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DAILY NEWS DIGEST BY BFSI BOARD

26 June 2024



ECONOMY

RBI governor confident of 7.2% GDP growth in FY25: The Reserve Bank of India (RBI) Governor Shaktikanta Das, on June 25, said he is confident that India's growth will touch 7.2 percent in the current financial year. "We are confident about 7.2 percent growth in the current financial year. Of course in any projection, in any forecast, there would be always risks to the upside and downside.," Das stated. The central bank Governor further added that the downside risks are weather-related events, geopolitical conflicts, fragmentation in global trades, fragmentation in capital flows, there are other challenges like heightened financial sector volatility.

(Moneycontrol)

India's external debt ratio falls to 13-year low of 18.7% in FY24: India's external debt ratio improved to the best level in 13 years in FY24, declining to 18.7 percent of the GDP from 19 percent in the previous year, according to data released by the Reserve Bank of India on June 25. The country added nearly \$40 billion during this period, taking the total debt to \$663.8 billion as of March 2024. "Valuation effect due to the appreciation of the US dollar vis-à-vis the Indian rupee and other major currencies such as the yen, the euro and SDR amounted to \$8.7 billion. Excluding the valuation effect, external debt would have increased by \$48.4 billion instead of \$39.7 billion at end-March 2024 over end-March 2023."

(Moneycontrol)

Union Budget 2024: No more disinvestment targets, govt takes a new approach: The Centre plans to continue the approach introduced in the last interim budget in February by not setting specific disinvestment targets in the full Budget to be presented this July. Instead, disinvestment will be categorized under capital receipts, as was the case earlier this year. "We have already changed the disinvestment strategy by letting go off the target. The budget item of other capital receipts is going to list disinvestment and asset monetisation pipeline under one," a government official said. Historically, the term 'disinvestment' was mentioned in Union Budget documents, starting with the



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1991-92 budget, which set a target of Rs 2,500 crore. This figure peaked at Rs 2.10 lakh crore, including the sale of government stakes in central public sector undertakings, public sector banks, and financial institutions for FY21.

(Business Today)

BANKING & FINANCE



Banking stocks propel Sensex past 78,000, Nifty50 gains 184 points: The benchmark Sensex on Tuesday went past the 78,000-mark for the first time amid sharp gains in private sector lenders, which have high weightage in the index. Sustained buying by foreign portfolio investors (FPIs) and gains in Reliance Industries (RIL) boosted sentiment and helped the benchmark gauge log their biggest single-day gains in two weeks. The Sensex ended the session at 78,053, with a gain of 712 points, or 0.9 per cent, while the Nifty50 index finished at 23,721, a gain of 184 points, or 0.8 per cent. Both the Sensex and the Nifty climbed new highs both on intra-day as well as closing basis. Bulk of the Sensex gain was driven by top weight HDFC Bank, ICICI Bank and Axis Bank. The three private sector lenders rallied over 2.3 per cent amid optimism around strong credit growth, benign asset quality, and healthy margins. Also, their underperformance to their public sector peers prompted many 'buy' calls from analysts.

(Business Standard)

ICICI Bank sixth firm to hit \$100-billion in m-cap: ICICI Bank's market capitalisation on Tuesday crossed the \$100-billion mark for the first time, making it the sixth company ever to achieve the milestone as its shares hit an all-time high. After hitting a record high of Rs 1,207, shares of ICICI Bank closed at Rs 1,199, up 2.5 %, valuing the firm at Rs 8.44 trillion (\$101 billion). The sharp spike in share price has helped the private lender to join the likes of Reliance Industries, Tata Consultancy Services, HDFC Bank, and Bharti Airtel. Previously, Infosys too had achieved this milestone but has since exited the club. ICICI Bank is placed fourth in the list. RIL is country's largest company by market value at \$236 billion followed by TCS (\$166 billion). Among the banks, ICICI bank is the second after HDFC Bank to have \$100 billion market cap. HDFC Bank's market cap now stands at over \$156 billion.

(Financial Express)

Banks in a GST fix over RBI's directive to levy penal charges: The ban on 'penal interest' on borrowers is posing a tax dilemma for banks. Banks fear that the Reserve Bank of India's (RBI)



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directive to levy penalty only in the form of 'penal charges' as against the hitherto practice of imposing 'penal interest' would attract the goods and services tax (GST) on such levies. While interest rates are spared of GST, the indirect tax is applicable on some of the other fees for services like processing loan proposals. Banks have asked the tax authorities last month to spell out their stand on the issue, two senior industry officials told ET.

