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DAILY NEWS DIGEST BY BFSI BOARD

22 July 2024



ECONOMY

Economic Survey to be presented on Monday, a day before Budget: The Union government is set to table the Economic Survey on Monday as the wait for the full Budget for 2024-25. Union Finance Minister Nirmala Sitharaman will table the pre-budget document in Parliament, a day ahead of the Budget presentation. The Economic Survey 2023-24 will be presented in Lok Sabha at 1 pm and in Rajya Sabha at 2 pm. The press conference will take place 02.30 pm at NMC. The Economic Survey document, prepared by the Economic Division of the Department of Economic Affairs in the Ministry of Finance and formulated under the supervision of the chief economic adviser, will give insights into the state of the economy and various indicators of 2023-24 (April-March) and some outlook for the current year.

(Moneycontrol)

India's per-capita income to surge by 5.4% annually, says report: India is likely to have the highest per-capita income growth in the world at 5.4 per cent per annum during 2024-33, allowing it and other emerging economies to drive global consumption of agricultural and fisheries products in the next decade, according to a recent report by the Organisation for Economic Co-operation and Development (OECD) and the Food and Agriculture Organization (FAO). The Agricultural Outlook 2024-33 report, released earlier this month, said India and Southeast Asian countries are expected to increase their influence in driving global food and agricultural consumption, owing to their growing urban populations, increased production through technological advances, and rising income levels, overtaking the waning Chinese influence and leading to changes in global agricultural patterns.

(Business Standard)

Lack of raw material access keeps garment exports down: India's garment exports in 2023-24 at \$ 14.5 billion were lower than what was achieved in 2013-14 and it is not competition in world markets, but lack of access to quality raw materials particularly synthetic fabrics that has led to negative growth, according to a report by a trade policy think tank. This is despite the sector holding



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immense employment potential. High import duties on fabrics, complex Customs and other regulations, force the industry to rely on domestic manufacturing which is concentrated, leading to increase in costs. This makes Indian garments overpriced and unappealing to global suppliers who prefer specific fabric sources, the report by Global Trade Research Initiative said..

(Financial Express)

BANKING & FINANCE



HDFC Bank will bring down CD ratio as quickly as possible: CEO Jagadishan: While HDFC Bank has not received any regulatory directive from the Reserve Bank of India (RBI) regarding the timeline to reduce its high credit-deposit (CD) ratio, the bank aims to achieve this goal 'as quickly as possible' while maintaining its commitment to profitable growth. “We have not received any regulatory prescription but at the same time, the thought process is that can we, to the best of our ability, bring it down as quickly as possible and still maintain the objective of profitable growth,” said Sashidhar Jagadishan, managing director and chief executive officer, HDFC Bank,

(Business Standard)

HDFC Bank Q1 Results: Net profit drops 2% to ₹16,175 crore, NII up 2.6% QoQ; Asset quality declines: HDFC Bank announced its April-June quarter results for fiscal 2024-25 (Q1FY25) on Saturday, July 20, reporting a drop of two per cent in net profit at ₹16,175 crore, compared to ₹16,511.9 crore in the preceding January-March quarter of FY24. India's leading private lender's net interest income (NII)—the difference between interest earned and paid—rose 2.6 per cent sequentially to ₹29,837 crore, compared to ₹29,078 crore in the fourth quarter of FY24. The gross non-performing asset (NPA) rose six per cent sequentially to ₹33,026 crore in the June quarter, compared to ₹31,173 crore in the preceding March quarter. The gross NPA ratio jumped nine basis points sequentially, as it stood at 1.33 per cent in Q1FY25 as against 1.24 per cent in Q4FY24. The net NPA rose 17.5 per cent sequentially. It stood at ₹9,508.4 crore in Q1FY25, as against ₹8,091.7 crore in Q4FY24. The net NPA ratio increased by 6 basis points to 0.39 per cent, as against 0.33% in the preceding March quarter. Total deposits stood at ₹23,791 billion as of June 30, 2024, an increase of 24.4 per cent over June 30, 2023. Gross advances were at ₹24,869 billion as of June 30, 2024, an increase of 52.6 per cent as compared to the year-ago period.

