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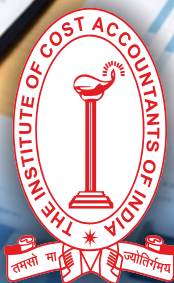


INDUSTRY

Insights

MEMBERS IN INDUSTRY & PSUs COMMITTEE

**Cost Governance & Strategic Finance in
India's Public Sector : Emerging Trends & Insights**



THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

(Statutory Body under an Act of Parliament)

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Behind every successful business decision, there is always a **CMA**

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"The Institute of Cost Accountants of India would be the preferred source of resources and professionals for the financial leadership of enterprises globally."

Mission Statement

"The CMA Professionals would ethically drive enterprises globally by creating value to stakeholders in the socio-economic

Mission Statement

असतोमा सदगमय
तमसोमा ज्योतिर् गमय
मृत्योर्मा मृतं गमय
ॐ शान्ति शान्ति शान्तिः

From ignorance, lead me to truth
From darkness, lead me to light
From death, lead me to immortality
Peace, Peace, Peace

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The Institute of Cost Accountants of India (ICMAI) is a statutory body set up under an Act of Parliament in the year 1959. The Institute as a part of its obligation, regulates the profession of Cost and Management Accountancy, enrolls students for its courses, provides coaching facilities to the students, organizes professional development programmes for the members and undertakes research programmes in the field of Cost and Management Accountancy. The Institute pursues the vision of cost competitiveness, cost management, efficient use of resources and structured approach to cost accounting as the key drivers of the profession. In today's world, the profession of conventional accounting and auditing has taken a back seat and cost and management accountants increasingly contributing towards the management of scarce resources like funds, land and

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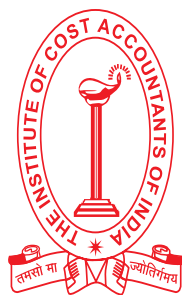


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Cost Governance in India's Public Sector

Cost governance, in simple terms, is a framework of policies, processes and tools that is used to manage and optimize spending. Cost governance focuses on achieving accountability, visibility, and continuous monitoring of resources that are used to align costs with business objectives. Cost governance is also about making sure that various resources are used efficiently and cost effectively. Indian Cost governance in recent times ensures effective and efficient use of public funds, with a special focus on accountability and transparency. Cost governance involves implementing various measures to control costs across distinct government departments and projects, and thereby promoting responsible financial management in general.

Cost governance in India has got different practices and mechanisms that helps to optimize and control costs across different organizations and sectors. Effective cost governance also includes increased scrutiny of public spending, a greater emphasis on value for money, and efforts to enhance and ensure better transparency and accountability in public sector enterprises. It also involves establishing clear cost management policies, implementing robust cost accounting and auditing standards, and promoting a culture of cost consciousness among various sectors.

Indian cost governance is experiencing significant growth and it is evolving with the integration of technology and policy reforms which focuses on improving transparency and efficiency. The growth trajectory of cost governance includes initiatives like digital public infrastructure (DPI) with AI integration, various e-governance platforms, and strategic reforms in sectors like urban development and infrastructure, which can help grow cost governance in India judiciously.

The role of CMA in cost governance is also very crucial which can help in achieving the government's vision for India in 2047 as a developed economy encompassing multifaceted goals, including economic growth, social development, global leadership and technological advancement, CMA can help to realize this vision with the help of robust costing systems and the implementation of cost audits. They can play a crucial role in promoting competitiveness, enhancing economic efficiency, attracting investment, implementing government policies, optimizing resources, driving inclusive growth, ensuring transparency and fostering innovation, which can be achieved by a transparent cost governance mechanism.

Various aspects of Cost Governance in India

In the current era of industrialization, public sector enterprises in India has been focusing on improving cost governance, driven by various aspects and initiatives taken by the government of India. Various government bodies, professional institutions, and organizations play a crucial role in cost governance, particularly in particular areas like infrastructure projects, public finance, and the education sector.

| Sl. No. | Various aspects of Cost Governance in India |
|---------|---|
| 1 | Department of Expenditure, Ministry of Finance |
| 2 | Cost Accounting and Auditing Standards |
| 3 | NITI Aayog |
| 4 | PM Gati Shakti National Plan |
| 5 | Ministry of Statistics and Programme Implementation |
| 6 | Atmanirbhar Bharat (self-reliance) |
| 7 | Logistics Cost Management |

- The **Department of Expenditure in the Ministry of Finance** is the nodal agency for overseeing public financial management and controlling costs within the central government of India. The office of the Chief Adviser Cost, part of the Department of Expenditure does provide various professional expertise in cost management and auditing,
- **Cost Accounting and Auditing Standards:** The Institute of Cost Accountants of India (ICAI) and its Cost Management Accountants (CMAs) play a vital role in establishing and promoting Cost Accounting Standards and Cost Auditing Standards. These standards provide a framework for consistent cost accounting practices across various sectors and industries.
- **National Institution for Transforming India (NITI) Aayog** is largely involved in studying the cost of doing business in India and identifying areas for improvement as how to manage and reduce cost effectively.
- The **PM Gati Shakti National** master plan aims to integrate planning and execution of infrastructure projects across various ministries in India, leading to better cost management and coordination across the nation.
- The **Ministry of Statistics and Programme Implementation** monitors and have a close look in large scale infrastructural projects in India for potential cost and time overruns.
- **Atmanirbhar Bharat** i.e. self-reliance and its push for defence production has been a key factor for India's cost governance and management. Indian economy has seen a massive increase in indigenous production in defence sector, driven by several policies promoting self reliance, with a significant rise in the value of domestically produced defence equipment.
- **Logistics Cost Management:** The government has formed a task force to develop a scientific framework for calculating logistics costs, recognizing the impact of these costs on the manufacturing sector and export competitiveness.

