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## **DAILY NEWS DIGEST BY BFSI BOARD**

**25 January 2025**



### **ECONOMY**

**Budget 2025: FM Sitharaman participates in customary halwa ceremony marking final stage of Budget preparation:** Marking the final stage of Union Budget 2025-26 preparations, Finance Minister Nirmala Sitharaman participated in the traditional 'halwa' ceremony on Friday. The Union Budget will be unveiled in the Lok Sabha on February 1. The ceremony is a customary tradition where 'halwa' is prepared and distributed among finance ministry officials and staff involved in the preparation of the budget. Held in the basement of North Block, the ministry's New Delhi headquarters, it is attended by the finance minister and senior dignitaries. Every year before the Budget, the traditional sweet dish halwa is prepared in a large kadhai (wok) and is ritualistically stirred by the finance minister.

***(Moneycontrol)***

**Liquidity deficit breaches Rs 3L-crore mark:** The liquidity shortage in the banking system has shot up to over Rs 3 lakh crore, levels that experts say are the highest in many years. The total amount of liquidity injected by the Reserve Bank of India (RBI) stood at Rs 3.15 lakh crore on January 23, as per data on its website. However, experts point out that adjusting for the gap in the maintenance of reserves by the banks, the deficit was a little over Rs 3.3 lakh crore. "Persistent dollar sales to defend the currency as well as seasonal drivers, such as tax outflows, have magnified the squeeze in recent weeks," said Radhika Rao, senior economist, DBS Bank. The RBI has stepped up the VRR or variable repo rate auctions to support banks which are grappling with a cash crunch. It is now conducting daily auctions.

***(Financial Express)***

**NITI Aayog launches the "Fiscal Health Index 2025" in New Delhi:** The Hon'ble Chairman of the 16th Finance Commission, Dr. Arvind Panagariya, launched the inaugural issue of NITI Aayog's report titled "Fiscal Health Index (FHI) 2025" on 24th January 2025 in New Delhi. The report provides a comprehensive assessment of the fiscal health of 18 major States, based on five key sub-



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indices: Quality of Expenditure, Revenue Mobilisation, Fiscal Prudence, Debt Index, and Debt Sustainability, along with insights into state-specific challenges and areas for improvement. The report ranks States on the basis of composite fiscal index, which is based on five major sub-indices viz, quality of expenditure, revenue mobilisation, fiscal prudence, debt index, and debt sustainability. With a cumulative score of 67.8, Odisha tops the ranking in fiscal health among 18 major States, followed by Chhattisgarh and Goa with scores of 55.2 and 53.6, respectively.

**(PiB)**

## **BANKING & FINANCE**



**IBC cases slow down as banks reconsider recovery approach:** The Insolvency and Bankruptcy Code (IBC), once hailed as a transformative resolution mechanism, is witnessing a slowdown in case admissions, with banks showing reluctance to tap this channel for recoveries. While the IBC remains the dominant tool for resolving distressed debts, delays in case admissions and diminishing recovery percentages are prompting a reassessment of its effectiveness. According to Reserve Bank of India (RBI) data, the number of cases admitted under the IBC in 2023-24 dropped to a six-year low, excluding two Covid-affected years. Recovery rates for banks through the IBC channel plummeted to 28 per cent in 2023-24, down from 40 per cent in 2022-23, reflecting growing concerns over the value erosion of non-performing assets (NPAs) during prolonged delays. In the first half of this fiscal, the number of cases admitted in the NCLT stood at about 417, compared to 501 cases in the same period last fiscal.

**(Business Line)**

**Bank of India PAT rises 35% as bad loans decline:** Bank of India (BoI) on Friday posted a 35% jump in its net profit to Rs 2,517 crore for the December quarter on account of a decline in bad loans, rise in net interest income and income from treasury operations. The lender had reported a net profit of Rs 1,870 crore in the year-ago period. The growth in the profit was aided by core operations, NII, cross-selling and gains from sale of investments. Loans and advances grew 15.3% to Rs 5.65 lakh crore in the latest quarter. Retail advances rose 21.22% to Rs 1.27 lakh crore. Deposits rose 12.29% to Rs 7.07 lakh crore. The share of low-cost current account and savings account (CASA) fell to 41.05% in December 2024 from 43.88% a year ago. On the asset quality front, provisions for non-performing assets (NPAs) declined to Rs 602.5 crore in Q3FY25 compared with Rs 612.0 crore in Q3FY24. Gross NPAs declined to 3.69% from 5.35% a year ago, while net NPAs fell to 0.85% from 1.41%.

