which is two times higher than 2022, the report titled ‘India's deeptech dawn: forging



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ahead' said. The report added that over 100 were deeptech firms, which have developed intellectual property or innovative solutions in new domains.

(Business Line)



REGULATION & DEVELOPMENT

EPFO payroll data: 8.87 lakh new members enrolled with EPFO in April 2024: The Employees' Provident Fund Organisation (EPFO) provisional payroll data showed that 8.87 lakh new members in April this year registered with it. The data showed the dominance of the 18-25 age group as new joinees, constituting a significant 55.50% of the total new members added in April 2024. This is in consonance with the earlier trend which indicates that most individuals joining the organized workforce are youth, primarily first-time job seekers. The data showed that EPFO added 18.92 lakh net members in the month of April 2024. The addition in April is the highest since first payroll data was published in April 2018. An increase of 31.29% has been registered in net member addition during the current month as compared to the previous month of March 2024.

(Business Line)

President appoints seven-term Lok Sabha member Bhartruhari Mahtab as pro-tem Speaker: President Droupadi Murmu has appointed Bhartruhari Mahtab as the Speaker Protem under Article 95(1) of the Constitution. Mahtab will fulfill the responsibilities of the Speaker until the election of a new Speaker. Additionally, the President has designated Suresh Kodikunnil, Thalikkottai Rajuthevar Baalu, Radha Mohan Singh, Faggan Singh Kulaste, and Sudip Bandyopadhyay to assist the Speaker Protem in administering the Oath/Affirmation to newly elected Members of the 18th Lok Sabha until a new Speaker is elected, informed Rijiju.

(Economic Times)

IRDAI bars insurers from advertising unit-linked policies as investment products, issues advertising rules: The Insurance Regulatory and Development Authority of India (IRDAI) in a master circular dated June 19, 2024 has barred insurers from advertising unit linked and/or index linked products as 'investment products'. It has laid out detailed guidelines to be followed by insurers while advertising insurance products. In the circular IRDAI said, "An advertisement on the unit linked insurance product, index linked product and annuity products with variable annuity pay-out option shall contain adequate, accurate, explicit and updated information, in simple language."

(Economic Times)



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FINANCIAL TERMINOLOGY

BOLLINGER BANDS

- ❖ Bollinger Bands, a popular tool among investors and traders, helps gauge the volatility of stocks and other securities to determine if they are over- or undervalued.
- ❖ The bands appear on stock charts as three lines that move with the price. The center line is the stock price's 20-day simple moving average (SMA). The upper and lower bands are set at a certain number of standard deviations, usually two, above and below the middle line.
- ❖ The bands widen when a stock's price becomes more volatile and contract when it is more stable. Many traders see stocks as overbought as their price nears the upper band and oversold as they approach the lower band, signaling an opportune time to trade.



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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 : 83.5265
INR / 1 GBP : 106.1210
INR / 1 EUR : 89.6423
INR /100 JPY: 52.8100

EQUITY MARKET

Sensex: 77478.93 (+141.34)
NIFTY: 23567.00 (+51.00)
Bnk NIFTY: 51783.25 (+385.20)

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