



**ICMAI**  
THE INSTITUTE OF  
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## **DAILY NEWS DIGEST BY BFSI BOARD**

**05 August 2024**



### **ECONOMY**

**Unemployment rate fell 1.3 percentage points in July amid uptick in hiring:** India's unemployment rate (UR) dropped by 1.3 percentage points in July from an eight-month high of over nine per cent in the previous month. The UR fell to 7.9 per cent in July from 9.2 per cent in June, according to the Consumer Pyramids Household Survey. The survey, conducted periodically by the Centre for Monitoring Indian Economy (CMIE), covers 1,78,000 sample households. Experts attribute the decline in UR to the sowing season and the progress in hiring of workers. In absolute terms, the number of unemployed declined to 35.4 million in July from 41.4 million in the month before, according to an estimation made by the survey based on its sample. Unlike in June, the UR stood higher at 8.5 per cent in urban areas in July against 7.5 per cent in the rural parts. In June, the urban parts saw this rate at 8.8 per cent, while the rural areas had it at 9.3 per cent. As such, the decline in UR was higher in rural areas at 1.8 percentage points compared to 0.3 in urban areas over this period.

***(Business Standard)***

**RBI likely to keep key interest rate unchanged at 6.5%, say experts:** RBI is likely to keep the key interest unchanged at 6.5 per cent on Thursday, and wait for more macroeconomic data before taking a call on rate cut in line with expectations, experts said. The US Federal Reserve has decided to maintain a status quo on its interest rate for now and indicated there could be monetary policy easing in the coming months. Amid persisting inflationary pressures, RBI will be closely tracking the US monetary policy trajectory before changing its stance on interest rate, which has remained unchanged since February 2023, experts opined. The Monetary Policy Committee (MPC) may also refrain from rate cut as economic growth is picking up, notwithstanding the elevated interest rate of 6.5 per cent (repo rate). The meeting of the Reserve Bank Governor Shaktikanta Das headed MPC is scheduled for August 6 to 8. Das will announce the decision of the rate-setting panel on August 8 (Thursday).

***(Business Standard)***



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## **BANKING & FINANCE**



**SBI Q1 Results: Net profit rises marginally to ₹17,035.16 crore, NII up 5.7% YoY:** State Bank of India (SBI) announced a 0.89 per cent rise in the net profits at ₹17,035.16 crore for the April to June quarter of the financial year 2024-25, as compared to ₹16,884.29 crore in the same quarter the previous year as per the bank's standalone statements. The public sector lender's net interest income (NII) rose 5.7 per cent year-on-year and fell 1.3 per cent quarter-on-quarter to ₹41,125 crore. The net interest margin (NIM) dropped 12 basis points (bps) at 3.35 per cent for the first quarter, compared to 3.47 per cent at the end of the June quarter of the financial year 2024. The bank aims to raise upto ₹25,000 crore from Indian and foreign investors in the financial year 2024-25, according to the company statement. SBI's gross NPAs have gone down 55 basis points (bps) to 2.21 per cent in the first quarter of FY2025 from 2.76 per cent in the same period last financial year. The net NPAs also fell to 0.57 per cent at the end of the April to June quarter from 0.71 per cent in the same period a year ago.

**(Mint)**

**SBI chief Dinesh Khara sees a 'ghar wapsi' for deposits amid regulatory action on F&O:** Regulatory efforts to steer retail investors away from derivative market bets could significantly boost the banking system's deposits, says SBI Chairman Dinesh Kumar Khara. He noted that recent budget changes to short-term and long-term capital gains taxes are unlikely to drive substantial deposit growth. Khara pointed out that regulatory bodies, especially SEBI, are discouraging retail investors from futures and options (F&O) trading. "Those who are resorting to such kind of an instrument, they might come back to the banking system," Khara told a news agency.

**(Business Today)**

**Bank of India's Q1 net profit rises 10% to Rs 1,703 cr, NII up 6%:** Bank of India (BoI) reported a 10 per cent year-on-year (YoY) growth in net profit for the quarter ending June 2024 (Q1FY25), aided by lower tax outgo. Its net profit for the quarter stood at Rs 1,703 crore, as against Rs 1,551 crore in the corresponding period a year ago. Net interest income (NII) was up 6 per cent YoY to Rs 6,275 crore in Q1FY25, compared to Rs 5,915 crore in Q1FY24, aided by robust growth in advances. However, its non-interest income was down 12 per cent YoY to Rs 1,302 crore. Asset quality of the lender improved, with gross NPA ratio at 4.62 per cent in Q1FY25, down 36 bps from the preceding



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quarter. Net NPAs were also down 23 bps at 0.99 per cent in Q1FY25. Provision coverage ratio (PCR) of the lender improved to 92.11 per cent in Q1FY25, as against 90.59 per cent in Q4FY24.

