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DAILY NEWS DIGEST BY BFSI BOARD

22 February 2025



ECONOMY

17.01 lakh new workers enrolled under ESI Scheme in the month of December, 2024:

The provisional payroll data of ESIC reveals that 17.01 lakh new employees have been added in the month of December, 2024. 20,360 new establishments have been brought under the social security ambit of the ESI Scheme in the month of December, 2024 thus ensuring social security to more workers. Through the data, it is noticeable that out of the total 17.01 lakh employees added during the month, 8.22 lakh employees amounting to around 48.35% of the total registrations belong to the age group of upto 25 years. Also, the gender-wise analysis of the payroll data indicates that the net enrolment of female members has been 3.46 lakh in December, 2024. Besides, a total of 73 transgender employees have also got registered under ESI Scheme in the month of December, 2024.

(PiB)

RBI must infuse Rs 1 lakh crore by March-end to ease bank liquidity gap, analysts say:

India's central bank will need to inject at least another Rs 1 lakh crore (\$11.54 billion) into the banking system by March-end as durable liquidity remains in a deficit despite a recent cash infusion, market participants said on Friday. "The need for durable liquidity infusion till March 2025 is estimated at around Rs 1.2 lakh crore to increase core liquidity from deficit zone to zero," Gaura Sen Gupta, an economist at IDFC First Bank, said. Since mid-January, the Reserve Bank of India has infused funds to counter a sharp decline in liquidity caused by its aggressive intervention in the foreign exchange market, among other factors

(Economic Times)

Over 50 firms sign up for race to develop India-specific AI models: The government has received expressions of interest from more than 50 companies to develop an India-specific artificial intelligence (AI) foundation model, small language models (SLMs), and large language models (LLMs), sources familiar with the matter said. Among them, nearly a dozen firms have shown interest



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in building the foundation model and LLMs, while others have proposed sector-specific SLMs, a source said.

(Business Standard)

BANKING & FINANCE



No penalty on prepayment or foreclosure of floating rate loans: RBI releases draft norms: The RBI on Friday proposed to do away with foreclosure charges or pre-payment penalties charged by banks and other lenders on all floating rate loans, including for business purposes, availed by individuals as well as micro and small enterprises (MSEs). The draft norms stated that lenders shall permit foreclosure/ pre-payment of all floating rate loans sanctioned for purposes other than business to individuals, with or without co-obligant(s). In terms of the extant norms, certain categories of regulated entities (REs) are not permitted to levy foreclosure charges/ pre-payment penalties on the floating rate term loans sanctioned, for purposes other than business, to individual borrowers with or without co-obligant(s). The draft norms also said that other than Tier 1 and Tier 2 Primary (Urban) co-operative banks and base layer NBFCs, shall not levy any charges/ penalties in case of foreclosure/ prepayment of floating rate loans granted to individuals and MSE borrowers, with or without co-obligant(s), for business purpose. However, in the case of MSE borrowers, these instructions shall be applicable up to the aggregate sanctioned limit of Rs 7.50 crore per borrower.

(Moneycontrol)

RBI imposes penalty on Citibank for violation of norms: The Reserve Bank on Friday said it has imposed a penalty of Rs 39 lakh on Citibank N.A. for non-compliance with directions pertaining to large exposures framework and delay in furnishing of credit information to CICs. In a statement, the RBI said the statutory inspection for Supervisory Evaluation of the bank was conducted with reference to its financial position as on March 31, 2023.

(Economic Times)

Centre can consider lowering stake in PSBs: As the Indian economy and banking sector grows and capital requirements rise, the Centre has a large scope to reduce its stake in public sector banks (PSBs), bankers said in an event held at the NSE here today. “Consolidation is something which the government has to finally decide. From the point of view of equity capital percentage of government, it can be definitely brought down significantly. In future there will be requirement of capital as banks and the economy are growing,” said Rajneesh Karnatak, MD & CEO, Bank of India. Debadatta Chand,



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MD & CEO, Bank of Baroda, meanwhile said further consolidation among PSBs is the government's call, but the last round of PSB mergers has increased the scale of the existing PSBs.

