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DAILY NEWS DIGEST BY BFSI BOARD

11 February 2025



ECONOMY

Nearly \$1 billion of Indian exports at risk as Trump plans tariff on steel, aluminium imports: US President Donald Trump's plan to impose a 25 percent tariff on all steel and aluminium imports into the America could threaten nearly \$1 billion worth of Indian exports, according to an analysis by Moneycontrol. India's steel export to the US are a minor fraction of the total steel exports, and the US accounts for only 5 percent of the total exports from India. The aluminium industry, however, faces a more significant threat, as nearly 12 percent of the country's exports are aimed for the USA. Until November 2024, India's aluminium exports to the US at \$777 million were 11.5 percent of the country's total exports of \$6.7 trillion in 2024. However, there may some silver lining, as a similar decision by President Trump during his first term in office in 2018 didn't have much impact on India's aluminium export.

(Moneycontrol)

RBI doubles bond purchase to manage liquidity deficit: The Reserve Bank of India (RBI) on Monday said it will double the quantum of security purchases under its next tranche of open market operation on February 13 to manage the liquidity deficit in the country's banking system. RBI will purchase government securities worth Rs 40,000 crore, as against Rs 20,000 crore announced earlier, it said in a release. The banking system liquidity has stayed in deficit for eight consecutive weeks as of the week ended February 7, and the deficit currently stands at Rs 1.33 lakh crore. The RBI cut its key interest rate by 25 basis points on Friday to boost the sluggish economy but did not announce any liquidity-boosting measures, which led to an uptick in bond yields.

(Moneycontrol)

Gold futures hit all-time high of ₹85,680/10g: Gold prices on Monday hit a fresh all-time high of ₹85,680 per 10 grams in futures trade in line with firm global trends. On the Multi Commodity Exchange, gold contracts for April delivery hit a record high of ₹85,680 per 10 grams in early trade. The contract later pared some gains to trade ₹786 or 0.93 per cent higher at ₹85,674 per 10 grams



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with an open interest of 17,497 lots. According to analysts, gold prices continued to rise as escalating trade tensions between the US and China prompted investors to seek refuge in the safe-haven asset. "US President Donald Trump...kick-started a trade war as he followed through on his threat to impose new duties on China, though he granted Mexico and Canada a one-month reprieve," Manav Modi, Analyst - Commodity Research at MOFSL, said. Globally, gold futures jumped 1.13 per cent to hit a lifetime high of \$2,921.91 per ounce in New York.

(Business Line)

BANKING & FINANCE



Due diligence of qualified bidders for IDBI Bank underway: MoS Finance: The due diligence of qualified bidders for IDBI Bank, which is up for privatisation, is underway, Minister of State for Finance Pankaj Chaudhary said on Monday. The government, along with LIC, is selling nearly 61 per cent stake in IDBI Bank. This includes a 30.48 per cent stake of the Government of India and 30.24 per cent of LIC. In January 2023, the Department of Investment and Public Asset Management (DIPAM) received multiple Expressions of Interest (EoI) for buying stake in IDBI Bank. After security clearance by Ministry of Home Affairs (MHA) and fit and proper evaluation by RBI, the due diligence by the qualified bidders is being done," Chaudhary said in Lok Sabha.

(Economic Times)

Govt keeps eye on rate transmission: The government is closely monitoring lenders to ensure they pass on rate cuts announced by the central bank. A senior government official said they will hold discussions with banks if such transmission is not reflected in the next few weeks. The government is meticulously watching banks to ensure the transmission of the recent RBI rate cut to borrowers, as officials warn that insufficient rate cuts would be addressed. The RBI's quarter-percentage-point cut aims to reduce borrowing costs, but historical precedents show mixed transmission effectiveness.

(Economic Times)

Banks breathe easy as RBI goes soft on provisioning, LCR rules: Reserve Bank India governor Sanjay Malhotra's assertion that none of the new regulations on project finance provisions, liquidity coverage ratio (LCR) and expected credit loss (ECL) will be implemented in a hurry is a relief to banks battling tight liquidity, shrinking margins and rising bad loans from the unsecured portfolio. Bankers are relieved with Malhotra's emphasis on a consultative approach with minimum disruption to the financial system. With the expected increase in provision costs and tighter regulations for



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project finance now on the back burner, lenders can focus on business growth over the next one year, bankers said.

(Economic Times)

IIHL to acquire Reliance Capital by Feb 26, meeting scheduled for Tuesday: IndusInd International Holdings Limited (IIHL) is set to acquire the debt-ridden Reliance Capital by February 26 as the National Company Law Tribunal (NCLT) on Monday accepted the acquiring company's request. During the hearing, sources said, IIHL confirmed submission of all definitive documents and achieving financial closure towards implementation of the resolution plan of Reliance Capital. NCLT has accepted IIHL's plea for achieving closure by February 26, 2025 in the hearing earlier in the day. Consequently, the next hearing in the matter is scheduled on February 26 for final closure of implementation of approved resolution plan and handing over the control of Reliance Capital and its subsidiaries to IIHL.

