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DAILY NEWS DIGEST BY BFSI BOARD

10 January 2025



ECONOMY

US, EU advise Indian exporters to Russia of careful evaluation of products to avoid sanctions: Indian entities exporting to Russia have been cautioned by the US and the EU to carefully evaluate their exports to ensure that not only the exported items but also their components do not fall in the prohibited category to avoid economic sanctions for supporting Moscow's war in Ukraine, industry sources have said.

(Business Line)

Double-counting of shipments inflated gold imports, says commerce ministry: India's gold imports in April-November were overstated by \$11.7 billion due to double-counting of shipments, commerce ministry explained in a release on January 9. On noticing unusual surge in imports of precious metals, the Centre conducted a reconciliation exercise wherein it was observed that due to migration of data pertaining to SEZs (special economic zones) to the ICEGATE (Indian Customs EDI Gateway) system, figures of precious metals needed revision, the commerce ministry said. "The date on exports and imports pertaining to SEZs as well as all other ports is being captured and transmitted by ICEGATE to DGCIS (Directorate General of Commercial Intelligence and Statistics). However, owing to persistence of certain technical glitches, the migration is still not complete. Both SEZ Online and ICEGATE are still capturing and transmitting mutually exclusive data to DGCIS," the release explained. Export and import data from SEZs, which were earlier calculated through the NSDL system, was shifted to ICEGATE in May last year.

(Moneycontrol)

Banks, dealers want RBI to act on the liquidity front: Banks and primary dealers are urging the Reserve Bank of India (RBI) to inject liquidity into the market through foreign exchange swaps or open market operations (OMOs) during its upcoming policy meeting on February 7, as system



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liquidity has logged a deficit since mid-December. With short-term borrowing costs at three-year highs and rupee forward premiums near two-year peaks, market participants expect the RBI will act to ease the current liquidity crunch. Higher forward premiums hurt importers. One-month forward premiums, at 2.15% at the start of December, surged to 3.82% by December 31. They stood at 3.80% as of January 8.

(Economic Times)

BANKING & FINANCE



FinMin urges MFIs to chart path for growth and sustainability: The Department of Financial Services (DFS) under the Ministry of Finance on Wednesday urged the microfinance sector to chart a roadmap aimed at enhancing its strength and long-term viability. Chairing a meeting with microfinance institutions (MFIs) in the capital, DFS Secretary M Nagaraju emphasised that MFIs in India need to be more robust, vibrant and financially sound, catering to the needs of rural masses. It was also pointed out that like digital disbursements, MFIs should encourage repayment of loans digitally while at the same time focus on cybersecurity and resilient IT infrastructure. They should also strengthen their governance standards. During the meeting, DFS Secretary recognised the work done by MFIs in impacting the lives of people in rural areas. He stated that DFS values the efforts put in by MFIs in supporting financial inclusion.

(Business Line)

Indian Overseas Bank to sell Rs 11,500 cr NPAs to boost asset quality: Indian Overseas Bank has decided to put non-performing assets to the tune of Rs 11500 crore on sale in a bid to improve asset quality further before the end of the fiscal. The state-owned lender has identified 46 NPA accounts for the exercise and has invited expressions of interest from asset reconstruction companies. The portfolio comprises accounts financed under a consortium arrangement, with some of these are already submitted to the National Company Law Tribunal (NCLT) under the bankruptcy law.

(Economic Times)

Lending rose faster than deposits in the December 27 fortnight: Lending rose faster than deposits in the last fortnight of 2024 with fortnightly growth in a year when credit and deposits have not moved in tandem and banks struggling to raise deposits to meet credit demand. While credit grew by 11.16 percent year-on-year, deposits increased by 9.8 percent as of December 27, according to



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the latest figures released by the Reserve Bank of India, released on Thursday. Aggregate Bank deposits amounted to Rs 220.6 lakh crore as of December 27, while total bank credit amounted to Rs177.43 lakh crore. At these levels the credit deposit ratio is at 80 percent compared to 79 percent in the same period a year ago.

(Economic Times)

Bank officers' union threatens to call on two-day nationwide strike: Bank officers' union AIBOC on Thursday threatened to go on a nationwide strike on February 24-25 to press for their various demands, including a 5-day work week and adequate recruitment in all cadres. Besides, the union has demanded immediate withdrawal of the recent directives of the Department of Financial Services (DFS) on performance review and PLI, which threaten job security and create division amongst employees. It further pitched to fill the post of workmen/officer directors in public sector banks and resolution of pending residual issues with IBA. In a statement, All India Bank Officers' Confederation (AIBOC) said it has been proposed by the executive committee to go for a two-day nationwide strike, tentatively scheduled for February 24-25, 2025.