**(Business Standard)**

## INDUSTRY OUTLOOK



**Maruti Suzuki to spend ₹165 crore on CSR this year, launch electric cars by year-end:**

**Bhargava:** Maruti Suzuki India (MSIL) has said that it will spend ₹165 crore this fiscal towards the corporate social responsibility (CSR) activities and also it was track to launch its first electric car by end of this year. The company also said that while electric cars use increases, customers should be encouraged to buy cars using strong hybrid technology or CNG or ethanol and biogas. “CSR activities continue to receive the attention of the Board...the amount of ₹91.68 crore that was required to be spent in 2023-24 was exceeded by ₹24.07 crore and has been carried over to 2024-25. In this year the required expenditure is about ₹165 crore, the increase reflecting the higher profitability last year,” RC Bhargava, Chairman, MSIL said in the company’s annual report. On electric cars and alternate fuels powered vehicles, Bhargava said that the best strategy would be to offer to customers cars with different technologies and at different price levels. “We will be introducing electric cars in the next few months”.

**(Business Line)**

**Cheap Chinese imports hurting domestic mkt sentiment: Tata Steel MD & CEO:** Low-cost imports from China into India are impacting steel prices and may hurt the investment plans of steelmakers, Tata Steel managing director and chief executive officer T V Narendran cautioned. The Tata Steel chief told Business Standard that exports were coming in from China and countries like Vietnam, which sometimes is a conduit for materials flowing from China.

**(Business Standard)**



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## REGULATION & DEVELOPMENT

**Finmin asks state-owned general insurance companies to focus on profitable businesses:** The finance ministry has asked state-owned general insurance companies to focus on profitable businesses and not to chase top-line but aim for improving profitability. The government has recently infused Rs 7,250 crore in installments in three public sector general insurance companies -- National Insurance Company Limited, Oriental Insurance Company Limited, and United India Insurance Company. "We have been monitoring performance of state-owned general insurance companies and as a result they have started looking up. So, we will watch their performance this year," Financial Services Secretary Vivek Joshi told PTI. Hopefully, he said, these companies may not require any further capital infusion, which is why the Budget has not made any provision.

***(Economic Times)***

**Govt to allow up to 4 nominees per deposit account:** The Union Cabinet on Friday approved several changes to banking laws, including allowing up to four nominees per deposit account and introducing "successive and simultaneous" nominations. The changes aim to address the growing issue of unclaimed deposits and alleviate customer difficulties. Currently, banks allow one nominee for savings bank and fixed deposits, which is proposed to be raised. At the same time, drawing from insurance and HUF accounts, successive and simultaneous nominations will allow joint account holders and the heirs to get the funds even after the death of an account holder. Govt has also proposed to give banks greater freedom in deciding the remuneration to be paid to auditors, a decision that was hitherto left to RBI. Besides, shareholders with holdings up to Rs 2 crore will be considered those with substantial interest, instead of the current limit of Rs 5 lakh, which was fixed almost six decades ago. The bill will also seek to redefine the reporting dates for banks for regulatory compliance to 15th and last day of every month instead of the second and fourth Fridays. Also, if passed, cooperative banks will be able to appoint directors, other than chairman and whole-time directors, for up to 10 years.

***(Economic Times)***





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## FINANCIAL TERMINOLOGY

### OPEN BANKING

- ❖ In financial services, open banking allows for financial data to be shared between banks and third-party service providers through the use of application programming interfaces (APIs).
- ❖ Traditionally, banks have kept customer financial data within their own closed systems. Open banking allows customers to share their financial information securely and electronically with other authorized organizations, such as fintech companies, payment providers, and other banks.
- ❖ Proponents argue open banking provides greater transparency and data control for account holders, and could allow for new financial services to be provided. Proponents also say that it aims to promote competition, innovation, and customer empowerment in the banking and financial sectors. Opponents argue that open banking can lead to greater security risk and exploitation of consumers.



### 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 : 83.7375  
INR / 1 GBP : 106.6486  
INR / 1 EUR : 90.4666  
INR /100 JPY: 56.1500

### EQUITY MARKET

Sensex: 80981.95 (-885.60)  
NIFTY: 24717.70 (-293.20)  
Bnk NIFTY: 51350.15 (-213.85)

### Courses conducted by BFSI Board

- ❖ Certificate Course on Concurrent Audit of Banks
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- ❖ Certificate Course on Treasury and International Banking
- ❖ Certificate Course on Investment Management
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### Publications by BFSI Board

- ❖ Aide Memoire on Infrastructure Financing.
  - ❖ Aide Memoire on lending to MSME Sector (including restructuring of MSME Credit).
  - ❖ Guidance Note on the Internal Audit of General Insurance Companies.
  - ❖ BFSI Chronicle (quarterly issue of BFSIB)
  - ❖ Handbook on Stock & Book Debts Audit (Revised and Enlarged 2<sup>nd</sup> Edition)
- To purchase please visit  
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### TEAM BFSIB

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