(Business Standard)

INDUSTRY OUTLOOK



Reliance Retail unit launches 'Spinner', a sports drink, for Rs 10: Reliance Consumer Products Limited (RCPL), a wholly-owned subsidiary of Reliance Retail Ventures Limited, on February 10 announced the launch of its new sports drink, Spinner, co-created with the legendary cricket icon, Muttiah Muralitharan. "Spinner is set to revolutionise hydration with its affordable price point and refreshing flavours, making it the first-ever sports drink available at an honest price of just Rs 10. Uniquely positioned Spinner will lead the movement in creating a sports beverage category of up to \$1 billion in the next 3 years," said RCPL in a statement.

(Moneycontrol)

UDAN 5.5 launch to link remote areas with seaplane, copter services: The Centre has launched the next phase of its flagship UDAN (Ude Desh ka Aam Naagrik) scheme to enhance regional air connectivity, sources told businessline. Accordingly, the UDAN 5.5 intends to promote last-mile connectivity in remote regions, hilly areas, and island territories. Sources told businessline that the latest phase of the scheme will award routes that will be serviced exclusively with seaplanes, choppers, and small aircraft with a seating capacity of less than 20 passengers. According to sources, the 5.5 version is offering operators a chance to chart out seaplane routes between 80 water bodies, which include waterdromes, ponds, and dams.

(Business Line)



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ONGC signs pact with BP for oil exploration, trading: State-owned Oil and Natural Gas Corporation on Monday said it has signed a pact with global oil major BP to explore collaboration in exploration and production, trading and other energy vectors, in India and internationally. The MoU comes within a month of ONGC selecting BP as a technical service provider for raising output from its flagship Mumbai High oil and gas field. "ONGC and BP have agreed to explore opportunities for collaboration and partnership across the energy industry in India and internationally, focused on oil and gas exploration and production, as well as trading and extending to other energy vectors," the firm said in a statement.

(Economic Times)



REGULATION & DEVELOPMENT

Government revises Market Intervention Scheme (MIS) guidelines: Market Intervention Scheme (MIS) is a component of PM-AASHA scheme. Market Intervention Scheme (MIS) is implemented on the request of State/UT Government for procurement of various perishable agricultural/horticultural commodities such as tomato, onion and potato etc. for which Minimum Support Price (MSP) is not applicable and there is a reduction of at least 10% in the market prices in the States/UTs as compared to the rates of the previous normal season, so that farmers are not forced to sell their produce under distress. MIS will be implemented only when there is a minimum reduction of 10% in the prevailing market price as compared to the previous normal year. The procurement/coverage limit of production quantity of crops has been increased from the existing 20 percent to 25 percent. The State has also been given the option to pay the difference between the Market Intervention Price (MIP) and the selling price directly into the bank account of the farmers in place of physical procurement. Further, where there is a difference in the price of TOP crops (tomato, onion and potato) between the producing and consuming States, the operational cost incurred in storage and transportation of crops from the producing State to other consuming States will be reimbursed by Central Nodal Agencies (CNA) like NAFED and NCCF, in the interest of farmers.

(PiB)

Govt likely to use reserve oil funds to finance fertiliser subsidy gap: For the first time, the government is likely to dip into the Oil Industry Development Fund (OIDF) to finance part of its fertiliser subsidy programme for the financial year 2025-26, according to official sources. The Finance Ministry has accounted for Rs 23,000 crore in the FY26 Budget as net additional resources to be



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drawn from dedicated reserve funds, including the OIDE, the Agriculture Infrastructure and Development Fund, and the Universal Service Obligation Fund. Experts believe that while the government's reliance on off-Budget borrowing has ended, accessing funds within the public account could help marginally reduce the fiscal deficit.

(Business Standard)



FINANCIAL TERMINOLOGY

OUTCOME BUDGET

- ❖ While a budget provisions for various purposes, there must be a way to monitor if the allocated funds were used for their intended purposes. Therefore, since the financial year 2006-07, it has been made mandatory for every ministry to present a preliminary Outcome Budget to the Ministry of Finance for compiling them together.
- ❖ The Outcome Budget is a kind of report card that describes the progress made by various ministries and departments with the allocations from the previous budget. In addition, the Outcome Budget measures the development outcome of multiple programs and determines if the funds were used for their intended purpose.



RBI KEY RATES

Repo Rate: 6.25%
SDF: 6.00%
MSF & Bank Rate: 6.50%
CRR: 4.00%
SLR: 18.00%
Fixed Reverse Repo: 3.35%

FOREX (FBIL 1.30 PM)

INR / 1 USD : 87.5858
INR / 1 GBP : 108.6700
INR / 1 EUR : 90.3560
INR /100 JPY: 57.6900

EQUITY MARKET

Sensex: 77311.80 (-548.39)
NIFTY: 23381.60 (-178.35)
Bnk NIFTY: 49981.00 (-177.85)

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