**(Financial Express)**



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**RBI imposes monetary penalty on Canara Bank, Bank of India, J&K Bank:** The Reserve Bank of India (RBI) announced on Friday, January 24, 2025, that it has imposed a monetary penalty on Jammu and Kashmir (J&K) Bank, Bank of India, and Canara Bank for deficiencies in certain regulatory compliances. According to the RBI, J&K Bank has been penalised ₹3.31 crore for contravening certain norms related to financial inclusion: ‘Access to banking Services—Basic Savings Bank Deposit Account (BSBDA)’, ‘Know Your Customer’, and ‘Loans and Advances—Statutory and Other Restrictions’. RBI said a monetary penalty worth ₹1 crore was imposed on Bank of India for non-compliance with certain provisions of the Banking Regulation Act of 1949. Also, the PSB Canara Bank was penalized ₹1.63 crore for non-compliance with certain directions on priority sector lending, the interest rate on deposits, and financial inclusion—access to banking services—BSBDA. Additionally, the RBI imposed a penalty of ₹1 lakh on Datson Exports, West Bengal, for non-compliance with certain directions issued by the central bank on ‘Managing Risks and Code of Conduct in Outsourcing of Financial Services by NBFCs’. The RBI said the penalties were based on certain statutory and regulatory compliance deficiencies in each case.

*(Mint)*

**Ombudsman disposed of 95 pc complaints received in FY24:** The RBI on Friday said the ombudsman disposed of 95.1 per cent of the complaints it received between April 1, 2023 and March 31, 2024. Under the Reserve Bank - Integrated Ombudsman Scheme (RB-IOS), a total of 9,34,355 complaints were received by the Office of Reserve Bank of India Ombudsman ORBIOs and the Centralised Receipt and Processing Centre (CRPC), said the Annual Report of the Ombudsman Scheme for the period April 1, 2023 to March 31, 2024. "A total of 2,84,355 complaints were disposed by the ORBIOs during the year, thereby achieving a disposal rate of 95.10 per cent," it said. Out of the total complaints received at the ORBIOs, 88.77 per cent were received through digital modes, including on the online Complaint Management System (CMS) portal, email, and Centralised Public Grievance Redress and Monitoring System (CPGRAMS).

*(Economic Times)*

## INDUSTRY OUTLOOK



**Sri Lanka ‘revokes’ power purchasing deal with Adani:** Sri Lanka has revoked a 2024 power purchase agreement with Adani Green Energy — for a proposed wind power plant in the island’s Northern Province — following corruption allegations, news agency AFP reported on Friday. “The government has revoked the power purchase agreement, but the project is not cancelled. A committee



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has been appointed to review the entire project,” the report said, quoting an unnamed senior official from the Energy Ministry.

***(Business Line)***

**Karnataka govt mulls stringent laws to regulate microfinance companies:** The Karnataka government is contemplating bringing in stringent laws to rein in microfinance companies, state Home Minister G Parameshwara said on Friday. With reports emerging from various parts of the state about people dying by suicide due to the "atrocities" of loan recovery agents, Chief Minister Siddaramaiah has convened a meeting to address the issue, he said. "Across the state, many people have been complaining that they are in trouble due to these microfinance companies. It has come to our notice that there are shortcomings in the existing laws," Parameshwara told reporters.

***(Economic Times)***

**Jio launches free 'sound pay' feature for its Bharat device:** Reliance-backed Jio today announced a new feature for its JioBharat device – a free, industry-first JioSoundPay for small-scale merchants across the nation. The new feature, JioSoundPay, provides instant, multilingual audio confirmations for every UPI payment, enabling seamless and efficient business operations for even the smallest kirana stores, vegetable vendors, and roadside eateries, according to company's press release. "Existing small and micro merchants pay around Rs 125 a month for a sound box. Now, with JioSoundPay being provided free, JioBharat users will save Rs 1,500 annually," said the official statement.

