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DAILY NEWS DIGEST BY BFSI BOARD

29 May 2024



ECONOMY

Job creation in non-farm sectors recovers sequentially in Q2 FY23: Fresh job creation in the nine major non-farm sectors recovered sequentially in the September quarter of FY23 but remained below new job additions during the Omicron-hit March quarter of FY22, according to latest government data. However, during the first half (April-September) of FY23, the number of new hirings more than halved to 331,221 compared to H2 of FY22 at 740,415. The Labour Bureau on Tuesday released the Quarterly Employment Survey (QES) results for the fifth and sixth rounds, pertaining to Q1 and Q2 of FY23 after a gap of nearly 20 months.

(Business Standard)

CBDT exempts RBI from special norms on TDS, tax collected at source: The Union Finance Minister has noted that the Central Board of Direct Taxes (CBDT) has exempted the Reserve Bank of India from the special provisions of the Income Tax Act, 1961, regarding the tax deducted at source, and the tax collected at source for non-filers of an income-tax return. In a notification, the Finance Ministry said: "In exercise of the powers conferred by clause (ii) of the provision to subsection (3) of section 206CCA of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby notifies the Reserve Bank of India to be a person referred to in the said clause." The ministry also issued a notification along the same lines under section 206AB of the Income Tax Act. Section 206CCA of the Income Tax Act, 1961, provides tax collection at source (TCS) on amounts received by a specified person at rates higher than specified in the act. Under this, the tax is collected at twice the rate specified in the relevant provision of the Act, or at the rate of 5%, whichever is higher.

(Business Standard)

Indian economy grew 7.4% in Q4 FY24; 8% in FY24: SBI Research: Indian economy is expected to surprise in the fourth quarter of FY24 with 7.4% growth, pushing full year estimate to 8%, State Bank of India research said Tuesday. The Indian economy averaged 8.2% growth in the first three quarters of the year. The full year number at 7.6%, pegs Q4 growth at 5.7% "The in-house



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developed SBI Artificial Neural Network (ANN) model with 30 high frequency indicators points to the quarterly GDP growth for the Q4 FY24 to have a reading of 7.4%,” it said. SBI noted that the growth in rural economy was picking up faster. “The rural economy, on the other hand, is picking up with % of indicators showing acceleration increasing to 75 in Mar’24 compared to 56 (60) in Feb’24 (Jan’24). Diesel consumption and two-wheeler sales are showing uptick in rural economic momentum,” it highlighted.

(Economic Times)

BANKING & FINANCE



RBI launches PRAVAAH, RBI Retail Direct mobile app, FinTech Repository: The Reserve Bank of India (RBI) on May 28 launched three major initiatives namely, PRAVAAH portal, RBI Retail Direct mobile application and FinTech Repository. All these initiatives were announced by the central bank as part of its bi-monthly Statement on Development and Regulatory Policies in April 2023, December 2023, and April 2024, RBI said in a release. The PRAVAAH portal will make it convenient for any individual or entity to apply online for various regulatory approvals and enhance the efficiency of various processes related to granting of regulatory approvals and clearances by the RBI, the release said. At present, 60 application forms covering different regulatory and supervisory departments of RBI have been made available on the portal.

(Moneycontrol)

HDFC Bank, others take over 96% haircut in Adani Goodhomes-Radius Estates deal: A clutch of creditors led by HDFC Bank are set to take a 96 percent haircut on their Rs 1,700-crore loan to Mumbai-based Radius Estates. The National Company Law Appellate Tribunal (NCLAT) on May 27 upheld an NCLT order that approved Adani Goodhomes Pvt Ltd’s Rs 76-crore resolution plan for the debt-ridden realtor. Adani Goodhomes is a subsidiary of Adani Infrastructure and Developers Pvt Ltd. After Radius Estates defaulted, creditors, which included bondholders, took the company to bankruptcy court. In December 2022, the National Company Law Tribunal (NCLT) approved a resolution plan from the Adani group company, with over two-thirds of the creditors voting in its favour. On May 27, the NCLAT, however, upheld the NCLT order. HDFC Bank, the lead creditor, was not a party to the case, as it did not challenge the resolution plan. The loan was originally given by HDFC Ltd, which merged with the bank in 2023. Typically, lenders take a corporate defaulter to the



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bankruptcy court for faster resolution. Once at least two-thirds of the committee of creditors (CoC) agree to the proposal, lenders can take a defaulter to NCLT to initiate bankruptcy proceedings.

