



**ICMAI**  
THE INSTITUTE OF  
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Telephones: +91-33- 2252-1031/1034/1035  
+ 91-33-2252-1602/1492/1619  
+ 91-33- 2252-7143/7373/2204  
Fax :+91-33-2252-7993  
+91-33-2252-1026  
+91-33-2252-1723

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

**06 January 2025**



### **ECONOMY**

**India's 'build now, decarbonise later' approach to achieving a net-zero steel industry will backfire in the long run: GEM report:** India's 'build now, decarbonise later' approach to achieving a net-zero steel industry will backfire in the long run, according to new findings of Global Energy Monitor (GEM). The 2024 roadmap and action plan for greening the steel sector is a positive step forward, but transitioning away from coal-based production is more urgent. She said that substantial investments are needed to build a robust green steel eco-system, not betting on emerging decarbonisation technologies that have yet to prove their mettle. The report states that India's ongoing investments in new coal-based steelmaking, coupled with a young fleet of emissions-intensive blast furnaces that is set to have its operations extended, jeopardise the country's Net Zero by 2070 target and risk saddling the country with upwards of \$187 billion in stranded assets.

***(Business Line)***

**Agriculture credit growth may surpass 13% in FY25: Nabard chairman:** Agriculture credit growth this financial year is likely to be more than 13 per cent, reaching Rs 27-28 trillion, said National Bank for Agriculture and Rural Development (Nabard) chairman Shaji KV, at a media interaction in New Delhi. "Over the past decade, agricultural credit has consistently grown at an average rate of 13 per cent. In FY25, we anticipate reaching around Rs 27-28 trillion in agricultural credit, higher than growth rates in other sectors. Moreover, this growth reflects a more granular approach – the reliance on informal credit sources is declining significantly. This shift indicates a trend towards the formalisation of rural credit, which benefits rural communities. Accessing formal credit sources generally leads to lower interest rates, resulting in better margins for these individuals compared to relying on informal lenders," said Shaji.

***(Business Standard)***



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**FPIs withdraw Rs 4,285 cr in 3 trading sessions amid global headwinds:** Foreign investors pulled out Rs 4,285 crore from Indian equities in the first three trading days of the month driven by apprehensions ahead of the third-quarter earnings season and high valuations of domestic stocks. This came following an investment of Rs 15,446 crore in the entire December, data with the depositories showed. The shift in sentiment comes amid global and domestic headwinds.

*(Business Standard)*

## **BANKING & FINANCE**



**Nearly half of health insurance policyholders faced full or partial claim rejection in last three years:** Five in ten health insurance policyholders who filed claims in the last three years said their insurers either partially or completely rejected their claims, a study conducted by social media portal and survey firm LocalCircles has found. The policyholders who participated in the survey felt that their claims were unfairly repudiated. According to the firm, the survey, which was conducted between June and December 2024, received over 1 lakh responses from policyholders across 327 districts in India. Out of this, the responses to the question around claim settlement totalled 28,700 and 33 percent said their claims were only partially paid and another 20 percent said their claims were rejected due to 'invalid' reasons.

*(Moneycontrol)*

**Punjab & Sind Bank to roll out instant loan scheme for MSMEs based on GST return:** State-owned Punjab & Sind Bank plans to launch instant loan scheme up to Rs 25 lakh for the MSME sector during this month as part of its initiative to push credit through its digital platform. As part of its transformative agenda, the bank has already introduced digital home loan and vehicle loan schemes under which in-principle approval to an application is given within 15 minutes. The journey from applying the loan to sanction, for both the segments i.e. PSB e-Apna Ghar and PSB e-Apna Vahan (launched last month), is based on Straight Through Process (STP) which runs on a pre-defined Business Rule Engine (BRE).

*(Economic Times)*

**HDFC Bank gets RBI nod to pick up 9.5% stake in Kotak Bank, AU and Capital SFBs:** India's largest private sector lender HDFC Bank has received the Reserve Bank of India's approval to pick up an aggregate stake of up to 9.5% in Kotak Mahindra Bank, AU Small Finance Bank and Capital Small Finance Bank. According to an exchange filing released by the lender late Friday night,



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the regulator's green signal is valid till January 2, 2026. "The Reserve Bank of India has given its approval to HDFC Bank to acquire 'aggregate holding' of up to 9.50% of the share capital or voting rights in Kotak Mahindra Bank, AU Small Finance Bank and Capital Small Finance Bank," the notification said.

