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DAILY NEWS DIGEST BY BFSI BOARD

27 August 2024



ECONOMY

Unified Pension Scheme not seen to have a significant impact on the Centre's fiscal math for now: The Centre's pension bill, which is estimated at Rs 2.43 lakh crore in the current fiscal, is not expected to be impacted significantly from the roll out of the Unified Pension Scheme (UPS). According to sources, while there will be some impact from the new pension scheme that would also be reflected in the fiscal deficit, the pension bill is now at one the lowest levels ever at about 5% of the overall Union Budget size. Effective from April 1, 2025, the UPS is expected to be adopted by over 99% of the 2.3 million central government employees and will lead to an additional spending of Rs 6,250 crore by the Centre every year. Arrears for past employees are estimated to result in a onetime spending of Rs 800 crore.

(Business Today)

Fiscal deficit to increase by 15 bps to 5.1% in FY25 due to UPS: Macquarie: The newly-announced Unified Pension Scheme (UPS) is expected to shoot up the fiscal deficit by 15 basis points (bps) to 5.1 per cent from the budgeted 4.9 per cent in the financial year 2025 (FY25), according to a report released by the Macquarie Group on Monday. The report by the global investment banker estimates that the impact on the fiscal deficit for FY25 could be seen if around Rs 45,000 crore is the burden of the new scheme on government's finances. "While the Cabinet secretary-designate T V Somanathan has quantified FY25 impact at Rs 6,250 crore, other news reports talk about impact of Rs 40,000-45,000 crore, resulting in fiscal deficit impact of 15bps," it noted.

(Business Standard)

GDP growth to decline to 7.1% for June quarter, say SBI economists: Economists at the country's largest lender SBI on August 26 joined other watchers forecasting a slip in the economic growth and estimated India's real GDP growth to come at 7.1 percent for the June quarter. The economists said the growth in gross value added (GVA) will fall below 7 percent to 6.7-6.8 percent for the April-June period this fiscal when compared to the year-ago period. "As per our 'Nowcasting



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Model', the forecasted GDP growth for Q1 FY25 would be 7.0-7.1 percent, and GVA is at 6.7-6.8 percent with a downward bias," the economists said. It can be noted that the real GDP growth had come at 7.8 percent in the June quarter last year and the preceding March quarter. A slew of analysts have been pointing to a moderation in economic activity in the June quarter, mainly driven by softer manufacturing and lower government spending due to the general elections.

(Moneycontrol)

BANKING & FINANCE



RBI to launch Unified Lending Interface to plug credit gap in MSME, agri, other sectors: Reserve Bank of India Governor Shaktikanta Das on Monday said the central bank's new Unified Lending Interface (ULI) platform aimed at "enabling frictionless credit" will be launched in due course. The platform is currently in the pilot stage started in August last year. Speaking at the RBI@90 Global Conference on "Digital Public Infrastructure and Emerging Technologies" in Bengaluru, the governor said by digitising access to customer's financial and non-financial data that otherwise resided in disparate silos, ULI is expected to cater to large unmet demand for credit across various sectors, particularly for agricultural and MSME borrowers. The new platform will "facilitate seamless and consent-based flow of digital information, including even land records of various states, from multiple data service providers to lenders. This cuts down the time taken for credit appraisal, especially for smaller and rural borrowers," said Shaktikanta Das.

(Financial Express)

Bank staff unions to raise old pension restoration issue with IBA: The bank staff unions will raise the issue of restoration of the Old Pension Scheme (OPS) with the Indian Banks' Association this week, days after the central government approved for its employees the Unified Pension Scheme (UPS) which will be effective from April 1, 2025. Rupam Roy, General Secretary of All India Bank Officers' Association (AIBOC), told Business Standard that unions had gone through the notification (OPS for government employees). The issue of pension will be raised at a meeting with the Indian Banks' Association (IBA) this week.

(Business Standard)

Bank of Baroda raises Rs 5,000 cr through 10-year infra bonds at 7.3%: State-owned Bank of Baroda (BoB) on Monday raised Rs 5,000 crore through 10-year infrastructure bonds at a coupon



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rate of 7.3 per cent, according to sources aware of the development. The bond offering, rated AAA by CRISIL Ratings, had a base issue size of Rs 2,000 crore and a greenshoe option of Rs 3,000 crore and was fully subscribed.

(Business Standard)

'Insurance for all': IRDAI urges cos to strategize making insurance affordable: The Insurance Regulatory and Development Authority of India (Irdai) has urged companies to devise strategies for offering affordable insurance products to meet the "insurance for all" goal by 2047, TOI reported. The initiative comes in response to the high premiums in health insurance, which are causing many senior citizens to opt out due to affordability issues. The insurance councils conducted a "Insurance for All" vision meet on Friday and Saturday in Mumbai, setting the stage for the 2047 insurance goal. A primary focus was on defining the "insurance for all" concept and creating mechanisms to measure and monitor progress. Companies proposed leveraging Insurtech to streamline operations, reduce administrative costs, and enhance efficiency. They suggested that these savings could be transferred to consumers in the form of lower premiums.

