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DAILY NEWS DIGEST BY BFSI BOARD

29 January 2025



ECONOMY

India, Oman agree to amend tax treaty to promote greater cooperation: India and Oman on Tuesday signed an agreement to amend their taxation treaty – Double Taxation Avoidance Agreement (DTAA) – in an attempt to align it with “international standards on cross-border taxation, simplifying tax procedures, and promoting greater cooperation in tax matters”. DTAA is signed between nations to avoid double taxation and prevent fiscal evasion as far as taxes on income are concerned.

(Business Standard)

Adani Group commits Rs 2.3 trillion investment in Odisha over next 5 years: Adani Group on Tuesday committed to investing Rs 2.3 trillion over the next five years across power, cement, industrial parks, aluminium and city gas expansion in Odisha. According to a statement by the group, the investment commitment was made during Utkarsh Odisha 2025 - the state's investor meeting. Karan Adani, Managing Director of Adani Ports and SEZ Limited (APSEZ), met state Chief Minister Mohan Charan Majgi and exchanged MoUs for investment in Odisha over the next five years, it added. "The Adani Group committed to invest Rs 2.3 trillion over the next five years across power, cement, industrial parks, aluminium, city Gas etc," the statement said. It, however, did not give details.

(Business Standard)

US President Trump calls for 'fair' trade ties with 'tariff maker' India: US President Donald Trump has grouped India alongside China and Brazil as “tremendous tariff makers”, vowing to impose tariffs on countries he claims harm the United States. During a separate telephonic conversation, Trump urged Prime Minister Narendra Modi to boost India’s procurement of American security equipment to foster a “fair” bilateral trade relationship. “We’re going to put tariffs on outside countries and outside people that really mean us harm. Well, they mean us harm, but they basically want to make their country good. Look at what others do. China is a tremendous tariff maker; and



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India and Brazil and so many other countries. So we are not going to let that happen any longer,” Trump said at a rally in Florida.

(Business Standard)

Sensex, Nifty rebound on the back of RBI's liquidity-boosting measures: Benchmark indices Nifty 50 and Sensex ended the two-day losing streak on Tuesday as banking stocks rallied on the back of Reserve Bank of India (RBI)'s liquidity-boosting measures. The Sensex ended the session at 75,901, with a gain of 535 points, or 0.7 per cent. The Nifty 50 index closed at 22,957, with a gain of 128 points, or 0.6 per cent. The indices had rallied up to 1.5 per cent intra-day. The RBI on Monday announced a three-pronged measure to address tight liquidity conditions in the banking system, spurring hopes of a potential rate cut in February. RBI's injection of Rs 60,000 crore of liquidity is a strong statement of intent, even though it covers only 20 per cent of the existing shortage of Rs 2.9 trillion.

(Business Standard)

BANKING & FINANCE



MFIs in Karnataka may face fresh recovery challenges: Karnataka, which accounts for about 10% of India's mainstream microfinance market, may throw fresh challenges for microfinance lenders operating in the state as the local government plans an ordinance to regulate the business practices related to recovery from the politically significant class of small borrowers. The Karnataka government plans to introduce an ordinance to regulate microfinance recovery practices due to concerns over coercive loan recovery methods.

(Economic Times)

Cred joins RBI's digital currency project; first fintech to give access to CBDC: Tiger Global and Peak XV backed Indian firm Cred has become the first fintech platform to roll out access to India's central bank digital currency, the company said on Tuesday. The rollout will initially target a select set of users with YES Bank facilitating the issuance of e-rupee tokens. Adoption of the digital currency has faced challenges globally.

(Economic Times)

BoFA to appoint Mandar Donde as India Investment-Banking head: Bank of America (BoFA) is reshuffling its top deck in investment banking in India. The leading investment bank is appointing Mandar Donde, a veteran BoFA banker based in Singapore as its head of global corporate



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and investment banking (GCIB) in India, said people aware of the development. his change follows the exit of three dealmakers last year amid whistleblower allegations. Donde, currently based in Singapore, will also chair TMT investment banking in Asia Pacific and relocate to Mumbai from April 1.

(Economic Times)

RBI dissolves Aviom Housing board, to initiate IBC process: The Reserve Bank of India (RBI) announced on Monday it superseded the board of Aviom India Housing Finance due to governance issues and defaults in meeting various payment obligations. The RBI also announced its intention to initiate a debt resolution process at the mortgage lender under the Insolvency and Bankruptcy Code. The regulator has appointed Ram Kumar, a former chief general manager at Punjab National Bank, as the Administrator. The regulator also plans to apply to the National Company Law Tribunal (NCLT), New Delhi, to appoint the Administrator as the Insolvency Resolution Professional.