***(Economic Times)***



## REGULATION & DEVELOPMENT

**Non-liable businesses can now get temporary identity under GST, notifies CBIC:** Central Board of Indirect Taxes and Customs (CBIC) has notified the mechanism for businesses to get a temporary identification number under GST, even if the said entity is not required to do so. It has also announced the waiver of excess of late fee for FY 17-18 to FY 22-23 for filing annual returns. GST Council, in its meeting last month, recommended making changes in rule to provide 'Temporary Identification Number' by Tax Officers to persons, not liable to be registered otherwise. Now a notification, by CBIC, says "Where a person is not liable to registration under the Act but is required to make any payment under the provisions of the Act, the proper officer may grant the said person a temporary identification number and issue an order in Part B of FORM GST REG-12." It may be



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noted that Part A of FORM GST REG-12 is for giving temporary identification to businesses that are mandatorily required to register. Under GST, businesses whose turnover exceeds the set threshold are mandatorily required to get registered. The threshold limit is ₹40 lakh or higher for the manufacturing sector. The service sector has a threshold of ₹20 lakh or higher.

***(Business Line)***

**GeM facilitated Rs 4 lakh crore transactions till January:** India's public procurement platform Government e Marketplace (GeM) has facilitated transactions of Rs 4 lakh crore till January. As on 23rd January, 2025, GeM has clocked a gross merchandise value of Rs 4.09 Lakh Crore, which marks a growth of nearly 50% over the corresponding period last FY, a statement said. The services segment accounted for Rs 2.54 lakh crore or 62% of the total GMV whereas the product segment accounted for Rs 1.55 lakh crore or 38% of the total. On GeM, 19 new service categories have been introduced on the portal so far this financial year.

***(Financial Express)***

**Financial institutions need to have another aggregator to protect them from frauds:** **DFS Secy Nagaraju:** In the face of rising risk of fraud in the banking sector, financial institutions need to have another aggregator to protect them on the lines of what the National Payments Corporation of India (NPCI) does for bank customers, said M Nagaraju, Secretary, Department of Financial Services (DFS), Ministry of Finance. This observation comes in the backdrop of frauds in various banking operations jumping eight times to ₹21,367 crore in the first six months of the current financial year (against ₹2,623 crore in the year ago period), with advances related fraud alone accounting for 92 per cent of the total (RBI data). The DFS Secretary noted that NPCI also provides a fraud monitoring solution that allows banks to generate alerts and decline transactions. This fraud mitigation solution is artificial intelligence and machine learning-based.I.

***(Business Line)***



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## FINANCIAL TERMINOLOGY

### YEAR TO DATE (YTD)

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- ❖ Year to date (YTD) refers to the period beginning on the first day of the current calendar year or fiscal year up to the current date. YTD information is useful for analyzing business trends over time or comparing performance data to competitors or peers in the same industry. The acronym is often seen in references to investment returns, earnings, and net pay.
- ❖ YTD analysis is useful for managers when reviewing interim financial statements in comparison to historical YTD financial statements.



### **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 : 86.2904  
INR / 1 GBP : 107.0887  
INR / 1 EUR : 90.2149  
INR /100 JPY: 55.5900

### **EQUITY MARKET**

Sensex: 76190.46 (-329.92)  
NIFTY: 23092.20 (-113.15)  
Bnk NIFTY: 48367.80 (-221.20)

### **Courses conducted by BFSI Board**

- ❖ **Certificate Course on Concurrent Audit of Banks**
- ❖ **Certificate Course on Credit Management of Banks**
- ❖ **Certificate Course on Treasury and International Banking**
- ❖ **Certificate Course on Investment Management**
- ❖ **Certificate Course on General Insurance.**
- ❖ **Advance Certificate Course on FinTech**

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### **Publications by BFSI Board**

- ❖ **Aide Memoire on Infrastructure Financing.**
- ❖ **Aide Memoire on lending to MSME Sector (including restructuring of MSME Credit).**
- ❖ **Guidance Note on the Internal Audit of General Insurance Companies.**
- ❖ **BFSI Chronicle (quarterly issue of BFSIB)**
- ❖ **Handbook on Stock & Book Debts Audit (Revised and Enlarged 2<sup>nd</sup> Edition)**

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