***(Economic Times)***

**HDFC Bank's LDR falls below 100% for the first time after merger:** HDFC Bank's loan-to-deposit ratio (LDR) fell below 100 per cent for the first time since its merger with the erstwhile HDFC Ltd, due to slower loan growth and the securitisation of a sizeable portion of loans in the 2024-25 (FY25) October-December (Q3) quarter. At the end of the December quarter, HDFC Bank's LDR stood at 99.2 per cent, down from 100.76 per cent in the second quarter (Q2) of FY25 and 111.53 per cent in Q3 of 2023-24. The easing of the LDR aligns with the bank's guidance, which indicated that it would grow its loan book more.

***(Economic Times)***

## INDUSTRY OUTLOOK



**NHAI prepays ₹56,000 crore to its lenders in FY25 to save ₹1,200 crore interest:** National Highways Authority of India (NHAI) has pre-paid loans of worth ₹56,000 crore during the current fiscal, helping the state-owned agency to save interest cost of around ₹1,200 crore, a senior government official said on Sunday. The official told PTI that NHAI's total debt at the beginning of the current fiscal year was pegged at ₹3.35 lakh crore, which stood at about ₹2.76 lakh crore at the end of third quarter of 2024-25 fiscal year. He further said that around ₹15,700 crore has been pre-paid from the InvIT monetisation proceeds, while ₹40,000 crore prepayment of loan has been made to National Small Saving Fund ( ₹30,000 crore) and State Bank of India ( ₹10,000 crore), which charge high interest rates.

***(Business Line)***

**FMCG companies' volume likely to remain under pressure in Q3 FY25:** Fast-moving consumer goods (FMCG) companies are expected to witness pressure on volumes in the October-December quarter. However, price hikes will help push up revenues, said brokerages. The volumes may be impacted as persistent weak urban demand may play out in the performance of consumer companies in the third quarter (Q3) of 2024-25 (FY25). "Our ground checks suggest that the demand environment for FMCG has not seen any meaningful improvement due to several factors," HDFC



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Securities said in its report. The brokerage pointed out that the macro environment remained subdued and some companies have undertaken inventory corrections.

***(Business Standard)***



## **REGULATION & DEVELOPMENT**

**Prime Minister Shri Narendra Modi inaugurates the Grameen Bharat Mahotsav 2025:**

The Prime Minister Shri Narendra Modi inaugurated Grameen Bharat Mahotsav 2025 at Bharat Mandapam, New Delhi today. Building a Resilient Rural India for a Viksit Bharat 2024 is the theme of the Mahotsav. Addressing the gathering on the occasion, the Prime Minister greeted all the people present a very happy 2025. He said the grand organization of the Grameen Bharat Mahotsav in the beginning of the year is giving a glimpse of the development journey of India and creating an identity of the same. He congratulated NABARD and other associates for the organization of the event.

***(PiB)***

**Govt to give 80% subsidy for EV fast chargers under PM E-Drive scheme:** The central government will provide an 80 per cent or higher subsidy (which could increase to 100 per cent in exceptional cases) on the upstream infrastructure required to set up electric public fast charging stations across the country under the Rs 2,000 crore PM Electric Drive Revolution in Innovative Vehicle Enhancement (PM eDRIVE) scheme (which replaced the Faster Adoption and Manufacturing of [Hybrid &] Electric Vehicles in India schemes).

***(Business Standard)***





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## FINANCIAL TERMINOLOGY

### X-EFFICIENCY

- ❖ X-efficiency refers to the degree of efficiency maintained by firms under conditions of imperfect competition. Efficiency in this context means a company getting the maximum outputs from its inputs, including employee productivity and manufacturing efficiency.
- ❖ In a highly competitive market, firms are forced to be as efficient as possible to ensure strong profits and continued existence. This is not true in situations of imperfect competition, such as with a monopoly or duopoly.
- ❖ When calculating x-efficiency, a data point is usually selected to represent an industry and then it is modeled using regression-analysis. For example, a bank might be judged by total costs divided by total assets to get a single data point for a firm. Then, the data points for all the banks would be compared using regression analysis to identify the most x-efficient and where the majority fall.



**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 : 85.7598  
INR / 1 GBP : 106.3410  
INR / 1 EUR : 88.1056  
INR /100 JPY: 54.5300

**EQUITY MARKET**

Sensex: 79223.11 (-720.60)  
NIFTY: 24004.75 (-183.90)  
Bnk NIFTY: 50988.80 (-616.75)

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- ❖ 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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