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

**15 February 2025**



## **ECONOMY**

**Sensex, Nifty close lower for 8th session; all 13 sectoral indices in red, broader markets crash up to 3%:** Sensex and Nifty fell for the eighth session for the first time in two years on February 14, as fears of relentless FII selling and weak Q3 earnings overshadowed any optimism sparked by easing Russia-Ukraine tensions, a delay in U.S. tariff impositions until April, positive U.S. producer data, and hopes of tariff discussions between Indian Prime Minister Narendra Modi and U.S. President Donald Trump. At close, the Sensex was down 199 points or 0.3 percent at 75,939, and the Nifty was down 102 points or 0.4 percent at 22,929. About 642 shares advanced, 3,200 shares declined, and 73 shares were unchanged. Nifty is currently 13 percent below its all-time high, while Sensex has declined 12 percent from its peak. Sensex and Nifty fell 3 percent each for the week ended February 14. The broader markets bore the brunt, with the BSE Midcap and BSE Smallcap indices nosediving nearly over 3 percent each, sharply underperforming the benchmarks.

### ***(Moneycontrol)***

**Over 100 countries secure from reciprocal tariffs as they run trade deficit with US:** President Donald Trump's signing of an executive order on reciprocal tariffs has led to widespread speculations as to which countries will likely face the ire of the president. A Moneycontrol analysis of World Bank data shows that the US had a surplus with 110 nations, as many as it had a deficit with, in 2023. However, to the president's dismay, the number of countries with which the US runs a surplus has reduced over the last three years. While the US had a merchandise trade surplus with 125 out of 222 nations in 2012. The number of countries with which the US runs a surplus has shrunk, while its deficit with countries that run a merchandise trade deficit has ballooned over the last decade. While it had a surplus of \$155 billion with 125 countries in 2012, this reduced to \$110 billion by 2016. Since then, it has risen to \$133 billion with 110 countries. The US runs a deficit of around \$40 billion with India. It has increased from \$22.2 billion in 2020 and \$19.1 billion in 2016.

### ***(Moneycontrol)***



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**10 big announcements from Modi, Trump talks:** Prime Minister Narendra Modi and US President Donald Trump held talks at the Oval Office on February 13 (US time). The two leaders discussed trade relations, immigration, military sales, nuclear technology among other key issues as follows;

- **Double bilateral trade by 2030:** India and US have agreed to increase their **bilateral trade to \$500 billion by 2030**. Taking a leaf out of Trump's "Make America Great Again", PM Modi said that Viksit Bharat means "Make India Great Again", or MIGA."MIGA and MAGA together becomes MEGA partnership for prosperity," PM Modi said.
- **Extradition of 26/11 accused:** US President Trump announced his administration has approved the extradition of 26/11 Mumbai attacks accused Tahawwur Rana to India.
- **F35 stealth fighter jets:** US has announced plans to provide India with F-35 stealth fighter jets.
- **Launch of Autonomous Systems Industry Alliance:** PM Modi said they have decided to launch Autonomous System Industry Alliance.
- **India and US to help build IMEC corridor:** India and US has agreed to work together to help build IMEC (India-Middle East-Europe Economic Corridor to help in building one of the greatest trade routes in all of history. It will run from India to Israel to Italy and onward to the US, connecting through roads, railways and undersea cables.
- **India reforming laws to welcome US nuclear tech:** US President India is also reforming its laws to welcome the US nuclear technology into the Indian market. Trump said, "India is also reforming its laws to welcome the US to nuclear technology at the highest level into the Indian market. This will bring safe, clean and affordable electricity to millions of Indians and tens of billions of dollars to the US civilian nuclear industry in India."
- **US to be leading supplier of oil and gas to India:** India and the US have reached an important agreement on energy that will restore the United States as a leading supplier of oil and gas to India. that will restore America as a leading supplier of oil and gas to India.
- **Increasing military sales to India by many billions of dollars:** US will increase military sales to India by billions of dollars.
- **India, US to work together to confront the radical terrorism:** US President Trump said that terrorism is a common enemy of India and the United States "The United States and India will be working together like never before to confront the radical terrorism.
- **India, US to work together to maintain stability in Indo-Pacific:** PM Modi emphasised on peace, stability and prosperity in the Indo-Pacific as he highlighted QUAD's crucial role. "India and America's partnership strengthens democracy and democratic values. QUAD will have an important role in it. This time, India is going to host the QUAD summit - we will extend our cooperation in new areas with our partner countries during that."

