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DAILY NEWS DIGEST BY BFSI BOARD

29 November 2024

ECONOMY

At 10.2%, youth unemployment rate in India lower than global levels: Govt: Youth unemployment rate in India stood at 10.2 percent in 2023-24, Union Minister of State for Labour and Employment Shobha Karandlaje informed the Lok Sabha this week. This rate is lower than global levels, Karandlaje added in her written reply to lawmakers in the Lok Sabha on November 25. As per the latest available Periodic Labour Force Survey (PLFS) report, the estimated unemployment rate for youth aged 15-29 years in the country for the year 2023-24 is 10.2 percent, which is lower than global levels. Further, the Worker Population Ratio (WPR) for youth indicating employment has increased from 31.4 percent in 2017-18 to 41.7 percent in 2023-24.
(Moneycontrol)

Australia passes world's first social media ban for children under 16: Australia on November 28 passed a law to ban social media for children under 16. The development comes after days of heated debate, setting a standard for other countries to follow in a global push to curb the power of Big Tech. The law sets some of the toughest social media controls in the world and will force platforms to take reasonable steps to ensure age-verification protections are in place. It is expected to take effect in November 2025.
(Moneycontrol)

Rupee depreciates to a new intraday low of 84.52 against US dollar: The rupee depreciated to a new intraday low of 84.52 per dollar on Thursday, driven by month-end dollar demand and foreign portfolio investors (FPIs) selling domestic equities, according to dealers. The Reserve Bank of India (RBI) intervened in the foreign exchange (forex) market by selling dollars during the closing hours, which helped the domestic currency recoup some losses. The local currency settled at 84.49 per dollar on Thursday, compared to 84.45 per dollar on Wednesday. "There was month-end dollar demand, and foreign banks were also buying dollars throughout the day," said a dealer at a stateowned bank. "The RBI stepped in towards the end and could have sold around $600 million," he added.

(Business Standard)

BANKING & FINANCE

Sensex, Bankex expiry days to change from January 1, 2025, says BSE: The expiry days for Sensex, Bankex and Sensex 50 are changing from January 1, 2025, BSE informed on Thursday. In a circular issued on November 28, the exchange said that the weekly contracts of Sensex will expiry on Tuesday of every week from Friday every week. All the monthly contracts of Sensex, Bankex and Sensex 50 will expire on the last Tuesday of the month. Currently, the expiry days for the same are the last Friday, last Monday and Thursday respectively. The quarterly and semi-annual contracts of Sensex will expiry on Tuesday of the expiry month, a change from the current last Friday of the expiry month.

(Moneycontrol)

Indian banks are reviewing Adani Group exposure after US charges: Indian lenders, including State Bank of India, are reviewing their exposure to Adani Group and examining whether they need to tighten their due diligence when offering new loans to them, after the U.S. accused Chairman Gautam Adani of bribery, eight bankers said. Bank of India, Union Bank, ICICI Bank, Canara Bank, IDBI Bank and RBL Bank, which have a relatively smaller exposure to the group, are also undertaking a similar exercise. A review would not necessarily entail any change in the lenders' credit approach with regards to the group.

(Economic Times)

Sa-Dhan joins hands with IIBF to develop a certification course in microfinance sector: Sa-Dhan, a self-regulatory organisation for microfinance institutions, is partnering with the Indian Institute of Banking & Finance (IIBF) to start an online certification course for job aspirants in the microfinance sector, aimed at ensuring adequate field staff and addressing high attrition levels.

(Economic Times)

Japan's third-largest bank weighs new push to target private equity boom in India: Mizuho Financial Group Inc. is considering making a push into a new area for the lender in India focusing on private equity and venture capital firms, seeking to tap some of the most prolific dealmakers in the country. Japan's third-largest bank has held internal discussions on targeting this segment and is drawing up the potential talent pool that could lead this initiative, according to people familiar with the matter. The bank is looking to launch the effort as soon as next year, said the people knowing about the information.

(Economic Times)

SBI's business may hit Rs 100 trillion in FY26, says Chairman CS Setty: State Bank of India – the country's largest lender – is poised to touch the Rs 100 trillion mark in total business in the next financial year, provided it maintains the current rate of 14-16 per cent loan growth and 10 per cent growth in deposits, said SBI Chairman CS Setty. In an exclusive interview to Business Standard, Setty said he is confident the lender will be able to stick to the guidance of its loan growth even if there is a sharp slowdown in the banking industry.

(Business Standard)

INDUSTRY OUTLOOK

Finance Ministry likely to end windfall tax as oil prices stabilise: The Ministry of Finance (FinMin) is reconsidering the windfall tax on the export of petrol, diesel, and aviation turbine fuel (ATF) as global crude oil prices have stabilised, a senior government official said speaking on the condition of anonymity. According to sources, the FinMin is reviewing the relevance and effectiveness of the windfall tax, which is levied as special additional excise duty (SAED) and updated fortnightly based on average oil prices over the preceding two weeks. The Ministry of Petroleum and Natural Gas has already recommended a review in a letter to FinMin.