(Business Standard)



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Kotak Mahindra Bank increases customer base, customer assets by 20% YoY: Kotak Mahindra Bank's first-quarter FY25 financial report shows a remarkable performance, with a PAT of Rs 6,250 crore, an 81% increase YoY, largely due to divesting its stake in Kotak General Insurance. Excluding this gain, PAT stands at Rs 3,520 crore. NII rose to Rs 6,842 crore, NIM at 5.02%, and fees income up by 23% YoY. Customer base, assets, and deposits all showed significant growth, with improved asset quality. The bank also reported that the customer Assets, which include advances and credit substitutes, also grew by 20 per cent YoY to Rs 435,827 crore from Rs 362,204 crore.

(Economic Times)

INDUSTRY OUTLOOK



Reliance Retail boosts B2B store count after Metro Cash and Carry India buy: Reliance Industries' retail arm has swiftly scaled its business-to-business (B2B) store count following its acquisition of Metro Cash and Carry's India operations, bringing the total to over 200 stores across more than 180 cities. The company added 30 new stores during the April-June quarter, it said in its investor presentation after announcing its results on Friday. In late 2022, Reliance Retail acquired Metro Cash and Carry India for Rs 2,850 crore. At the time, Metro Cash and Carry operated just 31 large-format stores in 21 cities.

(Business Line)

Plan in works to get trade finance activities under one umbrella: India is working to develop a 'trade finance ecosystem' to bring all sectoral regulators on board. This initiative led by the commerce and industry ministry seeks to bring policymaking for trade finance under one umbrella to make it more efficient, said people aware of the developments. "These are initial discussions, and various models, including setting up a council like the Financial Stability Development Council (FSDC), are being looked at," said an official. The commerce department is also studying institutional mechanisms of other countries to examine if exim policymaking, which is currently under various departments and other bodies, can converge. Set up in 2010, FSDC, which has representation from all sectoral regulators, deals with issues relating to financial stability, financial sector development, inter-regulatory coordination, financial literacy, financial inclusion, and macro prudential supervision of the economy, including the functioning of large financial conglomerates.

(Economic Times)



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REGULATION & DEVELOPMENT

Nasscom says no to Karnataka govt's 14-hour workday limit proposal: A day after IT sector unions in Karnataka opposed the state government's proposal to increase the working hours of IT employees to 14 hours a day, the National Association of Software and Services Companies (Nasscom) said it does not support the move.

According to labour unions, the proposal to amend the Karnataka Shops and Commercial Establishment Act to facilitate 14-hour working day was presented in a meeting called by the labour department with various stakeholders in the industry. The proposed new bill 'Karnataka Shops and Commercial Establishments (Amendment) Bill 2024' attempts to normalise a 14-hour work day. The existing act only allows a maximum of 10 hours work per day, including overtime, which has been completely lifted in the current amendment.

(Business Standard)

EPFO Records Highest Addition of 19.50 lakh Net Members during Month of May 2024:

Employees' Provident Fund Organisation (EPFO) has added 19.50 lakh net members in the month of May 2024. The addition during the month is the highest since the first payroll data was issued in April 2018. Further, the year-over-year analysis shows a growth of 19.62% in net member additions compared to May 2023. This surge in membership can be attributed to numerous factors, including increased employment opportunities, a growing awareness of employee benefits, and the effectiveness of EPFO's outreach programs. The data indicates that around 9.85 lakh new members have enrolled during May 2024. There is an increase of 10.96% in the new members from the previous month of April 2024 and 11.5% increase from the previous year May 2023. A noticeable aspect of the data is the dominance of the 18-25 age group, constituting a significant 58.37% of the total new members added in May 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. In addition, the net payroll data for the age group 18-25 for May 2024 is the highest since the first payroll data was published.

(PiB)



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FINANCIAL TERMINOLOGY

COINSURANCE

- ❖ Coinsurance is the amount, generally expressed as a fixed percentage, an insured must pay toward a covered claim after the deductible is satisfied. It is common in health insurance.
- ❖ Some property insurance policies also contain coinsurance provisions. In this case, coinsurance is the amount of coverage that the property owner must purchase for a structure.
- ❖ Coinsurance is the percentage under an insurance plan that the insured person pays toward a covered expense or service.
- ❖ The coinsurance clause in a property insurance policy requires that a home is insured for a percentage of its total cash or replacement value.



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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 : 83.6405
INR / 1 GBP : 108.1667
INR / 1 EUR : 91.0655
INR /100 JPY: 53.0100

EQUITY MARKET

Sensex: 80604.65 (-738.81)
NIFTY: 24530.90(-269.95)
Bnk NIFTY: 52265.60 (-355.10)

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