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DAILY NEWS DIGEST BY BFSI BOARD

28 January 2025



ECONOMY

Sensex crashes 800 pts, Nifty hits 7-month low in broad-based selling; volatility spikes 8%: Sensex and Nifty entered the January series expiry week on shaky ground, weighed down by a cocktail of factors—weak global cues, disappointing Q3 earnings, U.S. trade policy uncertainty, and foreign outflows. Reflecting this nervousness, the India VIX, a gauge of market volatility, surged over 8 percent. At close, the Sensex was down 824 points or 1 percent at 75,366, and the Nifty was down 275 points or 1.2 percent at 22,817. About 542 shares advanced, 3,398 shares declined, and 115 shares were unchanged. Nifty plunged below 22,800 for the first time since June 2024. The carnage wasn't confined to the frontline indices. The broader market took a severe hit, with midcap and smallcap indexes plunged 2-4 percent, eroding over Rs 9 lakh crore of investor wealth.

(Moneycontrol)

Rabi crop sowing exceeds 655.88 lakh hectares: The Department of Agriculture & Farmers' Welfare has released progress of area coverage under Rabi crops as on 27th January 2025. According to the report, 35.15 lakh ha area coverage under Paddy has been reported. 324.38 lakh ha area coverage under Wheat has been reported as compared to 315.63 lakh ha during the corresponding period of last year. 142.49 lakh ha area coverage under Pulses has been reported compared to 139.29 lakh ha during the corresponding period of last year.

(PiB)

RBI doubles down on liquidity injection measures: The Reserve Bank of India (RBI) on Monday doubled down on its liquidity injection measures for the banking system by announcing measures such as a \$5 billion USD/INR buy/Sell swap auction of six months tenor and open market operation (OMO) purchase auctions of G-Secs aggregating ₹60,000 crore.

(Business Line)



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BANKING & FINANCE



RBI supersedes board of Aviom India Housing Finance on governance concerns: The Reserve Bank of India (RBI) said on Monday it has superseded the board of Aviom India Housing Finance due to governance concerns and defaults in meeting payment obligations. The central bank will start a resolution process of the housing finance company under the Insolvency and Bankruptcy rules, the RBI said. Ram Kumar, the former chief general manager of state-run Punjab National Bank, has been appointed as the administrator for the housing finance company. Aviom India Housing Finance caters to low-income households in semi-urban areas and provides loans to women borrowers who do not have any formal income documentation.

(Business Standard)

Federal Bank's Q3FY25 results: Net profit down 5% at Rs 955 crore: Federal Bank, recorded a 5 % YoY drop in net profit to Rs 955 crore from Rs 1,007 crore in the year-ago period. The net interest income (NII) of the lender rose by 15 per cent YoY to Rs 2,431 crore in the December quarter, while the net interest margin (NIM) stood at 3.11 per cent compared to 3.19 per cent in Q3 FY24. The total provisions of the lender rose to Rs 614 crore from Rs 430 crore in the year-ago period. The gross NPA stood at 1.95 per cent in the December quarter of FY25, down from 2.09 per cent in the September quarter. Meanwhile, net NPA was at 0.49 per cent, compared to 0.57 per cent during the same time period.

(Business Standard)

Union Bank Q3 results: Net profit up 28.24% on non-interest income boost: Public sector lender Union Bank of India's (Union Bank) net profit rose by 28.24 per cent year-on-year (Y-o-Y) to Rs 4,604 crore during the third quarter ended (Q3FY25), driven by healthy growth in non-interest income. The lender's provisions for non-performing assets (NPAs) increased to Rs 1,477.3 crore in Q3FY25, compared to Rs 1,226.3 crore in Q3FY24. The asset quality profile improved, with gross NPAs declining to 3.85 per cent in December 2024 from 4.83 per cent in December 2023. Net NPAs also declined to 0.82 per cent in December 2024, compared to 1.08 per cent in December 2023. The provision coverage ratio (PCR), including written-off accounts, stood at 93.42 per cent in December 2024, compared to 92.54 per cent a year ago.

