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DAILY NEWS DIGEST BY BFSI BOARD

05 February 2025



ECONOMY

Markets hit one-month high: Sensex soars 1,400 pts, Nifty above 23,700 as US hits pause on tariffs: Sensex and Nifty surged in the second half of February 4, and closed nearly 2 percent higher after the U.S. hit pause on planned tariffs for Canada and Mexico, offering a temporary relief from escalating trade tensions. The market capitalization surged by Rs 5.6 lakh crore today. Market experts now shift focus to the RBI's policy decision on February 7, with volatility still looming as U.S. President Donald Trump's unpredictable stance keeps global markets on edge. On February 1, Trump triggered fresh trade fears by imposing 25 percent tariffs on Canada and Mexico and slapping a 10 percent levy on Chinese goods, citing illegal immigration and the drug trade as justifications. But by February 3, he softened his stance, granting a 30-day reprieve for Mexico and Canada in exchange for stronger commitments on border security and crime enforcement.

(Moneycontrol)

Gig workers' earnings rise by 9-11.6% in FY25: The upward trajectory seen in earnings of workers at dark stores as also delivery partners of quick commerce players in 2023-24, is expected to continue in the current year albeit at a moderated pace. The average earnings of dark store workers are projected to reach `20,167 a month in FY25, a growth of 9.15%, data from TeamLease Digital showed. The earnings of delivery partners are likely to touch `26,000 a month, clocking a rise of 11.6%. Performance-based incentives can significantly boost these earnings, according to Neeti Sharma, CEO of TeamLease. The demand for q-comm gig workers may surge by 60% in 2025, driven by dark store expansion and the entry of new players into the market, she added. ***(Financial Express)***

China hits back at Trump with tariffs on US goods, Google probe: China announced an investigation into Google and imposed new tariffs on a range of US products moments after President Donald Trump slapped a 10 per cent tariff on goods from Beijing, reigniting a trade war between the world's largest economies. China will probe the US tech giant for alleged anti-trust violations,



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according to a Tuesday statement from the State Administration for Market Regulation. Beijing also announced 15 per cent levies on coal and liquefied natural gas and 10 per cent on oil and agricultural equipment from the US.

(Business Line)

BANKING & FINANCE



Ujjivan Small Finance Bank applies for universal banking licence: Ujjivan Small Finance Bank on Tuesday said it has applied for a universal banking licence. The Bengaluru-based lender is the second small finance bank to seek a voluntary transition into a universal bank, which would allow more regulatory freedom. AU Small Finance Bank had submitted its application in September last year. Complying with RBI guidelines, this move aims to enhance the bank's offerings and regulatory freedom, supported by its profitable status and diversified portfolio.

(Economic Times)

Bajaj Finserv still in talks to sail solo, eyes Allianz exit: Bajaj Finserv Ltd. is in ongoing discussions with Germany's Allianz SE to sever ties in their life and general insurance joint ventures, as the Indian financial services firm seeks more control over the businesses. Sanjiv Bajaj, chairman and managing director of Bajaj Finserv, said in an interview with Bloomberg TV, "You can have only one captain of the ship. We are the captain of this ship, and we've run this ship well." In October, Bajaj Finserv had informed the exchanges that Allianz was "actively considering" exiting their joint ventures, where the German company holds a 26% stake in each. Bajaj noted that while the partnerships were progressing well, there was a need for greater control in the future.

(Economic Times)

RBI clears sale of Tata Communications' payment arm to Australian fintech Findi: The Reserve Bank of India (RBI) has approved Tata Communications' plan to sell its entire stake in Tata Communications Payment Solutions (TCPSL) to Transaction Solutions International (TSI), the Indian arm of Australian fintech company Findi. The deal, first announced in November 2024, is valued at Rs 330 crore, with an additional Rs 75 crore based on interchange rate adjustments. This acquisition will help Findi grow in India's financial services sector, especially in underbanked areas. The company aims to leverage its ATM network and digital payment services to eventually become a full-fledged payments bank. TSI currently operates more than 7,500 "brown label" ATMs, partnering with banks like SBI, PNB, Central Bank of India, and HDFC. It also manages back-end operations for over 10,000



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"white label" ATMs and facilitates digital payments through 50,000+ merchants under its FindiPay brand.

(Economic Times)

Gold loan portfolio of banks jumps 71.3% to Rs 1.72 trillion till Dec 2024: Gold loan portfolio of banks rose by 71.3 per cent year-on-year (Y-o-Y) till December of the current financial year (FY25) to Rs 1.72 trillion, compared to 17 per cent growth a year ago, on the back of rising prices of the yellow metal and slowdown in unsecured loan following increase in risk weights last year. "Over the last year, gold loan growth has sharply increased, with a 68 per cent rise from April 2024 to December 2024 (M9FY25), while gold prices increased by around 21 per cent during the time," said Ajit Velonie, senior director, Crisil Ratings.

(Business Standard)

INDUSTRY OUTLOOK



Gati Shakti masterplan: Detailed norms soon on data access to pvt sector: Instead of giving access to the Gati Shakti national masterplan portal, the government may provide data and information based on queries raised by the private sector. The Department for Promotion of Industry and Internal Trade (DPIIT) will soon spell out the data-sharing norms of the Gati Shakti national masterplan with the private sector, Secretary Amardeep Singh Bhatia said. A number of options are being explored, and need-based information sharing could be one of the most 'secure' ways to share data. A final call is, however, yet to be made.

