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DAILY NEWS DIGEST BY BFSI BOARD

06 March 2025



ECONOMY

RBI to inject additional liquidity via OMO purchase, USD/INR Buy/Sell swap auctions:

The Reserve Bank of India (RBI) on March 5 said that it will infuse liquidity through Open Market Operations (OMO) purchases and USD/INR Buy/Sell swap auctions. The central bank will conduct two OMO purchases worth Rs 50,000 crore each on March 12 and March 18, and USD/INR Buy/Sell Swap auction of \$ 10 billion for a tenor of 36 months on March 24, RBI said in a release. These measures were announced after the review of current and evolving liquidity conditions in the banking system, release added. "The Reserve Bank will continue to monitor evolving liquidity and market conditions and take measures as appropriate to ensure orderly liquidity conditions," release said. These liquidity announcement came when the liquidity deficit in the banking system has narrowed sharply to Rs 20,416.70 crore as on March 4, from Rs 1.1 lakh crore on March 3, Moneycontrol reported today.

(Moneycontrol)

FPI sell-off may give a boost to government's capital gains tax collection: The ongoing sell-off by foreign funds in Indian equities may provide a booster shot to the Centre's tax collection, as several of these funds have made tidy profits on their shares before selling. Capital gains tax has already become a key source of revenue for the government and industry estimates suggest the government may collect anywhere over a billion dollars (Rs 8,714 crore) in capital gains tax for financial year 2024-25 (assessment year 2025-2026). In the current fiscal, foreign funds have, so far, net sold shares worth Rs 1.23 lakh crore, NSDL data shows. In the past two quarters, starting October 1, 2024, foreign funds have sold shares worth Rs 2.24 lakh crore. In first quarter, FPIs sold shares worth Rs 7,694 crore, while in the second quarter, they bought shares worth Rs 97,935 crore, data showed.

(Moneycontrol)



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Markets rebound strongly, Nifty breaks 10-day decline amid geopolitical uncertainty:

The stock market staged a remarkable recovery on Wednesday, with the Nifty 50 index breaking its 10-consecutive-day losing streak and surging by 254.65 points to close at 22,337.30. The Sensex similarly rebounded, gaining 740.30 points to settle at 73,730.23, driven by broad-based buying across sectors. Metals, media, and PSU bank stocks led the rally, with the market finding support from the potential easing of global trade tensions and domestic institutional investor (DII) purchases. The day's performance was particularly notable given the recent prolonged market downturn and ongoing global economic uncertainties.

(Business Line)

BANKING & FINANCE



Digital lenders, microfinance companies urge RBI to set interest rate formula for small loans:

Several digital lenders and microfinance companies have approached the Reserve Bank of India, asking it to introduce a formula for calculating interest rates on small-ticket loans. This follows a ban imposed by the RBI in October on a few non-bank financing companies, including Navi Finserv, Asirvad Micro Finance and Arohan Financial Services, citing concerns over excessive pricing and significant mark-ups above funding costs. They argue that a regulatory formula would ensure fair pricing, prevent business disruptions, and reduce the risk of regulatory actions. The industry seeks clarity and a framework modelled after practices in other countries.

(Economic Times)

RBI governor holds meet with fintechs and others, says there is need for compliance by entities new to regulatory space:

RBI Governor and Deputy Governors engaged with Payment System Operators and FinTechs, highlighting their role in India's financial growth. They stressed the importance of responsible innovation and regulatory compliance. Feedback on the payment and fintech ecosystem was shared during the session, and RBI reaffirmed its commitment to consultative interactions with industry participants.

(Economic Times)

Housing finance market to grow at 15-16% CAGR through 2029-30: CareEdge:

The housing finance market, valued at around Rs 33 trillion, is expected to grow at a CAGR of 15-16 percent between 2024-25 and 2029-30 to Rs 77-81 trillion, CareEdge Ratings has asserted. CareEdge Ratings believes that this growth will be driven by robust structural elements and favourable



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government incentives, making housing finance an attractive asset class for lenders. The rating agency said that the residential properties market remains buoyant, a key driver of the housing finance industry, witnessing an absolute growth of 74 percent since 2019 to 4.6 lakh units in 2024.

(Economic Times)

Zerodha founder Nithin Kamath named EY entrepreneur of the year 2024: Nithin Kamath, founder and chief executive officer of Zerodha was declared the EY Entrepreneur of the year 2024 on Wednesday. A ten-member jury led by Sajjan Jindal, Chairman of JSW Group, chose Kamath as the winner for his “ground breaking low-margin, high-volume strategy that transformed the brokerage industry.” Kamath will represent India at EY World Entrepreneur Of The Year Award (WEOY) in Monte Carlo to be held in June 2025. A statement by EY noted that a self-made entrepreneur, Kamath had not only bootstrapped Zerodha to a billion-dollar valuation but also actively supported start-ups in fintech and climate space, and advocated for social initiatives.