(Economic Times)

Bank of India targets 35% share in MCLR-linked credit in next 2-3 years: With the interest rate cut cycle around the corner, Bank of India (BoI) is tweaking its lending strategy to enhance the share of the marginal cost of funds-based lending rate (MCLR)-linked loans from about 29 per cent now to 35 per cent in the next two to three years. Rajneesh Karnatak, managing director and chief executive of BoI, told Business Standard that earnings from external benchmark-linked rate (EBLR) loans to retail and micro, small and medium enterprises (MSMEs) will be impacted and may also dent net interest margins (NIM) when the policy repo rate is cut.

(Business Standard)

INDUSTRY OUTLOOK



Zepto completes reverse flip from Singapore to India: Quick commerce unicorn Zepto has now moved its base from Singapore to India ahead of its planned initial public offering (IPO), the company's chief financial officer (CFO) Ramesh Bafna said on January 28. Zepto will now be headquartered in India. "Historic scenes on completion of... reverse merger from Singapore to India in the fastest ever timeline," Bafna wrote on LinkedIn.

(Moneycontrol)

L&T bags significant order to build Uzbekistan's first AI-enabled data centre: Larsen and Toubro (L&T) on Tuesday announced that it has received a significant order to build Uzbekistan's first AI-enabled and sustainable 10-Megawatt data centre in Tashkent. In a regulatory filing, the company



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said that the project will set new standards for data centre infrastructure in the region, combining cutting-edge technology with a strong commitment to sustainability. L&T will be responsible for the engineering, procurement and construction of this new-age Data Centre equipped with advanced AI capabilities to power the next generation AI applications, minimise environmental impact and maximise energy efficiency. The data centre will be equipped with robust security measures to protect sensitive data using cutting-edge security technologies.

(Financial Express)

Coca-Cola recalls drinks across 6 European countries over chemical contamination concerns:

Soft drinks giant Coca-Cola has announced the recall of several products across Europe after discovering higher levels of a chemical known as “Chlorate.” Affected drinks in cans and glass bottles were distributed in Belgium, Britain, France, Germany, Luxembourg, and the Netherlands starting in November 2024. By the end of December, five product lines had already been shipped to Britain and sold, reports BBC.

(Financial Express)



REGULATION & DEVELOPMENT

Industry expects tax regime simplification in Budget: Ficci survey: A pre-budget industry survey by FICCI has found that a majority of industry members expect simplification to the tax regime and incentives for green tech and easing compliances through digitisation in the upcoming FY26 Budget. Expressing concerns over muted demand in the economy, companies have called for a review of the direct tax structure. A significant number of companies said that a relook at the slabs and the tax rates is warranted as this could leave more money in the hands of people and spur consumption demand in the economy. “The respondents also called for a strong policy push on simplifying the tax regime, incentivising the development of green technologies or renewables and EVs, and easing compliances through digitisation,” the survey by the Federation of Indian Chambers of Commerce and Industry said (FICCI).

(Business Standard)

Mumbai explores ban on petrol, diesel vehicles amid air pollution concerns: Maharashtra has formed a seven-member committee to explore the possibility of banning petrol and diesel vehicles in the Mumbai Metropolitan Region (MMR), according to a report by PTI. This decision comes in response to worsening air quality and concerns raised by the Bombay High Court about the city’s pollution levels and traffic congestion. The committee, led by retired IAS officer Sudhir Kumar Shrivastava, includes key stakeholders like Maharashtra’s transport commissioner, Mumbai’s joint



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police commissioner (traffic), and industry experts. They have been tasked with studying the feasibility of such a ban and must submit their report within three months. The panel also has the authority to invite additional experts for input.

(Business Standard)



FINANCIAL TERMINOLOGY

MACRO ENVIRONMENT

- ❖ A macro environment refers to the set of conditions that exist in the economy as a whole, rather than in a particular sector or region. In general, the macro environment includes trends in the gross domestic product (GDP), inflation, employment, spending, and monetary and fiscal policy.
- ❖ The macro-environment is closely linked to the general business cycle as opposed to the performance of an individual business sector.
- ❖ The macro-environment refers to the broader condition of an economy as opposed to specific markets.
- ❖ The macro-environment can be affected by GDP, fiscal policy, monetary policy, inflation, employment rates, and consumer spending.
- ❖ The state of the macro environment affects business decisions on things such as spending, borrowing, and investing.



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 : 86.5358
INR / 1 GBP : 107.6782
INR / 1 EUR : 90.3347
INR /100 JPY: 55.5700

EQUITY MARKET

Sensex: 75901.41 (+535.24)
NIFTY: 22957.25 (+128.10)
Bnk NIFTY: 48866.85 (+802.20)

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