**(Moneycontrol)**



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## **BANKING & FINANCE**



**RBI imposes penalties on Shriram Finance, Nainital Bank, & Ujjivan Small Finance Bank for regulatory lapses:** The Reserve Bank of India has levied penalties on Shriram Finance, Nainital Bank and Ujjivan Small Finance Bank for failing to adhere to certain regulatory guidelines. The central bank fined Rs 61.40 lakh on Nainital Bank for non-compliance with directions on interest rate on advances and customer service. The private sector bank did not benchmark certain floating rate loans extended to MSMEs to an external benchmark rate and levied penal charges for non-maintenance of minimum balance in savings bank accounts at flat rates instead of the charges being directly proportionate to the extent of shortfall. The fine on Ujjivan was Rs 6.70 lakh as it failed to issue loan agreements to certain borrowers at the time of sanction / disbursement of loans. Shriram Finance was slapped with a Rs 5.80 lakh fine for failing to put in place a system of periodic review of risk categorisation of accounts among other issues.

***(Economic Times)***

**RBI replaces board of New India Cooperative Bank, appoints administrator amid governance concerns:** The Reserve Bank of India (RBI) announced on Friday that it has superseded the board of directors of New India Cooperative Bank and appointed Shreekant, the former Chief General Manager of State Bank of India (SBI), as the 'Administrator' to oversee the bank's operations for 12 months. Restrictions on issuing new loans and deposit withdrawals were imposed due to governance and liquidity concerns. A Committee of Advisors will aid the Administrator. Depositors are insured up to Rs 5 lakh under the deposit scheme.

***(Economic Times)***

**MFI loan disbursements may decline further for next couple of months:** The disbursements in microfinance segment in Karnataka may slow down further for the next couple of months amid confusion that follows the promulgation of an ordinance by the state government, microfinance institution (MFI) executives said. Assets under management (AUM) of MFIs in the state stood at Rs 60,000 crore at the end of March 2024, according to Association of Karnataka Microfinance Institutions (AKMI's) annual report for FY24. The state's MFIs service over 10 million clients and employ over 36,000 who are all from Karnataka.

***(Business Standard)***



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**RBI intervention boosts rupee to strongest weekly gain in 19 months:** The Indian rupee logged its biggest weekly rise against the dollar in seven months, lifted by the central bank's heavy intervention in the foreign exchange market and kept speculators betting against the currency at bay. The rupee ended at 86.8225 per US dollar, up 0.1per cent compared to 86.8975 in the previous session. However, for the week, the rupee rose 0.7per cent, the most since mid-July 2023. The domestic unit has been under pressure amid India's sluggish economic growth, a recent interest rate cut by the Reserve Bank of India (RBI), foreign outflows from local stocks and concerns of a global trade war following US President Donald Trump's tariff plans.

***(Business Standard)***

## INDUSTRY OUTLOOK



**JioStar announces new OTT platform JioHotStar:** RIL's entertainment arm JioStar has merged JioCinema and Disney+Hotstar to form one consolidated platform called JioHotstar that would bring all streaming platforms in the group under one umbrella. "This coming together of brands, expansive content, cutting-edge features, and a large audience and subscriber base marks a globally unprecedented milestone in the streaming industry," the company said in a statement. The mega platform has more than 50 crore users offering 3 lakh hours of entertainment, spanning sports, entertainment and much more. The company said JioHotstar provided 'compelling subscription plans tailored to diverse audience needs', starting at ₹149. Existing JioCinema and Disney+ Hotstar subscribers will be able to seamlessly transition and set up their JioHotstar subscriptions.

***(Business Today)***

**Asian Paints to sell its Indonesia business for Rs 48 crore, will book Rs 90 crore worth of loss on divestment:** Asian Paints on Friday announced the company, through its wholly owned subsidiary, Asian Paints International Pvt Ltd, Singapore (APIPL), has entered into a share purchase agreement to divest its entire stake in its Indonesian operations to Berger Paints Singapore Pte Limited, Singapore (BPSPL), a subsidiary of Omega Property Investments Pty Ltd, Australia (Omega). In a regulatory filing, the company said that the deal is valued at SGD 7.5 million, which is approximately equivalent to Rs 48 crore, subject to completion of certain conditions precedent and adjustments at closing. The deal is expected to be closed on or before 31st March, 2025.

