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DAILY NEWS DIGEST BY BFSI BOARD

21 January 2025



ECONOMY

Bitcoin soars above \$109,000 to hit fresh record-high over pumped-up crypto bets ahead of Donald Trump's inauguration: The price of bitcoin surged to over USD 109,000 early Monday, just hours ahead of President-elect Donald Trump's inauguration, as a pumped up cryptocurrency industry bets he'll take action soon after returning to the White House. Bitcoin is the world's most popular cryptocurrency and was created in 2009 as a kind of electronic cash uncontrolled by banks or governments. It and newer forms of cryptocurrencies have moved from the financial fringes to the mainstream in wild fits and starts. Bitcoin has surged in price since Trump's victory, topping \$100,000 for the first time last month before briefly sliding down to about \$90,000. On Friday, it rose about 5%. It jumped more than \$9,000 early Monday, according to CoinDesk.

(Mint)

Reserves adequate to absorb depreciation impact and RBI dollar sales: While the rupee has depreciated at a modest pace compared to many of India's trading partners, the armoury of forex reserves is a lot more comfortable than 2013. There is still more room for the value of the rupee to ease further. RBI's forex reserves adequacy ratio stands strong at 236 percent, ensuring a stable rupee despite global currency pressures. With current reserves significantly higher than during the 2013 taper tantrum, there is ample scope for managed rupee depreciation without major financial stress.

(Economic Times)

India's growing middle class to drive insurance industry's growth in FY24, says Moody's: India's insurance industry is poised for sustained growth in financial year 2024-25, driven by the country's robust economic expansion and increasing demand for health insurance, according to a new report by credit ratings agency Moody's. Premiums are increasing, driven by higher incomes and government reforms, though the sector still faces challenges such as capital adequacy pressures and the transition to new accounting standards.

(Economic Times)



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BANKING & FINANCE



IDBI Bank Q3 result: Profit jumps 31% YoY; provisions, net NPA drops: Banking major IDBI Bank, on Monday, January 20, reported a standalone net profit of ₹1,908.27 crore for the December quarter of the current financial year (Q3FY25). The profit figure was nearly 31 per cent up against a profit of ₹1,458.18 crore earned in the corresponding quarter last year. On a quarter-on-quarter (QoQ) basis, the lender's profit rose nearly 4 per cent. In Q3FY25, the company's profit was ₹1,836.45 crore. The gross NPA for Q3FY25 stood at ₹7,634.75 crore, down 11.11 per cent YoY from ₹8,589.40 crore and 0.24 per cent QoQ from ₹7,653.13 crore. The bank's net NPAs declined 38.41 per cent year over year and 9 per cent quarter over quarter to ₹365.46 crore. In Q3FY24, the bank's net NPA was ₹593.34 crore; in Q2FY25, it was ₹401.60 crore.

(Mint)

Central Bank of India Q3 results: Net profit jumps 33% to Rs 959 crore: State-owned Central Bank of India posted a 33 per cent increase in its profit at Rs 959 crore in the third quarter ended December 2024. The bank had earned a net profit of Rs 718 crore in the same quarter a year ago. Total income increased to Rs 9,739 crore during the quarter under review against Rs 9,139 crore in the same period last year, the Central Bank of India said in a regulatory filing. Operating profit of the bank improved to Rs 1,963 crore as against Rs 1,931 crore in December 2023. On the asset quality side, the bank's gross Non-Performing Assets (NPAs) declined to 3.86 per cent of the total loans at the end of December 2024 from 4.50 per cent a year ago. Net NPAs or bad loans also came down to 0.59 per cent from 1.27 per cent at the end of the third quarter of the previous fiscal. Capital Adequacy Ratio of the bank rose to 16.43 per cent as against Rs 14.74 per cent at the end of same quarter a year ago.

(Business Standard)

Bharti Airtel, Bajaj Finance enter strategic partnership to create digital platform for financial services: Bharti Airtel, one of India's largest telecom services providers and Bajaj Finance, the country's largest private-sector Non-Banking Financial Company (NBFC), on January 20 announced a strategic partnership to create one of India's largest digital platforms for financial services and transform last mile delivery. The one-of-a-kind partnership brings together Airtel's highly engaged customer base of 370 million, 12 lakh+ strong distribution network, and Bajaj



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Finance's diversified suite of 27 product lines, and distribution heft of 5,000+ branches and 70,000 field agents.

(Business Today)

Former RBI deputy gov Jain to chair panel to evaluate bank licence applications: Punjab and Sind Bank plans to raise ₹2,000 crore through Qualified The Reserve Bank of India has formed a new external committee, led by former deputy governor MK Jain, to evaluate applications for universal and small finance banks. Initial screening by the central bank will ensure eligibility, followed by the committee's assessment. This committee succeeds the one led by Shyama Gopinath, with members like Revathy Iyer and Hemant G Contractor.

