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DAILY NEWS DIGEST BY BFSI BOARD

27 July 2024

ECONOMY

Bulls back on D-Street: Investors gain Rs 7 lakh crore as Sensex, Nifty rebound: Benchmark indices ended the week with big gains on the back of across-the-board buying in all sectors. The 30-stock Sensex rose 1293 pts to 81,332 and Nifty climbed 429 pts to 24,834. Market cap of BSE-listed firms climbed Rs 7.1 lakh crore to Rs 456.92 lakh crore on Friday. The market closed higher after five sessions of losses today. Metal, consumer durables, capital goods and auto shares were the top sectoral gainers with their indices rising 998 points, 1037 points, 1090 pts and 1358 points, respectively on BSE. All BSE sectoral indices ended in the green. Market breadth was positive with 2,652 stocks rising against 1286 stocks falling on BSE. 102 shares were unchanged.
(Business Today)

Kharif sowing up nearly 3% at 81.18 mn hectare till July 26, shows data: The area under kharif crops as of July 26, 2024, rose by almost 2.29 per cent year-on-year to 81.18 million hectares, according to data released by the agriculture ministry. Kharif sowing of all crops is over in almost 74 per cent of the normal area, which is the average area covered in the last five years. As the Southwest monsoon continues to be vigorous over most parts of West and South India during the week, experts hope the sowing of pulses and oilseeds will be completed soon. The Southwest monsoon till the week ended July 26 was almost 3 per cent more than normal, largely due to copious showers in South and Central India. Going forward, the India Meteorological Department (IMD) in its last forecast said that a depression over North-West India, the first for the season, is expected to build up over the region next week which would bring good rain.
(Business Standard)

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BANKING & FINANCE

Banks may need to assign higher run-off rates for LCR purposes: Banks with a higher proportion of retail deposits enabled with internet and mobile banking (IMB) may have to step up investments in liquid assets such as Government Securities (G-Secs) as RBI may require them to assign an additional five per cent run-off factor on such deposits. Run-off factor means the possibility of deposits getting withdrawn/transferred, including in stressed situations. RBI, in its "draft guidelines: Basel III Framework on Liquidity Standards – Liquidity Coverage Ratio (LCR) – Review of Haircuts on High Quality Liquid Assets (HQLA) and Run-off Rates on Certain Categories of Deposits", said Banks shall assign an additional five per cent run-off factor for retail deposits enabled with IMB, including and Unified Payments Interface (UPI).
(Business Line)

RBI fines Visa, Ola Financial and Manappuram for contravention of PPI, KYC rules: The Reserve Bank of India on Friday imposed monetary penalties on Ola Financial Services and Manappuram Finance for non-compliance of KYC norms. It has imposed a fine on Visa Worldwide Pte ltd for non-compliance of directions. In February, the RBI had ordered the credit card company to stop using an unauthorised route to make some commercial payments, per a Reuters report. The central bank has aimed to tighten scrutiny of the processes followed by financial technology, or fintech, companies.
(Economic Times)

IDBI Bank privatisation picks pace, govt may allow access to private data by early August: DIPAM Secy: As the privatisation process of the IDBI bank moves ahead, the Divestment Secretary Tuhin Kanta Pandey on Friday declared that the Indian government will allow bidders to access private data of the bank by early August. The secretary also said the Reserve Bank of India has indicated completion of its "fit and proper" vetting of potential bidders of IDBI Bank, Reuters reported.
(Economic Times)

Credit growth continues to lag deposit growth: The Reserve Bank of India (RBI) governor Shaktikanta Das expressed his concerns about structural changes taking place in the financial sector

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as a faster pace of credit growth than deposit growth potentially exposes the banking system to structural liquidity issues, while speaking at a media event last week. Even one year after the full merger impact of HDFC with HDFC Bank, deposits growth continues to lag credit growth, latest RBI data indicates. Including the merger impact, while deposits rose 11.3 percent credit grew by a higher rate of 14 percent year-on-year.

(Economic Times)

INDUSTRY OUTLOOK

Apple announces cuts in iPhone prices after Budget move on customs duty: Apple Inc on Friday cut prices of the iPhone by up to Rs 5,900 across the board, passing on the benefit of announcements in India’s annual Budget which included a 5 per cent reduction in the basic customs duty (BCD) on imported mobile phones. The duty was earlier pegged at 22 per cent. That apart the Budget reduced BCD on chargers and PCBAs, a key element in assembling smartphones in India, to 15 per cent from 20 per cent. The company’s sharpest price cut was in the entry-level iPhone SE, which is assembled in the country. The price was reduced from Rs 49,900 to Rs 47,600, a 4.6 per cent cut that would help Apple expand its presence in the domestic market.

(Business Standard)

Aditya Birla Group forays into jewellery retail business with Indriya: The Aditya Birla Group on Friday launched the jewellery brand Indriya, announcing its foray into India’s Rs 6.7 trillion jewellery market. India’s jewellery market is expected to swell to Rs 11 – 13 trillion by 2030. With an investment of Rs 5,000 crore over the next few years, it aims Indriya to be among the top three national players in the next five years, growing at a compounded annual rate of 50 per cent. "This year we have redoubled our bet on the dynamism of the Indian consumer by launching two major new consumer brands – Opus in paints and Indriya in jewellery. The Indian consumer is rapidly coming of age and India perhaps has the most promising consumer cohort globally," said Kumar Mangalam Birla, chairman, Aditya Birla Group.