(Economic Times)

INDUSTRY OUTLOOK



5G spectrum auction: Telcos place bids worth around Rs 11,259 crore on day 1: Indian private telecom operators placed bids worth around Rs 11,259.11 crore on the first day of the 5G spectrum auction, which saw five rounds of bidding. The bidding will resume on June 26. The Indian government is selling airwaves worth Rs 96,317.65 crore. Telecom companies have shown interest in 800, MHz, 900 MHz, 1800 MHz, 2100 MHz, 2500 MHz, 3300 Mhz and 26 GHz bands on June 25, as per the Day 1 report published on the Department of Telecommunications website. The Department of Telecommunications sold 141 MHz spectrum on the first day out of 10522.35 MHz spectrum available.

(Moneycontrol)

Solar PV, wind energy to dominate renewable energy capacity addition goals: IEA: Solar photovoltaic (PV) and wind energy to dominate countries' ambitions for adding renewable energy capacity, while hydropower, bioenergy and other renewables tend to be overlooked, said International Energy Agency (IEA). IEA said global renewable capacity additions reached almost 560 gigawatts (GW) in 2023, an unprecedented 64 percent year-over-year increase from 2022. It said this was in line with the annual pace needed to reach nearly 8,000 GW of installed capacity by 2030, a total that matches countries' current policies, plans and estimates. IEA added that nearly 50 countries are on track to reach or surpass their current plans, though China is by far the biggest contributor. In 2023, China installed almost 350 GW of new renewable capacity, more than half of the global total, said IEA adding if the country sustains the current pace, it could dramatically surpass its existing ambitions for 2030.

(Moneycontrol)



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REGULATION & DEVELOPMENT

DFS Secretary Dr. Vivek Joshi chairs review meeting on progress of Financial Inclusion Schemes with heads of PSBs and senior executives of UIDAI, NABARD, SIDBI, Mudra Ltd., CERSAI & NCGTC: Dr. Vivek Joshi, Secretary, Department of Financial Services (DFS), Ministry of Finance, chaired a review meeting with heads of Public Sector Banks (PSBs), in New Delhi on Tuesday. The review meeting was also attended by senior executives of UIDAI, NABARD, SIDBI, Mudra Ltd. CERSAI & NCGTC. During the meeting, Dr. Joshi reviewed the progress under various Financial Inclusion schemes including Pradhan Mantri Jan Dhan Yojana (PMJDY), Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY), Pradhan Mantri Suraksha Bima Yojana (PMSBY), Atal Pension Yojana (APY), Pradhan Mantri Mudra Yojana (PMMY), Stand Up India, PM Street Vendor's AtmaNirbhar Nidhi (PM SVANidhi), PM Vishwakarma, PM Surya Ghar Yojana, Ethanol Blending in Petrol (EBP) and Compressed Bio Gas (CBG) financing etc. He also reviewed the progress of opening of brick & mortar branches of banks in unbanked villages.

(PiB)

MoHUA rolls out Safai Apnao, Bimaari Bhagao initiative under SBM-U 2.0: With this increases the prevalence of waterborne and vector-borne diseases. Recognizing the critical importance of proactive measures to mitigate health risks associated with monsoon, the Swachh Bharat Mission-Urban 2.0 under the aegis of the Ministry of Housing and Urban Affairs (MoHUA), introduces the Safai Apnao, Bimaari Bhagao (SABB) (1st July to 31st Aug., 2024) initiative. This initiative seeks to enhance the preparedness of Urban Local Bodies, ensuring they are well-equipped to handle the challenges posed by heavy rainfall and heightened health risks during the months of June to August. Aligning with the Ministry of Health and Family Welfare's 'STOP Diarrhoea Campaign'- 'Diarrhoea ki Roktham, Safai aur ORS se rakhen apna dhyaan', the initiative seeks a collaborative effort among various line Ministries and Departments and inter-sectoral convergence to deal with the multifaceted challenges associated with cleanliness and diseases during the monsoon season. The need of the hour is to ensure a comprehensive approach through various initiatives around cleanliness and sanitation in the ULBs.

(PiB)



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FINANCIAL TERMINOLOGY

CREATIVE DISTRIBUTION

- ❖ Creative destruction describes the deliberate dismantling of established processes in order to make way for improved methods of production.
- ❖ Creative destruction is most often used to describe disruptive technologies such as the railroads or, in our own time, the internet.
- ❖ The term was coined in the early 1940s by economist Joseph Schumpeter, who observed real-life examples of creative destruction, such as Henry Ford's assembly line.
- ❖ Creative destruction can be seen across many different industries such as technology, retail, and finance.
- ❖ Creative destruction often has unintended consequences such as temporary losses of jobs, environmental issues, or inequity.



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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 : 83.4275
 INR / 1 GBP : 105.8673
 INR / 1 EUR : 89.5700
 INR /100 JPY: 52.3300

EQUITY MARKET

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TEAM BFSIB

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