(Business Line)

Financial entities have to educate customers about risks; tech only a tool: RBI DG Rajeshwar Rao: Financial entities have a duty to ensure that customers fully understand the risks associated with leveraged products and speculative investing. Entities also need to shoulder part of the responsibility to educate consumers as it is not only the responsibility of the regulator, Reserve Bank of India (RBI) deputy governor Rajeshwar Rao said in speech at a conference organised by the Indian Institute of Management Kozhikode (IIMK) and the National Stock Exchange (NSE). Rao who is incharge of crucial departments of regulation, risk monitoring and enforcement since 2020, said though technology and digital innovations drive financial inclusion, they also bring with them the risk of excessive exposure and over-leveraging.

(Economic Times)

INDUSTRY OUTLOOK



Tesla's India entry won't have a significant impact on Tata Motors, Maruti, Hyundai: CLSA: Global brokerage firm CLSA said that the entry of American EV major Tesla won't significantly impact the already existing automakers in the domestic market, including Maruti Suzuki, Hyundai Motors and Tata Motors, among others. Tesla's cheapest car model retails for over \$35,000 (over Rs 30 lakh) in US. This is significantly higher than the average selling price of cars in India, which stands at nearly Rs 12 lakh, CLSA noted in its recent note to clients. The brokerage said that along with the high prices, Tesla cars will also come at a significantly high import duty of up to 110 percent. However, this is set to reduce as the guidelines for the new EV policy are expected to lower the duty to 15 percent. Yet, CLSA believes that road tax, insurance and other costs added to on-road price would keep Tesla's minimum car price at over Rs 35 lakh. "We believe that if Tesla positions itself with Model 3 at an on-road price that is around 20-50 percent higher than models like Mahindra XEV 9e, Hyundai e-Creta, Maruti Suzuki e-Vitara etc, it would not significantly impact domestic EV models.

(Business Standard)

Banks offering greater proportion of green loans have stronger financial stability: IIM research: Banks that have a greater proportion of green loans experience long-term improvements



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in financial stability, according to research by the Indian Institute of Management (IIM), Lucknow. The study published in the prestigious Finance Research Letters journal found that expansion of non-carbon intensive lending can improve the core of loan portfolios of Indian banks. The findings underscore the strategic importance of sustainable lending in the Indian banking system.

(Economic Times)



REGULATION & DEVELOPMENT

Aadhaar can help tackle deepfake scams like digital arrests, says Nandan Nilekani: Amid growing concerns over deepfakes and online fraud, Infosys co-founder and chairman Nandan Nilekani believes that Aadhaar could serve as a safeguard. He was speaking at a fireside chat with Nalin Mehta, Managing Editor, Moneycontrol, at an AIMA session in New Delhi on February 21. Although deepfake scams have become a global problem, India faces a unique challenge. “India is the only country which has a scam called digital arrest. I don’t think any other country has digital arrest as a scam category,” Nilekani noted.

(Moneycontrol)

Accept responsibility of NPA build-up in my tenure: Former RBI Governor D Subbarao on Friday said he accepts the responsibility of building up of NPAs during his term as the RBI chief between 2008-13, a period coinciding with the global financial crises (GFC). “It is very difficult to identify a bubble in real time, not just in India but proven by experience. If it was possible for anybody to identify a bubble building up in real time, we would never had a crisis,” he said at an event held at NSE here. “I accept the responsibility for the build-up of NPAs which started in my tenure as the RBI Governor. Not so much to defend myself, but to explain, it is difficult to identify a bubble because there is always a worry that you are anticipating a problem which does not exist,” he said

(Business Line)



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FINANCIAL TERMINOLOGY

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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 : 86.6466
INR / 1 GBP : 109.7044
INR / 1 EUR : 90.9108
INR /100 JPY: 57.5800

EQUITY MARKET

Sensex: 75311.06 (-424.90)
NIFTY: 22795.90 (-117.25)
Bnk NIFTY: 48981.20(-353.35)

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