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

***25 February 2025***



## **ECONOMY**

**Sensex, Nifty crash: Investor wealth slips by Rs 4 lakh crore as market falls for fifth straight session:** Investor wealth fell by Rs 4 lakh crore (intra day) as Sensex and Nifty tumbled for the fifth straight session on Monday. The market capitalisation of the BSE firms stood at Rs 402 lakh crore on February 21. In the current session, investor wealth slipped to Rs 397.90 lakh crore. With the current phase of correction, Sensex is down 5.19% and Nifty has lost 5.06% in 2025. On Monday, Sensex crashed 868 pts to 74,442 and Nifty slipped 249 pts to 22,547. Weak global cues, lacklustre Q3 earnings season, rising concerns over US President Donald Trump's reciprocal tariff threats and persistent selling by foreign institutional investors (FIIs) have turned sentiment negative in the last six months.

***(Business Today)***

**India-UK FTA: Negotiations resume after 8-month gap to resolve outstanding issues:** India and the United Kingdom (UK) announced resumption of negotiations of the Free Trade Agreement (FTA) that had stalled for over eight months following the elections in both countries. This was announced on February 24 by Piyush Goyal, Commerce and Industry Minister, and Jonathan Reynolds, Secretary of State for the Department for Business and Trade, United Kingdom, who is in New Delhi. "Both sides have agreed to resume negotiations towards a balanced, mutually beneficial and a forward-looking deal that delivers mutual growth and builds on the strengths of the two complementary economies. The strengthening of the trading relationship between our two countries has the potential to unlock opportunities for business and consumers across both our nations and build further on our already deep ties," according to a joint statement on the resumption of India-UK trade negotiations.

***(Business Today)***



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**India's Feb gold imports to hit 20-year low on record high prices:** India's gold imports are set to tumble 85% in February from year ago levels to their lowest in 20 years, with demand sapped by record prices for the precious metal, a government official and three bank dealers told Reuters. Lower gold imports could help India narrow its trade deficit and support the rupee that is trading near record low against the dollar. India is the world's second biggest consumer of the precious metal. "Banks and jewellers have cleared a very small amount of gold from customs so far this month. Unless prices crash in the next 2-3 days, we are unlikely to see any improvement in the import numbers," said a government official, who declined to be named as he was not authorised to talk to the media.

***(Moneycontrol)***

## **BANKING & FINANCE**



**Greater operational freedom: RBI revises loan exposure limits for UCBs, sets 25% cap on housing loans:** RBI on February 24 announced that Urban Co-operative Banks (UCBs) must ensure their total exposure to housing loans for individuals does not exceed 25% of their total loans and advances. The move is intended to provide these lenders with greater operational freedom while maintaining regulatory oversight. Under the existing guidelines, UCBs' total exposure to housing, real estate, and commercial real estate loans is capped at 10% of total assets, with an additional 5% allowance for housing loans to individuals. The new prudential norms aim to enhance flexibility without diluting regulatory objectives. "On a review, it has been decided to revise the definition of small value loans as loans of value not more than Rs 25 lakh or 0.4 per cent of their Tier I capital, whichever is higher, subject to a ceiling of Rs 3 crore per borrower," the RBI stated. Currently, UCBs must ensure that by March 31, 2026, at least 50% of their total loans are small-value loans – capped at Rs 25 lakh or 0.2% of their Tier I capital, whichever is higher, with a maximum limit of Rs 1 crore per borrower. Additionally, the RBI has mandated that UCBs' total exposure to the real estate sector, excluding individual housing loans, must not exceed 5% of their total loans and advances.

***(Business Today)***

**RBI eases curbs on New India Co-op Bank: 50% of depositors can withdraw full balance, others up to ₹25,000:** Days after imposing strict restrictions on New India Co-operative Bank, the Reserve Bank of India (RBI) has eased withdrawal limits. Starting February 27, customers will be allowed to withdraw up to ₹25,000 from their deposit accounts, offering relief to more than half of the bank's depositors. On February 13, the RBI placed the Mumbai-based New India Co-



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operative Bank under All Inclusive Directions (AID), barring withdrawals due to supervisory concerns. Shortly after, the central bank superseded the bank's Board of Directors for a year and appointed Shreekant, former Chief General Manager of SBI, as the Administrator to oversee its operations. A Committee of Advisors (CoA) was also set up to assist in managing the bank's affairs.

***(Business Today)***

**IRDAI plans to put risk management at industry core to align with global best:** The Insurance Regulatory and Development Authority of India (IRDAI) is working toward implementing major regulatory changes over the next 18-24 months, multiple industry sources told ET, pointing to the regulator's goal of boosting risk management and putting in place a framework that harnesses global practices. The regulator aims for a faster rollout while ensuring industry adjustment. Initiatives like risk-based supervision and public listings for insurance companies are also in focus.

***(Economic Times)***

**Banks continue to rely on certificates of deposits amid liquidity woes:** Banks continue to rely on raising funds through certificates of deposit (CDs) amid tight liquidity conditions. Consequently, the outstanding amount on CDs reached an all-time high of Rs 5.19 trillion as of the fortnight ending February 7, according to data from the Reserve Bank of India (RBI). Meanwhile, with expectations of another rate cut by the RBI's Monetary Policy Committee in the next meeting and a further decline in long-term borrowing costs, the volume of commercial papers (CPs) outstanding reached Rs 4.79 trillion as of the fortnight ending February 15, its highest level since October 2019.