(Business Standard)



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UPI's share in total digital payments in India grows to 83% in 2024: The contribution of Unified Payments Interface (UPI) to the cumulative digital payments ecosystem more than doubled in five years, rising from 34 per cent in 2019 to 83 per cent in 2024, according to data from the Reserve Bank of India's (RBI) payment system report. The share of other digital payment methods, such as National Electronic Funds Transfer (NEFT), Real Time Gross Settlement (RTGS), Immediate Payment Service (IMPS), and credit and debit cards, declined from 66 per cent in 2019 to 17 per cent at the end of 2024. In 2024 alone, India recorded 208.5 billion digital payment transactions.

(Business Standard)

Canara Bank Q3 results: Profit rises 12.25% to Rs 4,104 cr, NII down 3%: Canara Bank on Monday reported a 12.25 per cent increase in its standalone net profit for the third quarter (Q3) of the financial year 2024-25 (FY25), reaching Rs 4,104.20 crore. The bank had reported Rs 3,656.12 crore during the same period last year. In a regulatory filing on Monday, the bank reported that its total income climbed to Rs 36,113.77 crore in Q3 FY25, a 12 per cent increase compared to Rs 32,333.93 crore year-on-year (Y-o-Y). Canara Bank's asset quality showed significant improvement. The gross non-performing asset (NPA) ratio declined to 3.34 per cent of total advances as of December 2024, compared to 4.39 per cent in December 2023. Similarly, the net NPA ratio fell to 0.89 per cent from 1.32 per cent during the same period, reflecting better management of bad loan

(Business Standard)

INDUSTRY OUTLOOK



Tata Steel Q3 result: Net profit drops 43% to Rs 295 cr due to lower income: Tata Steel on Monday reported a 43.4 per cent decline in consolidated net profit to Rs 295.49 crore for the quarter ended on December 31, 2024, due to lower income. The company had posted a consolidated net profit of Rs 522.14 crore in the year-ago period. The consolidated income declined to Rs 53,869.33 crore in the October-December period from Rs 55,539.77 crore in the corresponding quarter of the previous fiscal, according to an exchange filing by Tata Steel. Total expenses of Tata Steel dropped to Rs 52,118.09 crore over 53,351.13 in the year-ago period.

(Business Standard)

Govt shifts focus from privatisation to investing billions in ailing PSUs: Prime Minister Narendra Modi is pouring billions into ailing state-run firms after slowing ambitious divestment plans that were intended to reduce the role of the state in business, according to government sources



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and a document reviewed by Reuters. Less than a month into 2025, New Delhi has plans to invest about \$1.5 billion in financial rescue packages for two state-owned firms after failing to sell them to private companies. It has also decided to put in "abeyance" privatisation of at least nine state-owned units after opposition from relevant ministries, according to a document that detailed recommendations of a government panel set up to identify privatisation candidates. The document, reviewed by Reuters, did not cite reasons for the decision.

(Business Standard)

NCLAT dismisses insolvency plea against HUL, cites pre-existing dispute: The National Company Law Appellate Tribunal (NCLAT) on Monday set aside a plea against HUL, filed by an operational creditor seeking initiation of insolvency proceedings against the FMCG major. The appellate tribunal has upheld an order passed by the Mumbai bench of the National Company Law Tribunal (NCLT), which on September 5, 2024 had set aside a plea filed under Section 9 of IBC by K Lakshmi Narayana, Proprietor of Lalithambica Enterprises, alleging default. The NCLT had found that the sum of the invoices, which was within the three-year limitation period, was less than the threshold limit of Rs 1 crore.