(Economic Times)

INDUSTRY OUTLOOK



Markets rise as Fed chief Jerome Powell's comments fuel global rally: Indian equity benchmarks gained on Monday after the Federal Reserve Chair Jerome Powell's dovish statement at the Jackson Hole meeting fuelled a global rally. The Sensex ended the session at 81,698, with a gain of 612 points or 0.75 per cent, its fifth straight day of gain. The Nifty ended the session at 25,011, gaining 188 points or 0.8 per cent. This was the eight straight day of gain— its longest daily winning streak since July 6, 2023. Powell said on Friday that the time has come for the US Central Bank to cut rates. The Fed chief said that the pace of rate cuts will depend on incoming data. Further, Powell said he was confident that inflation is on a sustainable path to reaching the Fed's target of 2 per cent.

(Business Standard)

Amazon Pay UPI surpasses 100 million customers, marking a major milestone: Amazon Pay UPI has crossed 100 million customers, with the online platform used mainly for e-commerce transactions, utility bill payments and mobile recharges, the company announced on Monday. The app has become a significant success, streamlining transactions both on Amazon.in shopping app and across a wide range of external platforms.

(Business Standard)



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Fintech startup PhonePe swings to adjusted profit in FY24: Fintech startup PhonePe clocked a profit after tax of ₹197 crores, excluding ESOP costs, in the financial year 2024, compared to a loss of ₹738 crore a year earlier. The company's standalone payments business also reported an adjusted PAT of ₹710 crore for FY24 against a loss of ₹194 crore a year earlier, PhonePe said in a statement on Monday. If ESOPs are included, PhonePe reported a loss. ESOPs or employee stock options, used as a tool to reward or retain employees, can have a substantial cost and tax burden for the company and employees. PhonePe didn't offer details of its ESOPs costs.

(Mint)



REGULATION & DEVELOPMENT

FSSAI withdraws advisory on removal of claims of A1, A2 types of milk: Food safety regulator FSSAI on Monday withdrew its recent advisory wherein food businesses were directed to remove claims of 'A1' and 'A2' types of milk and milk products from packaging. The Food Safety and Standards Authority of India (FSSAI) said the advisory has been withdrawn to carry out further consultations with stakeholders. It would imply that food business operators (FBOs) can continue to sell and market their products with claims of 'A1' and "A2' types of milk. A1 and A2 milk differ in their beta-casein protein composition, which varies based on cow breed. The FSSAI, in its advisory dated August 21, had asked FBOs to remove claims of 'A1 and A2 from their products. E-commerce platforms were also told to remove these claims from products and websites immediately.

(Business Standard)

Union Government issues Comprehensive Guidelines for Handling Public Grievances: Union Government has issued Comprehensive Guidelines for Handling Public Grievances in line with the Hon'ble Prime Minister's directions for making grievance redressal time-bound, accessible and meaningful. The Comprehensive Guidelines for Handling Public Grievances are; An integrated user-friendly grievance filing platform with CPGRAMS www.pgportal.gov.in being the common open platform on which grievances can be registered by citizens which will operate as a single window experience. Appointment of Nodal Officers for Public Grievances in all Ministries/ Departments who will address grievances promptly, fairly and efficiently. Ministries/ Departments with high grievance loads to have dedicated Nodal Officers. The feedback on disposed grievances shall be sent to the citizen by SMS and email. Every disposed grievance, feedback shall be collected through the feedback



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call centre and if the citizen is not satisfied he can file an appeal to the next senior authority. Training and Capacity building of grievance officers on CPGRAMS shall be conducted through 36 Administrative Training Institutes of States/ UT's under the SEVOTTAM scheme. The Grievance Redressal timelines under the 2022 policy guidelines were 30 days, which have been brought down to 21 days.

(PiB)



FINANCIAL TERMINOLOGY

ALGORITHM TRADING

- ❖ Algorithm trading is a system of trading which facilitates transaction decision making in the financial markets using advanced mathematical tools.
- ❖ In this type of a system, the need for a human trader's intervention is minimized and thus the decision making is very quick. This enables the system to take advantage of any profit making opportunities arising in the market much before a human trader can even spot them.
- ❖ As the large institutional investors deal in a large amount of shares, they are the ones who make a large use of algorithmic trading. It is also popular by the terms of algo trading, black box trading, etc. and is highly technology-driven. It has become increasingly popular over the last few years.



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 : 83.8504
INR / 1 GBP : 110.6669
INR / 1 EUR : 93.7693
INR /100 JPY: 58.2500

EQUITY MARKET

Sensex: 81698.11 (+611.90)
NIFTY: 25010.60 (+187.45)
Bnk NIFTY: 51148.10 (+214.65)

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