***(Business Standard)***

## INDUSTRY OUTLOOK



**Govt seeks advisers for minority stake sales in banks, LIC:** The department of investment and public asset management (Dipam) on Monday sought bids from merchant bankers and legal advisers for minority stake sales by the government in select public sector banks (PSBs) and financial institutions, including Life Insurance Corporation (LIC), in the next three years. The last date for bidding by interested bankers and legal advisers is March 27. The advisers would be empanelled for three years to assist the government in the minority stake sales of PSBs and financial institutions. The move assumes importance as the Centre will likely sell small stakes in LIC and up to five PSBs to help them meet the minimum public shareholding (MPS) norms of the Securities and Exchange Board of



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India (SEBI). In May 2024, SEBI gave three more years or till May 16, 2027, to LIC to achieve a minimum public shareholding of 10%. The SEBI norm mandated listed firms to have a minimum 10% public holding within two years of listing.

***(Financial Express)***

**India's social protection coverage doubles to 49%: ILO chief:** India has nearly doubled the proportion of its population covered under “at least one branch of social protection”, rising from 24% to 49% in a short span, International Labour Organization (ILO) director-general Gilbert Hounbo said on Monday. Speaking at the ‘Regional Dialogue on Social Justice’ in New Delhi, Hounbo described this as a “remarkable achievement”, crediting India’s strong partnership with the ILO and the government’s decisive actions in expanding social protection over the past few years. According to the World Social Protection Report 2024-26, released by the ILO, the proportion of India’s population covered by “at least one social protection benefit (excluding health)” increased from 24.4% in 2021 to 48.8% in 2024.

***(Financial Express)***

**Apple promises \$500 billion US investment, will add 20,000 jobs amid Trump tariffs threat:** Apple announced on Monday its plans to invest \$500 billion in the United States over the next four years, including the construction of a major artificial intelligence (AI) server facility in Texas and the creation of approximately 20,000 new research and development jobs nationwide. The massive investment will encompass spending on US suppliers, Apple TV+ content production, and infrastructure expansion. Although Apple did not specify how much of the \$500 billion was already earmarked for existing supplier partnerships, it highlighted ongoing collaborations with companies like Corning, which manufactures iPhone glass in Kentucky.

***(Financial Express)***



## **REGULATION & DEVELOPMENT**

**Prime Minister Shri Narendra Modi, releases 19th instalment of PM KISAN, launches development projects from Bhagalpur, Bihar<sup>25</sup>:** Prime Minister, Shri Narendra Modi released the 19th instalment of PM KISAN from Bhagalpur, Bihar. He said that he was fortunate to release the 19th instalment of PM KISAN during such a pious moment and around ₹22,000 crore was credited directly into the bank accounts of farmers through Direct Benefit Transfer. The Prime Minister noted that there were around 75 lakh farmer families from Bihar who were beneficiaries of the PM KISAN



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scheme, whose 19th instalment was released. He added that around ₹1,600 crore was credited directly into the bank accounts of Bihar farmers today. Prime Minister highlighted that in the six years since the scheme's inception, approximately ₹3.7 lakh crore has been directly transferred to farmers' accounts.

***(PiB)***

**RBI draft norms on foreclosure charges to hit lenders' profits: Analysts:** The Reserve Bank of India's (RBI's) draft circular barring prepayment penalty on retail and small business loans would result in a drop in fee income for lenders and dent profitability, in addition to customers switching to other lenders, analysts said. The hit on non-banking financial companies (NBFCs) would be larger compared to banks, they said. On Friday, RBI issued a draft circular mandating lenders to permit foreclosure or prepayment of all floating rate loans sanctioned to individuals for purposes other than business, without levying any penalties or charges.

***(Financial Express)***

**Sebi slaps Rs 50 lakh fine on three FPIs for flouting market norms:** Capital markets regulator Sebi on Monday slapped penalties totalling Rs 50 lakh on three foreign portfolio investors for exceeding the prescribed limits on short-term investments in debt securities. In three separate orders, the regulator slapped a fine of Rs 20 lakh each on Nexpect Ltd and AIRD Investment Commercial LLC, while it imposed a penalty of Rs 10 lakh on Aviator Global Investment Fund. The orders came after Sebi had carried out inspections of the custodian, Orbis Financial Corporation, for FY22. The regulator observed that investments made by Aviator Global Investment Fund, Nexpect Ltd and AIRD Investment Commercial LLC were not in line with the permissible limits (related to residual maturity) for investment in debt securities applicable for FPIs as on March 31, 2022.

***(Business Standard)***



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## FINANCIAL TERMINOLOGY

### GAMMA HEDGING

- ❖ An active trading strategy meant to hedge risk on options trades. Gamma hedging, tactical trading and intraday momentum used to be for hedge fund managers exclusively, but as technology disrupts many professions that had high bars of entry, more retail investors are becoming sophisticated active traders.
- ❖ Gamma hedging is also employed at an option's expiration to immunize the effect of rapid changes in the underlying asset's price that can occur as the time to expiry nears.
- ❖ Gamma hedging consists of adding additional option contracts to a portfolio, usually in contrast to the current position. For example, if a large number of calls were being held in a position, then a trader might add a small put-option position to offset an unexpected drop in price during the next 24 to 48 hours, or sell a carefully chosen number of call options at a different strike price. Gamma hedging is a sophisticated activity that requires careful calculation in order to be done correctly.



**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 : 86.6916  
INR / 1 GBP : 109.8238  
INR / 1 EUR : 91.1117  
INR /100 JPY: 58.0100

**EQUITY MARKET**

Sensex: 74454.41 (-856.65)  
NIFTY: 22553.35 (-242.55)  
Bnk NIFTY: 48651.95 (-329.25)

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