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DAILY NEWS DIGEST BY BFSI BOARD

17 February 2025



ECONOMY

FPIs pull out Rs 21,272 cr in Feb; 2025 outflows near Rs 1 lakh cr: The exodus of FPIs from the Indian equity markets continues as they pulled out Rs 21,272 crore in the first two weeks of this month, driven by global tensions after the US imposed tariffs on imports. This came following a net outflow of Rs 78,027 crore in January. With these, the total outflow by FPIs has reached Rs 99,299 crore — near Rs 1 lakh crore — in 2025 so far, data with the depositories showed.

(Moneycontrol)

Zoho's Sridhar Vembu warns of higher inflation after Donald Trump's reciprocal tariffs threat: Zoho Corporation's co-founder Sridhar Vembu on Sunday raised concerns of higher inflation in the coming months as India is likely to increase imports from the United States, following President Donald Trump's reciprocal tariffs threat. India will also have to find ways to cut consumer goods imports from China and increase domestic production, said Vembu. In a post on social media platform X, Sridhar Vembu said: "As a slightly oversimplified mental model, India exports software services to America and imports consumer goods from China. The surplus with America is more than matched by the deficit with China. Now India will (have to) import more iPhones, GPUs, LPG, nuclear plants, fighter jets, whiskey and so on from America to balance the bilateral trade."

(Mint)

DOGE reveals \$21 million US money was spent on Indian elections and \$29 million on Bangladesh politics: The US Department of Government Efficiency (DOGE) has revealed that over \$750 million in taxpayer funds were allocated for various international projects, including election-related initiatives in India and Bangladesh. The department announced on Sunday that these expenditures had been cancelled. Among the cancelled funds was \$21 million earmarked for "voter turnout in India" and \$29 million for "strengthening the political landscape in Bangladesh." The revelation has sparked debate over the use of US taxpayer dollars in foreign electoral processes.

(Financial Express)



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BANKING & FINANCE



SBI slashes EBLR, RLLR; home loans, other loans' lending rates to come down: State Bank of India has recently announced a reduction in its External Benchmark-based Lending Rate (EBLR) and Repo Linked Lending Rate (RLLR) for various loans, including home loans. The revised lending rates will come into effect on February 15, 2025. This decision follows the Reserve Bank of India's (RBI) recent cut in the repo rate by 25 basis points (bps) from 6.50% to 6.25% during its MPC meeting last week.

(Business Today)

Standard Chartered gets RBI nod to appoint PD Singh as India CEO: Reserve Bank of India (RBI) has given its approval to appoint corporate banking veteran and former JP Morgan India CEO Prabdev (PD) Singh as the CEO for Standard Chartered (StanC) in India and South Asia people familiar with the matter said. Singh will start his three year term on April 1 succeeding Zarin Daruwala who retires from the bank at the end of March, these people said. PD Singh was the top choice for the Asia focussed UK bases lender among three names sent to the RBI. Singh had stepped down as CEO of JP Morgan in India, in June last year before the end of his term.

(Economic Times)

Bank of Maharashtra gets RBI nod for opening GIFT City branch: State-owned Bank of Maharashtra (BoM) on Sunday said it has received approval from the Reserve Bank of India to set up an International Financial Services Centre (IFSC) Banking Unit at GIFT City. The branch will function as Bank of Maharashtra's first international branch carrying out offshore banking operations from India.

(Economic Times)

LIC launches marketing tech platform under project DIVE: State-owned Life Insurance Corporation of India (LIC) on Friday said it has launched its marketing technology (MarTech) platform to redefine customer engagement. The platform is the first major milestone in project DIVE (Digital Innovation and Value Enhancement). This platform enables LIC to offer hyper-personalized customer engagement and reinforce its commitment to global leadership in digital insurance innovation. With the launch of the MarTech platform, LIC has taken the first leap on its bold new journey of digital transformation, one that will redefine customer engagement in the insurance sector.