(Economic Times)

RBI eases norms for ARCs, streamlines borrower dues settlement process: RBI on Monday eased norms pertaining to settlement of dues between asset reconstruction companies (ARCs) and borrowers, making such rules almost in line with banks and non-banking financial companies (NBFCs). Now, dues above Rs 1 crore can be settled based on board approved policy and a committee of the board can take the decision. Earlier, such settlements needed the board's approval. The revised norms mandated that the committee should be chaired by an independent director and have a minimum two independent directors, including the chair. Or, it should consist of at least one-third of the total strength of the board or three directors, whichever is higher.

(Business Standard)

INDUSTRY OUTLOOK



Paytm eyes merchant acquisition in international markets with new subsidiaries in Middle East, SEA: One97 Communications, the parent company of fintech giant Paytm, is expanding its global footprint with new subsidiaries in the UAE, Saudi Arabia, and Singapore after reporting a marginal reduction in net loss to ₹208.3 crore in the third quarter, compared to the same period last year. Paytm CEO Vijay Shekhar Sharma said that merchant acquisition and payment facilitation in new regions are key growth opportunities for the company.

(Mint)

'Vaccines cheaper than chappals...': At Davos, Serum's Adar Poonawalla demands fair pricing for innovation: Serum Institute of India CEO Adar Poonawalla made a bold appeal for the vaccine industry at Davos, calling for fair pricing regulations to enable growth and innovation. "We



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need to be left alone to price our products fairly," Poonawalla told Business Today Executive Director Rahul Kanwal, emphasizing that the vaccine sector does not require incentives or breaks but needs relief from rigid price controls.

(PiB)

NCLT orders Go First liquidation as CoC opts for no revival prospects: NCLT on Monday ordered the liquidation of low-cost carrier Go First on the request of its Committee of Creditors (CoC), thus bringing an end to the 20-month-long insolvency proceedings. A CoC is a group of lenders who work together to decide the future of a borrower's debt. A bench of NCLT comprising Judicial Member Mahendra Khandelwal and Technical Member Dr Sanjeev Ranjan allowed an application for liquidation by the CoC. At the 37th CoC meeting on July 23, 2024, estimated cost for the liquidation process was informed as Rs 21.6 crore, which was agreed to be funded by CoC members as per their voting share. The airline had told the tribunal that "the Resolution Plans received were neither compliant with the mandatory requirements of the IBC (Insolvency and Bankruptcy Code) nor commercially acceptable to the CoC, therefore, in view of the unviability of resuming commercial operations of the Corporate Debtor (Go First), the CoC has opted for the liquidation of the Corporate Debtor".

(Business Standard)



REGULATION & DEVELOPMENT

PM congratulates Donald Trump on taking charge as the 47th President of the United States: The Prime Minister Shri Narendra Modi today congratulated Donald Trump on taking charge as the 47th President of the United States. Prime Minister Modi expressed his eagerness to work closely with President Trump to strengthen the ties between India and the United States, and to collaborate on shaping a better future for the world.

(PiB)

Settlement with borrowers only after exhausting all options: RBI to Asset Reconstruction Companies: The Reserve Bank on Monday asked Asset Reconstruction Companies (ARCs) to go for settlement with borrowers only after exhausting all possible ways to recover dues. The central bank has revised the 'Master Direction - Reserve Bank of India (Asset Reconstruction Companies) Directions, 2024 dated April 24, 2024'. The Reserve Bank revised guidelines for Asset Reconstruction Companies (ARCs) stipulating that settlements with borrowers



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occur only after exploring all recovery options. ARCs must have a board-approved policy detailing settlement processes, which include lump sum payments and acceptable business plans for staggered payments. Judicial consent is required for ongoing recovery cases.

(Economic Times)

Govt to repurchase Rs 20,000 crore bonds in RBI auction on Thursday: The government plans to repurchase Rs 20,000 crore worth of government bonds through a buyback auction to be conducted by the Reserve Bank of India (RBI) on Thursday. Tight liquidity conditions in the banking sector, influenced by foreign exchange market interventions, government cash flow fluctuations, and currency leakage, have exacerbated the deficit. The liquidity shortfall in the banking system was Rs 1.93 trillion, according to the latest RBI data.

(Business Standard)



FINANCIAL TERMINOLOGY

ENTITY LOCKER

- ❖ The National eGovernance Division (NeGD), under the Ministry of Electronics and Information Technology (MeitY) has developed Entity Locker, a cutting-edge digital platform designed to transform the management and verification of business/organisation documents.
- ❖ Entity Locker is a secure, cloud-based solution that simplifies the storage, sharing, and verification of documents for a wide range of entities, including large organisations, corporations, micro, small, and medium Enterprises (MSMEs), trusts, startups and societies.
- ❖ Entity Locker is built on a robust technological framework that integrates with multiple government and regulatory systems, offering: Real-time access and verification of documents through integration with government databases. Aadhaar-authenticated role-based access management to ensure accountability. 10 GB of encrypted cloud storage for secure document management.



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 : 86.5481
INR / 1 GBP : 105.6937
INR / 1 EUR : 89.2051
INR /100 JPY: 55.4200

EQUITY MARKET

Sensex: 77073.44 (+454.11)
NIFTY: 23344.75 (+141.55)
Bnk NIFTY: 49350.80 (+810.20)

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