(Economic Times)

INDUSTRY OUTLOOK



TCS Q3 results: Net profit rises 12% to Rs 12,380 crore, beats estimates: IT major Tata Consultancy Services Ltd on January 9 reported consolidated net profit of Rs 12,380 crore in the quarter ended December 31, 2024, a rise of 12% when compared to Rs 11,058 crore in the year-ago period, thus beating estimates marginally. The company's consolidated revenue from operations rose 6% to Rs 63,973 crore in Q3FY25 from Rs 60,583 crore in Q3FY24, thus missing estimates. On a sequential basis, the IT major's net profit rose 4%.The company declared a third interim dividend of Rs 10 and a special dividend of Rs 66 per equity share of Re 1 each of the company. The record date for the dividend is January 17 and payment date is February 3, said TCS in a stock exchange filing.

(Moneycontrol)

Amid surge in MFI defaults, small borrowers binge on debt: About 5 million micro borrowers, or nearly 6% of the total base as of November, took loans from four or more lenders, illustrating the extent of their indebtedness that has triggered defaults — and caused a ballooning of bad loans in the lending industry serving the most vulnerable customer segment. The number of borrowers taking loans from three or more lenders was 11 million, or 13% of the total microfinance borrower base of 85



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million, showed the latest data collated by credit bureau CRIF High Mark, and seen by ET. At present, the microfinance sector is reeling under severe asset quality stress. The sectoral gross nonperforming assets ratio rose to an 18-month high of 11.6% at the end of September.

(Economic Times)

Mahakumbh: PhonePe, ICICI launch Rs 59 insurance plan for train and bus travellers, Rs 99 for flights: head of the mega function in Uttar Pradesh's Prayagraj, PhonePe in partnership with ICICI Lombard on Thursday announced the launch of insurance coverage, designed for travellers attending the upcoming Maha Kumbh Mela from January 13 to February 26, 2025. The insurance plan is available in two variants, catering to the needs of a broad spectrum of travellers: Rs 59 per traveler for individuals traveling by train or bus and Rs 99 per traveler for individuals traveling by domestic flights. As per company's press statement, the launch aims to provide devotees with extensive coverage for various risks, including hospitalization, doctor consultation, outpatient treatment, personal accident cover, loss of checked-in baggage, trip cancellation cover, missed connecting flight cover, and repatriation of remains.

(Economic Times)



REGULATION & DEVELOPMENT

RBI accepts 77% of January government-security buyback bids: The Reserve Bank of India (RBI), in its recent buyback auctions of government securities in January, accepted nearly 77% of the total amount the central bank had notified, but received bids worth about double the amount as banks bid aggressively amid deficit liquidity in the banking system, economists said. The auction received bids worth ₹45,710.2 crore, for a notified amount of ₹25,000 crore. The RBI accepted ₹19,217.5 crore. The central bank started conducting such buyback auctions in this fiscal year on May 9, after a gap of six years. Since then, it has conducted seven rounds of such auctions.

(Economic Times)

Govt may introduce one-time amnesty scheme to resolve Customs disputes: The Union government is considering introducing a one-time amnesty scheme in the FY26 Budget to be presented on February 1, similar to the Vivad Se Vishwas scheme for income tax, to resolve pending Customs disputes, a senior government official said on condition of anonymity. "The proposed 'Amnesty Scheme under Customs' aims to facilitate the settlement of past dues, offering relief to the industry by reducing the burden of litigation. Under the scheme, importers may receive relief for



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disputes related to the Customs Act, which could include partial waiver of the duty in dispute, depending on the amount involved, as well.

(Business Standard)



DEFERRED TAX ASSET

- ❖ A deferred tax asset is an item on a company's balance sheet that reduces its taxable income in the future. Such a line item asset can be found when a business overpays its taxes. This money will eventually be returned to the business in the form of tax relief. Therefore, the overpayment becomes an asset to the company.
- ❖ Thieves do so either by physically copying data from the card or by hacking the payments network of the companies in question.
- ❖ A deferred tax asset is the opposite of a deferred tax liability, which indicates an expected increase in the amount of income tax owed by a company.
- ❖ A deferred tax asset usually is found when there are differences between tax rules and accounting rules. They also occur with a carryover of tax losses.



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 : 85.8806
INR / 1 GBP : 105.7597
INR / 1 EUR : 88.4731
INR /100 JPY: 54.3000

EQUITY MARKET

Sensex: 77620.21 (-528.28)
NIFTY: 23526.50 (-162.45)
Bnk NIFTY: 49503.50 (-331.55)

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