(Business Standard)

INDUSTRY OUTLOOK



US eyes zero tariff on cars in India trade deal as Tesla entry nears, say sources: The United States wants India to eliminate tariffs on car imports under a proposed trade deal between the two nations, but New Delhi is reluctant to immediately bring down such duties to zero even as it considers further cuts, sources told Reuters. India's high auto tariffs will feature in formal talks for a bilateral trade deal that are yet to begin, said one of the three sources, all of whom were briefed on the matter, paving the way for American electric vehicle maker Tesla, which is gearing up for an India launch. Taxes on cars imported into India are as high as 110%, which Tesla chief Elon Musk has criticised as being among the steepest in the world. The EV giant last year shelved its plans to enter the world's third-largest car market for a second time.

(Moneycontrol)

Apple unveils M3 Ultra: The most powerful mac chip yet: Apple has officially introduced M3 Ultra, its most powerful Mac chip to date, featuring a 32-core CPU, 80-core GPU, and cutting-edge AI capabilities. The new processor, designed for high-performance computing, doubles the Neural Engine cores and delivers unparalleled speed and efficiency for AI, machine learning, and content creation tasks. Built using Apple's UltraFusion technology, M3 Ultra links two M3 Max chips via



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10,000 high-speed connections, creating a unified system-on-a-chip (SoC) that delivers industry-leading performance and power efficiency. “M3 Ultra is the pinnacle of our scalable system-on-a-chip architecture, aimed specifically at users who run the most heavily threaded and bandwidth-intensive applications,” said Johnny Srouji, Apple’s Senior VP of Hardware Technologies.

(Business Today)

IRFC awarded Navratna status, marks milestone in railway financing: The Indian Railway Finance Corporation (IRFC) has been granted Navratna status by the Government of India, marking a significant achievement for the financial institution under the Ministry of Railways. As of March 31, 2024, IRFC has emerged as the third-largest government Non-Banking Financial Company (NBFC) in India, with a revenue exceeding ₹26,600 cr and a profit after tax of over ₹6,400 cr.

(Business Line)



REGULATION & DEVELOPMENT

Services PMI rose to 59 in February: Boosted by strong all-round demand, services activities recorded a sharp uptick in February as Purchasing Managers’ Index (PMI) rose to 59, S&P Global reported on Wednesday. The month also saw good increase in employment. “Global demand, which grew at its fastest pace in six months according to the new export business index, played a major role in driving output growth for India’s services sector,” Pranjul Bhandari, Chief India Economist at HSBC said. PMI was 56.5 in January. The index is prepared based on the responses of purchasing executives of 400 companies. Index above 50 means expansion, while below 50 indicated contraction.

(Business Line)

MCA looks to simplify M&A rules, seeks inputs from other ministries: The Ministry of Corporate Affairs (MCA) is seeking inputs from various ministries to simplify procedural requirements and expand the scope of fast track for mergers & acquisitions (M&As), a senior official said. “We are in the process of doing a stakeholder discussion. Currently, the talks are being held with other ministries. We will finalise our proposal thereafter,” the senior official said. Union Finance Minister Nirmala Sitharaman, in her Budget speech, had said the government would rationalise the requirements and procedures for speedy approval of merger.

(Business Standard)

Deposit insurance cover hike may dent banks' net profit up to Rs 12K cr: Rating agency ICRA said that any hike in the deposit insurance limit may dent the net profit of banks by up to Rs



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12,000 crore annually. This works out to a moderation in return on assets (RoA) of up to four basis points (bps) and return on equity (RoE) of up to 40 bps. Additionally, if the insurance premium is increased, the cumulative impact on RoA and RoE will be up to seven bps and 68 bps, respectively, ICRA said in a statement. While the proposed increase in the deposit insurance limit is not known, under various scenarios, the insured deposit ratio (IDR) may increase to 47.0-66.5 per cent..

(Business Standard)



FINANCIAL TERMINOLOGY

CONSULAR INVOICE

- ❖ Consular Invoice is a document, which is required by some foreign countries, that describes a shipment of goods and declares certain information such as the identities of the consignor and consignee, along with the value of the shipment. Consular Invoices are certified by a consular official of the foreign country, and are used by the country's customs officials to verify the value, quantity, and nature of the shipment.
- ❖ The exporter provides three copies of the invoice to the consulate of the importing country.



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 : 87.0896
INR / 1 GBP : 111.4503
INR / 1 EUR : 92.6314
INR /100 JPY: 58.1900

EQUITY MARKET

Sensex: 73730.23 (+740.30)
NIFTY: 22337.30 (+254.65)
Bnk NIFTY: 48489.95 (+244.75)

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