***(Financial Express)***



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**India's wholesale inflation eases to 2.31% in January from 2.37% in December:** India's wholesale inflation eased to 2.31 per cent in January on an annual basis, as against 2.37 per cent in December, government data showed on Friday. Primary articles inflation in January came down to 4.69 per cent from 6.02 per cent in December. Meanwhile, fuel and power wholesale prices fell 2.78% as against a 3.79% decline in

*(Economic Times)*



## REGULATION & DEVELOPMENT

**India's forex reserves up \$7.6 billion at \$638.2 billion as of February 7:** India's foreign exchange reserves were up by \$7.6 billion to settle at \$638 billion as February 7, 2025, Reserve Bank of India data showed on Friday. Meanwhile, Gold Reserves stood at \$72.20 billion, increasing by \$1.3 billion, while Foreign Currency Assets saw a hike of \$6.4 billion and settled at \$544.11 billion. However, the Weekly Statistical Supplement released by the RBI showed that Special Drawing Rights (SDRs) was down by \$11 million and stood at \$17.87 billion. The Reserve Bank's position in IMF was also down \$71 million at \$4 billion.

*(Economic Times)*

**Sebi to tighten related party transaction disclosure norms for listed firms:** Listed companies may soon face stricter disclosure requirements for related-party transactions (RPTs). Securities and Exchange Board of India (Sebi) chairperson Madhabi Puri Buch announced on Friday that the new standards — deliberated and cleared by the Industry Standards Forum (ISF) — will be notified and integrated into the regulations soon. The approved RPT disclosure standards will require listed companies to provide more detailed information when seeking approval for RPTs from audit committees and shareholders. RPTs involve transactions between listed companies and connected entities or firms related to promoter group members. These transactions often require shareholder and audit committee approval to ensure transparency and trust.

*(Business Standard)*

**FinMin asks ICAI to review new Income Tax Bill 2025, suggest improvements:** The Finance Ministry has asked the Institute of Chartered Accountants of India (ICAI) to review the new Income Tax Bill 2025 and suggest improvements. A five-member group has been formed by the ICAI to carefully study the bill and make recommendations, according to a report by The Economic Times. According to the media report, the Central Board of Direct Taxes (CBDT) has requested detailed



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feedback on the bill. The ICAI will go through the bill section by section, keeping in mind the needs of both businesses and individual taxpayers. The aim is to make the process easier for everyone, ensuring a balance between smooth business operations and easier living for taxpayers.

***(Business Standard)***



## FINANCIAL TERMINOLOGY

### EXCHANGE RATE MECHANISM

- ❖ An exchange rate mechanism (ERM) is a set of procedures used to manage a country's currency exchange rate relative to other currencies. It is part of an economy's monetary policy and is put to use by central banks.
- ❖ Such a mechanism can be employed if a country utilizes either a fixed exchange rate or one with a constrained floating exchange rate that is bounded around its peg (known as an adjustable peg or crawling peg).
- ❖ More broadly, ERM is used to keep exchange rates stable and minimize currency rate volatility in the market.
- ❖ An exchange rate mechanism is not a new concept. Historically, most new currencies started as a fixed exchange mechanism that tracked gold or a widely traded commodity. It is loosely based on fixed exchange rate margins, whereby exchange rates fluctuate within certain margins.



### **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 : 86.8862  
INR / 1 GBP : 109.1221  
INR / 1 EUR : 90.8581  
INR /100 JPY: 56.9300

### **EQUITY MARKET**

Sensex: 75939.21 (-199.76)  
NIFTY: 22929.25 (-102.15)  
Bnk NIFTY: 49099.45 (-260.40)

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- ❖ **BFSI Chronicle (quarterly issue of BFSIB)**
- ❖ **Handbook on Stock & Book Debts Audit (Revised and Enlarged 2<sup>nd</sup> Edition)**

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### **TEAM BFSIB**

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