(Business Standard)



REGULATION & DEVELOPMENT

DGFT Launches Enhanced eCoO 2.0 System with Provisions for Back-to-Back Certificates of Origin: The Directorate General of Foreign Trade (DGFT) has launched the enhanced Certificate of Origin (eCoO) 2.0 System, a significant upgrade designed to simplify the certification process for exporters and enhance trade efficiency. This upgraded platform offers several user-friendly features, such as multi-user access, which enables exporters to authorize multiple users under a single Importer Exporter Code (IEC). Additionally, the system now supports Aadhaar-based e-signing alongside digital signature tokens, providing greater flexibility. An integrated dashboard offers exporters seamless access to eCoO services, Free Trade Agreement (FTA) information, trade events, and other resources. The platform also introduces an in-lieu Certificate of Origin feature, allowing exporters to request corrections to previously issued certificates through an easy online application process.

(PiB)



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RBI governor Sanjay Malhotra flags risks, exhorts banks to ensure fin stability, inclusion: Reserve Bank of India (RBI) governor Sanjay Malhotra flagged the rise in digital frauds and advised banks to establish robust and proactive systems to thwart such attempts in his first meeting with bank CEOs on Monday. He emphasized financial stability, inclusion, digital literacy, and the affordability of credit.

(Economic Times)

Govt invites applications for new Sebi chief as Madhabi Puri Buch's term nears end.:

The Ministry of Finance's Department of Economic Affairs has invited applications for the post of Chairperson of capital markets regulator, the Securities and Exchange Board of India (SEBI). The government floated an advertisement, titled 'Filling up the post of Chairman in Securities and Exchange Board of India', inviting applications from eligible candidates for the post of SEBI Chairperson in Mumbai. All applications have to be sent on or before February 17, 2025. The ad comes as current SEBI Chair Madhabi Puri Buch's three-year term ends on February 28, 2025. As per the advert, the appointment for SEBI Chairperson will be made for a maximum period of five years from the date of assumption of charge or till attaining the age of 65 years of the appointee, whichever is earlier. The Chairman shall have an option to receive pay – (a) as admissible to a Secretary to the Government of India; (b) or a consolidated salary of ₹5,62,500/- (Rupee Five lakh Sixty-Two Thousand and Five Hundred only) per month (without house and car).

(Mint)



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FINANCIAL TERMINOLOGY

VARIABLE RATE REPO (VRR)

- ❖ Variable Rate Repo (VRR) is a short-term liquidity tool used by the Reserve Bank of India (RBI) to provide funds to the banking system. It's a way for the RBI to add or remove liquidity from the market, depending on demand.
- ❖ It is a mechanism where the RBI permits banks to borrow funds at rates determined by the market, differing from the fixed Repo Rate at which banks borrow directly from the RBI. Typically lasting up to 14 days, VRR serves as a means to inject short-term liquidity into the banking system. Conversely, Variable Rate Reverse Repo (VRRR) is employed to absorb surplus liquidity from the system.
- ❖ The main difference between a variable rate repo (VRR) and a repo is that the interest rate in a VRR is not fixed (driven by auction process), but in a repo, the interest rate is fixed.
- ❖ A VRR is a type of repo where the interest rate is determined through a competitive bidding process. The rate can change based on economic conditions and the bids submitted by participating banks.



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 : 86.4175
INR / 1 GBP : 107.6439
INR / 1 EUR : 90.4031
INR /100 JPY: 55.3300

EQUITY MARKET

Sensex: 75366.17 (-824.29)
NIFTY: 22829.15 (-263.05)
Bnk NIFTY: 48064.65 (-303.15)

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- ❖ **Certificate Course on Credit Management of Banks**
- ❖ **Certificate Course on Treasury and International Banking**
- ❖ **Certificate Course on Investment Management**
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- ❖ **Advance Certificate Course on FinTech**

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- ❖ **Guidance Note on the Internal Audit of General Insurance Companies.**
- ❖ **BFSI Chronicle (quarterly issue of BFSIB)**
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