(Moneycontrol)

LIC's health insurance foray to heighten competition, may trigger consolidation: Life Insurance Corporation of India's foray into the health insurance segment is expected to heighten competition in the already crowded health insurance space and may even trigger some consolidation, according to industry players. "The premium surge is becoming an issue in the face of persistently low settlements. It could temper demand, which is why discussions are happening around easing GST and the launch of the National Health Claims Exchange (NHCE). The entry of a player like LIC could also force other insurers to pull back on premiums to some extent due to increased competition," an analyst said. LIC's Medicare expansion is being driven by the expectations of the new government post-elections, giving its go-ahead to the proposal for a composite licence for large insurers.

(Business Line)

INDUSTRY OUTLOOK



Reliance Industries signs deal with Rosneft to buy oil in roubles: Reliance Industries, the operator of the world's biggest refining complex, has signed a one-year deal with Russia's Rosneft to buy at least 3 million barrels of oil a month in roubles, four sources aware of the matter told Reuters. The shift to rouble payments follows Russian President Vladimir Putin's push for Moscow and its trading partners to find alternatives to the Western financial system to facilitate trade despite U.S. and European sanctions. A term deal with Rosneft also helps privately run Reliance to secure oil at discounted rates at a time when the OPEC+ group of oil producers is expected to extend voluntary supply cuts beyond June. The OPEC+ group comprising the Organisation of the Petroleum Exporting Countries (OPEC) and allies including Russia is due to discuss the output cuts in an online meeting on June 2

(Moneycontrol)

Reliance Industries to begin construction on India's first multimodal logistics park near Chennai: Conceptualised 12 years ago, India's first Multimodal Logistics Park at Mappedu near Chennai will see the limelight as Reliance Industries starts construction in June, according to multiple sources. In 2022, the company beat Adani Group to win the bid for the Rs 1,424 crore project on 184.27 acres of land in Tiruvallur district. The project aims to facilitate efficient, cost-effective and



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value-added logistics services such as cargo aggregation and disaggregation, distribution, intermodal transfer, sorting, packing, and repacking. However, it did not take off due to the poor response from the private sector on issues like connectivity.

(Business Line)



REGULATION & DEVELOPMENT

Wind industry taken aback by MNRE order: The Indian wind industry is taken aback by an order of the Ministry of New and Renewable Energy (MNRE), issued on Monday, giving exemption to wind turbines set up in special economic zones and export-oriented units from getting approval under the 'Revised List of Models and Manufacturers' (RLMM). RLMM, a mechanism that has been in vogue for a long time, is known for its rigour in approving wind turbines that can be set up in India. Every machine, Indian or foreign, needs this approval before it is introduced in the market. Hence the exemption has come as a surprise to many in the industry. The MNRE office memorandum, dated May 27, says that renewable energy plants located inside an SEZ or an EOU for supplying power exclusively for the production of green hydrogen "shall be exempt from the purview of RLMM." This shall hold for all wind turbines that will be set up before December 31, 2030.

(Business Line)

GST Council's fitment committee likely to consider dropping 12% slab: The fitment committee under the Goods and Services Tax (GST) Council, comprising central and state officials, has begun a rate rationalisation exercise afresh, checking the possibility of dropping some of the rates, particularly the 12 per cent slab, to achieve a revenue-neutral structure, a senior official with direct knowledge of the matter told Business Standard. The GST regime could see an overhaul in the current financial year (FY25) as it may move to a three-slab structure from the existing four. The current rate structure comprises standard rates of 5 per cent, 12 per cent, 18 per cent, and the highest rate of 28%.

(Business Standard)



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FINANCIAL TERMINOLOGY

DUTCH AUCTION

- ❖ A Dutch auction (also called a descending price auction) refers to a type of auction in which an auctioneer starts with a very high price, incrementally lowering the price until someone places a bid.
- ❖ That first bid wins the auction (assuming the price is above the reserve price), avoiding any bidding wars. This contrasts with typical auction markets, where the price starts low and then rises as multiple bidders compete to be the successful buyer.
- ❖ Financial markets employ a slightly different variant. There, a Dutch auction happens when investors place bids for a security offering, specifying what they are willing to buy in terms of quantity and price. The price of the offering is then determined after taking in all bids to arrive at the highest price at which the total offering can be sold. Dutch auctions can be used to sell Treasury securities, initial public offerings (IPOs), floating-rate debt instruments, and other securities.



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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 : 83.1644
INR / 1 GBP : 106.2253
INR / 1 EUR : 90.4468
INR /100 JPY: 53.0200

EQUITY MARKET

Sensex: 75170.45 (-220.05)
NIFTY: 22888.15 (-44.30)
Bnk NIFTY: 49142.15 (-139.65)

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