(Business Standard)

Sensex plunges 1,200pts, Nifty dips below 24k: After starting the day on a flattish note with a positive bias, the benchmarks showcased heightened volatility, with the BSE's 30-stock bluechip index, Sensex dropping 1,529 points or 1.90 per cent at 78,918.92, from its day's high of 80,447.40 on Thursday. Meanwhile, the NSE's Nifty50 fell 472 points or 1.93 per cent at 23,873.35 level from its day's high of 24,345. At close, the BSE Sensex plunged 1,190 points or 1.48 per cent at 79,043.74, while the NSE's Nifty50 tanked 360 points or 1.49 per cent at 23,914.15 level. Indian bourses were facing a bear attack again on Thursday owing to a weakness in the global markets, Nifty50's monthly expiry and after surging significantly in the first two sessions of the ongoing week, suggested analysts.

(Business Standard)

'Govt collected Rs 1.44 trn toll at highway plazas under PPP since 2000': The government has collected Rs 1.44 trillion as toll tax at fee plazas presently operational under Public Private Partnerships (PPP) model on National Highways since December 2000, Parliament was informed on Thursday. In a written reply to a question in the Lok Sabha, road transport and highways minister Nitin Gadkari said all user fee plazas on National Highways are established as per the provision of National Highways Fee (Determination of Rates and Collection) Rules, 2008 and the respective Concession Agreement. "Amount of 1.44 trillion rupees have been collected as user fee at fee plazas presently operational under Public Private Partnerships (PPP) model on National Highways since December, 2000," he said.

(Business Standard)

REGULATION & DEVELOPMENT

NSE, BSE will act as alternative trading venues for each other from April 1, 2025, says SEBI: Market regulator Securities and Exchange Board of India (SEBI) on November 28 mandated that the two leading exchanges NSE and BSE act as an alternative trading venue for each other, through a circular issued to ensure business continuity. The directions of the circular are to come into effect from April 1, 2025. "Upon discussion with exchanges, it has been decided that to begin with, NSE would act as an alternative trading venue for BSE and vice-a-versa. Both exchanges would prepare a joint SOP that would include plan to be invoked at the time of outage on one exchange along with flow of activity involving the affected exchange and its alternative trading venue and roles/responsibility of each of them," said SEBI. SOP should be submitted to SEBI within 60 days from the date of the circular, said SEBI.

(Moneycontrol)

Army launches 'Eklavya' online digital platform for officers' training: Chief of the Army Staff (COAS) General Upendra Dwivedi on Thursday launched an online learning platform for the Indian Army nicknamed as "Eklavya". This initiative aligns with the Indian Army propelling itself into the "Decade of Transformation" as envisioned by the COAS and also with Indian Army's theme for 2024 as the "Year of Technology Absorption," a release said. The Eklavya software platform has been developed under the aegis of Headquarters Army Training Command with Army War College as the sponsor agency. The platform has been developed at zero cost through "Bhaskaracharya National

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Institute of Space Applications and Geoinformatics" (BISAG-N), Gandhinagar, along with support from Directorate General of Information Systems.

(Business Standard)

EPFO considering removing 12% ceiling on employees' contribution to EPS: In a bid to enable subscribers with basic pay up to Rs 15,000 to earn a higher pension and build a bigger corpus, the Employees' Provident Fund Organisation (EPFO) is considering to do away with the 12 per cent ceiling that is currently applicable on members' contribution to the Employee Pension Scheme (EPS), while keeping the employer's share of 12 per cent unchanged, official sources familiar with the development said. Currently, employers and employees are mandated to contribute 12 per cent each of an employee's basic pay into the Employee Provident Fund (EPF). Of the employer's contribution, 8.33 per cent is diverted into the EPS (applicable only for people with basic pay of Rs 15,000). A contribution of 1.16 per cent of the monthly wages (limited to the amount payable on pay of Rs 15,000 only) is also paid by the central government.

(Business Standard)

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FINANCIAL TERMINOLOGY

OPTIMAL CAPITAL STRUCTURE

- The optimal capital structure of a firm is the best mix of debt and equity financing that maximizes a company's market value while minimizing its cost of capital. In theory, debt financing offers the lowest cost of capital due to its tax deductibility.
- However, too much debt increases the financial risk to shareholders and the return on equity that they require. Thus, companies have to find the optimal point at which the marginal benefit of debt equals the marginal cost.
- An optimal capital structure is the best mix of debt and equity financing that maximizes a company's market value while minimizing its cost of capital.
- Minimizing the weighted average cost of capital (WACC) is one way to optimize for the lowest cost mix of financing.

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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 : 84.4917
INR / 1 GBP : 106.9693
INR / 1 EUR : 89.1168
INR /100 JPY: 55.7500

EQUITY MARKET

Sensex: 79043.74 (-1190.34)
NIFTY: 23914.15 (-360.75)
Bnk NIFTY: 51906.85 (-394.95)

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- Certificate Course on Concurrent Audit of Banks
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- Certificate Course on Investment Management
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