(Economic Times)



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INDUSTRY OUTLOOK



No more PLIs in India's manufacturing push: The government has dropped a plan to launch new production Linked Incentive (PLI) schemes, given that many of the existing ones are yet to produce satisfactory outcomes. However, it is likely to announce new incentive schemes for a clutch of industries, where India's manufacturing competitiveness is seen to be long-hanging fruit. These incentives will, however, be markedly different from PLI schemes in terms of structure and objectives, with a sharper focus on job creation and quality of products, official sources said. While the Budget FY26 stated that new schemes would be rolled out for toys and leather/footwear, similar schemes may be on the cards for chemicals, bicycles, shipping containers etc., the sources added. "The spirit of PLI has been lost. PLI is no longer the favoured baby," an official said, on condition of anonymity. The exact contours of the new schemes are still under discussion.

(Financial Express)

Indian companies cautious amid Trump's threat of reciprocal tariffs: Indian companies and trade organisations are adopting a cautious approach, watching and waiting to see how the situation unfolds following US President Donald Trump's threats to impose reciprocal tariffs on Indian exports to the US. India runs a trade surplus with the US at \$45 billion in calendar year 2024, according to Morgan Stanley, making it the seventh-largest trade surplus among nations that have a trade surplus with the US. Some industries likely to be affected by the reciprocal tariff include automobile (auto) components, steel, pharmaceuticals, and textiles, say analysts.

(Business Standard)

First 'Made-in-India' chip to be launched by September-October: Vaishnaw: Minister of Information and Broadcasting Ashwini Vaishnaw has said the first 'Made-in-India' chip will come out in September or October this year. Addressing the media in Bengaluru on Saturday, Vaishnaw said the government has granted Rs 334 crore to the Indian Institute of Science (IISc), Bengaluru, "for new research and development (R&D) in gallium nitride, a technology in semiconductors, which is used in telecom and power." The government will soon come out with a production-linked incentive (PLI) scheme for components, he added.

(Economic Times)



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REGULATION & DEVELOPMENT

New Fastag rules from February 17, 2025: National Payments Corporation of India and the Ministry of Road Transport & Highways have issued two new major changes to the Fastag. The government body is set to implement stricter guidelines for processing transactions and chargebacks, aiming to streamline toll payments and reduce disputes. Starting February 17, 2025, new Fastag rules will affect users who delay payments or have blacklisted tags. Apart from this, there are changes in terms of the Chargeback process and cooling period as well as transaction rejection rules to streamline toll payments and reduce disputes. Fastag users may incur additional charges if their toll transactions are processed beyond 15 minutes from the time the vehicle passes the toll reader. According to updated National Electronic Toll Collection (NETC) guidelines, if a transaction is delayed and the user's Fastag account has insufficient balance, the toll operator will be held responsible. However, if the amount is deducted, users can dispute the charge, but only after a mandatory 15-day cooling period. Under the new rules, banks can raise chargebacks for incorrect deductions related to blacklisted or low-balance Fastags only after 15 days. If a Fastag has been inactive for more than 60 minutes before the vehicle crosses the toll and remains inactive up to 10 minutes after passing, the transaction will be declined.

(Moneycontrol)

Bima Vahak's portal is ready for soft launch in April 2025, says Irdai: The portal for Bima Vahak, the localised, women-centric insurance field sales force, is nearing completion and is set for a soft launch for onboarding 'Vahaks' from April 2025, the insurance regulator said in its press release. The Insurance Regulatory and Development Authority of India (Irdai) held a quarterly meeting with CEOs of life and non-life insurance firms in Hyderabad during the two-day Bima Manthan on February 13 and 14, 2025, to discuss key issues related to the phased launch of Bima Trinity. The regulator also said, "A compliant, simple, comprehensive, and customer-friendly model has been signed off by the top brass of the industry."

(Business Standard)



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FINANCIAL TERMINOLOGY

CYCLICAL UNEMPLOYMENT

- ❖ Cyclical unemployment is a type of unemployment that occurs when the economy goes through ups and downs. It's caused by changes in business activity, such as recessions and economic expansions.
- ❖ During a recession, demand for goods and services decreases, which leads to businesses laying off workers. During an economic expansion, demand for goods and services increases, which leads to businesses hiring more workers.
- ❖ Cyclical unemployment can slow economic growth and make it difficult for people to maintain a basic standard of living.
- ❖ Expansionary monetary policy can help reduce cyclical unemployment.



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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