(Business Standard)

Govt extends Electric Mobility scheme, increases outlay to Rs 778 crore: The government on Friday announced the extension of the Electric Mobility Promotion Scheme by two months till the September end and increased the total outlay to Rs 778 crore from Rs 500 crore. The scheme was launched by the Ministry of Heavy Industries in March this year and aims to boost the adoption of electric vehicles (EVs) across the country. The EMPS scheme was originally set to run from April 1, 2024, to July 31, 2024, with a total outlay of Rs 500 crore. "The scheme has been extended by two more months i.e. up to September 30, 2024. Additionally, the scheme's outlay has been enhanced to Rs 778 crore," an official statement said.

(Business Standard)

REGULATION & DEVELOPMENT

Sebi bars Vijay Mallya from Indian securities market, from associating with any listed co for three years: The capital markets regulator has restrained Vijay Mallya from accessing the securities market, directly or indirectly, for three years. In an order dated July 26, the Securities and Exchange Board of India (Sebi) said that Mallya is "further prohibited from buying, selling or otherwise dealing in securities, directly or indirectly, or being associated with the securities market in any manner, for a period of three (3) years from the date of this order. It also restrained him associating with any listed company or proposed to be listed company, in any capacity, directly or indirectly, for three years.

(Moneycontrol)

Union Budget 2024: Income tax clearance now mandatory to leave India: The Finance Bill, 2024 has mandated that any person domiciled in India would require an income tax clearance certificate to leave the country. Clause 71 of the Bill seeks to amend section 230 of the Income-tax Act relating to tax clearance certificates. This amendment will take effect from 1st October, 2024. The clause reads as, “sub-section (1A) of the said section, provides that no person who is domiciled in India, shall leave India, unless he obtains a certificate from the income-tax authorities stating that he has no liabilities under the Income-tax Act, or the Wealth-tax Act, 1957, or the Gift-tax Act, 1958, or the Expenditure-tax Act, 1987”. Alternatively, such a person has the option to make “satisfactory arrangements for the payment of all or any of such taxes which are or may become payable”. According to Section 230 of the Income-tax (I-T) Act, anyone living in India must get a certificate from the tax authorities before leaving the country. This certificate confirms that the person has no unpaid taxes or has arranged to pay any outstanding amounts.

The 2024 Budget includes a proposal to eliminate the Rs 10 lakh penalty specified in sections 42 and 43 of the Black Money Act for failure to report foreign assets (excluding real estate) when the total

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value of such assets is below Rs 20 lakh. In the past, under the Black Money Act, a standard penalty of Rs 10 lakh was enforced for failure to disclose any foreign asset, irrespective of its worth.
(Business Today)

Niti Aayog Governing Council to meet on Saturday amid boycott call from 6 States: The ninth Governing Council Meeting of Niti Aayog, chaired by Prime Minister Narendra Modi, will discuss the Approach Paper for the Vision Document on Viksit Bharat @2047 on Saturday, amid boycott call given by most of the Chief Ministers of Opposition ruled States. The meeting said the government think tank Niti Aayog, aims to foster participative governance and collaboration between the Centre and State governments, enhancing the quality of life for both rural and urban populations by strengthening the delivery mechanisms of government interventions. The meeting will also see detailed deliberations on the role of States in achieving the goal of Viksit Bharat @2047. Niti Aayog said India is on track to become the world's third-largest economy with GDP crossing $5 trillion and aspirations to reach a $30-trillion economy by 2047.
(Business Line)

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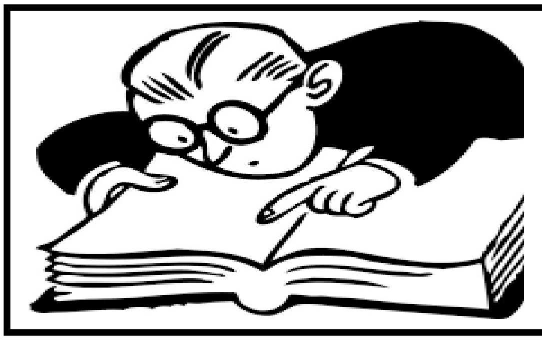

FINANCIAL TERMINOLOGY

IDIOSYNCRATIC RISK

- Idiosyncratic risk is a type of investment risk that is endemic to an individual asset (like a particular company's stock), a group of assets (like a particular sector), or in some cases a very specific asset class (like collateralized mortgage obligations).
- Idiosyncratic risk is also referred to as a specific risk or unsystematic risk.
- Therefore, the opposite of idiosyncratic risk is a systematic risk, which is the overall risk that affects all assets, such as fluctuations in the stock market, interest rates, or the entire financial system.
- Company management's decisions on financial policy, investment strategy, and operations are all idiosyncratic risks specific to a particular company and stock. Other examples can include the geographical location of operations and corporate culture.

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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 : 83.7272
INR / 1 GBP : 107.6776
INR / 1 EUR : 90.8596
INR /100 JPY: 54.4800

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