(Business Standard)

Ola founder Bhavish Aggarwal to invest Rs 2,000 crore in AI firm Krutrim: Ola founder Bhavish Aggarwal today announced investment of Rs 2,000 crore in its artificial intelligence (AI) firm Krutrim. He also committed an investment of Rs 10,000 crore by next year. With this investment, the first AI unicorn in India has managed to have raise investments of close to \$280 million. Along with the Rs 2,000 crore (around \$230 million) and the \$50 million the firm raised from Matrix Partners India in early 2024. According to sources, the Rs 2,000 crore have been raised via equity and debt. The company did not respond to the query of fund raise. The only other player in the Indian AI ecosystem to raise funds is Sarvam AI, which raised \$41 million in 2023, which was led by Lightspeed



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along with participation from Peak XV Partners and Khosla Venture. Hanooman, the other player which is also building SMLs, had plans to raise funds.

(Business Standard)

StanChart appoints former South African bank CEO Ramos as new chair: Standard Chartered has appointed former South African bank CEO Maria Ramos as chair to succeed Jose Vinals, who is approaching the end of his nine-year term, the lender said on Tuesday. Ramos, 65, joined StanChart's board as an independent non-executive director in January 2021 and was the head of South African bank ABSA Group Ltd from 2009 to 2019, overseeing its exit from the ownership of Britain's Barclays.

(Business Standard)



REGULATION & DEVELOPMENT

‘The new direct tax code bill will not have any new taxes, will be applicable from April’: **Tuhin Kanta Pandey, Finance secy:** The new direct tax code or the new income tax bill, set to be introduced in the Budget session of the parliament, and announced in the Budget 2025-26 by finance minister Nirmala Sitharaman will not include any new taxes, finance secretary Tuhin Kanta Pandey told Moneycontrol in an interview. The new direct tax code bill is an entirely new bill, Pandey clarified. “That is entirely a new bill. And the new bill has to be passed. It is an entirely new bill. It is rewritten”. “It will not change (tax rates) in that because that will be the prerogative of the tax policy. But structurally, it undergoes a massive change. The way it reads, the way it connects, the way it is understood. And the way the redundancy is removed. So, rationalization and simplification exercise will follow in that.”

(Moneycontrol)

India to evaluate US exit from global tax deal, says Finance Secretary Tuhin Kanta Pandey: India will assess the implications of the United States’ decision to withdraw from the global tax deal, Tuhin Kanta Pandey, Finance and Revenue Secretary, Ministry of Finance, said on Tuesday. Speaking at a post-budget meeting organized by industry body Assocham, Pandey emphasized the uncertainty surrounding the deal’s future following the US exit. “If the US is not into it, it doesn’t work. We have to evaluate,” Pandey said responding to a question from industry on what India proposes to do on the recent Trump Administration’s Global Tax deal exit decision. The global tax deal, spearheaded by the Organisation for Economic Co-operation and Development (OECD), is built



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on two key components—Pillar One, which seeks to reallocate taxing rights for large multinational corporations, and Pillar Two, which establishes a global minimum tax rate of 15 percent. The US withdrawal has raised concerns about the viability of the second pillar, as several jurisdictions had already enacted supporting legislation.

(Business Line)

Sebi tightens algo trading rules to plug gaps, boost investor protection: The Securities and Exchange Board of India (Sebi) has mandated the empanelment of algorithmic (algo) trading providers with stock exchanges and defined rules for using application programming interfaces (APIs). These new regulations aim to address regulatory gaps and enhance investor protection. Algo trading is already prevalent in the Indian market among both institutional and retail investors. However, the existing regulations had several loopholes, posing risks to investors. Under the new norms, open APIs will not be permitted. Access will be granted only through a unique vendor client to ensure identification and traceability. Investors who develop their own algos will need to register with the exchange through their broker if they exceed the specified order-per-second threshold. These investors will be allowed to permit usage of their algos by immediate family members.

(Business Standard)



FINANCIAL TERMINOLOGY

ALGO TRADING

- ❖ Algorithmic trading, or algo trading, is a method of trading that uses computer programs to automatically make and execute trades. It uses predefined rules and strategies to place trades at optimal times.
- ❖ A computer program is given a set of rules to follow. When the conditions are met, the program places orders at a speed and frequency that's impossible for a human trader. Algo trading can be more efficient and faster than human trading. It can help identify profitable opportunities, such as price differentials between markets.



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RBI KEY RATES

Repo Rate: 6.50%
SDF: 6.25%
MSF & Bank Rate: 6.75%
CRR: 4.00%
SLR: 18.00%
Fixed Reverse Repo: 3.35%

FOREX (FBIL 1.30 PM)

INR / 1 USD : 87.1206
INR / 1 GBP : 108.0081
INR / 1 EUR : 89.7001
INR /100 JPY: 56.1100

EQUITY MARKET

Sensex: 78583.81 (+1397.07)
NIFTY: 23739.25 (+378.20)
Bnk NIFTY: 50157.95 (+947.40)

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