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Cost Inefficiencies in Indian PSUs: A Strategic Perspective

India's public sector, encompassing a wide range of Central and State Public Sector Undertakings (CPSUs and SPSUs), plays a critical role in national development. From infrastructure to manufacturing, energy to transportation, public enterprises shape the economic backbone of the country. However, their ability to remain efficient, accountable, and financially sustainable has been increasingly under scrutiny due to persistent cost challenges. These issues—ranging from inefficiencies and poor cost control to inadequate transparency and outdated processes—have prompted a strong call for cost governance as a strategic necessity.

In this section, we take an in-depth look at the structural cost problems facing India's PSUs and the growing significance of cost governance as a transformative framework to ensure public value, fiscal discipline, and operational efficiency.

1. Inefficient Resource Allocation and Operational Inefficiencies

One of the most critical challenges in India's public sector is the inefficient use of financial, human, and material resources. Many PSUs operate with surplus manpower, ageing infrastructure, and duplicated efforts across departments, resulting in cost overruns and poor productivity.

For example, as per the Ministry of Statistics and Programme Implementation (MoSPI), out of 1,788 infrastructure projects in India worth over ₹150 crore, more than 450 projects were delayed as of March 2024, leading to cost overruns exceeding ₹4.6 lakh crore¹.

BSNL has reported cumulative losses of over ₹90,000 crore over the past decade, largely due to outdated infrastructure, delayed modernisation, and inefficient use of its workforce².

Key Drivers of Inefficiencies:

- Redundant manpower due to a lack of HR rationalisation.
- Underutilised assets, especially in manufacturing and logistics.
- Delayed project execution due to bureaucratic hurdles and weak planning.
- Procurement inefficiencies stemming from rigid guidelines and corruption.

2. Absence of Standardised Cost Measurement Frameworks

Most public sector entities lack a unified, real-time, and analytical costing system. Unlike private sector counterparts who widely implement Activity-Based Costing (ABC) or Time-Driven ABC, PSUs often rely on outdated or overly simplified cost accounting systems.

1 Ministry of Statistics and Programme Implementation, Infrastructure and Project Monitoring Division, 2024. https://www.mospi.gov.in/sites/default/files/publication_reports/Monthly_Summary_October24.pdf

2 Financial Express, "BSNL Losses Cross ₹90,000 Crore", 2023. <https://www.thestatesman.com/business/bsnls-total-loss-crossed-rs-90-thousand-crore-say-reports-1502738884.html>

This prevents accurate tracking of cost drivers, hinders effective budget planning, and creates gaps in assessing the true economic performance of services or products. For example, Indian Railways has long suffered from cross-subsidization of passenger services with freight operations due to an absence of route-specific or service-specific cost data. The CAG Report of 2022 stated that operational costs per passenger kilometre were not accurately computed, leading to improper fare structures and fiscal stress³.

The absence of robust cost frameworks limits decision-makers from:

- Identifying cost leakages.
- Measuring cost-effectiveness of initiatives.
- Benchmarking performance across units or against private entities.
- Rationalizing pricing based on actual costs incurred.

3. Regulatory and Political Constraints on Pricing and Procurement

Unlike private companies, PSUs function within a rigid framework of political oversight and statutory controls, which often restrict their ability to manage costs independently. They are bound by public procurement norms, socially driven pricing decisions, and compliance-heavy processes.

Oil Marketing Companies (OMCs) such as IOCL, HPCL, and BPCL have incurred losses due to under-recoveries when fuel prices were frozen by government order despite rising global oil prices⁴. For FY 2022–23, these companies reported a combined net loss of over ₹17,000 crore⁵.

In addition, rigid government procurement guidelines under the General Financial Rules (GFRs) often hinder the adoption of efficient sourcing practices, adding to procedural delays and inflated costs.

Similarly, in sectors like fertilizers, telecommunications, and coal, the government's populist pricing or subsidy policies limit the ability of these entities to operate with commercial logic. CMAs often find themselves caught between adhering to policy mandates and attempting to implement cost-efficient mechanisms.

4. Weak Internal Cost Controls and Audit Functions

A majority of PSUs suffer from inadequate internal control systems when it comes to cost management. This includes the absence of real-time cost centers, misaligned incentives, and poor reconciliation between budgets and actuals.

3 CAG Report No. 26 of 2022, "Union Government (Railways) - Commercial", Comptroller and Auditor General of India. https://cag.gov.in/webroot/uploads/download_audit_report/2022/Report-No.-26-of-2022-Civil_English_PDF-A-063a1a3f986b447.99850713.pdf

4 Business Standard, "OMCs Post Losses Due to Fuel Price Freeze", December 2022. https://www.business-standard.com/markets/news/bpcl-ioc-hpcl-stocks-slide-on-reports-omcs-may-bear-lpg-subsidy-cost-123083000502_1.html

5 Indian Oil Corporation Limited Annual Report 2023. https://iocl.com/contents/AnnualReportenglish_2022-23/index.html



Although statutory audits are mandatory for most government-owned entities, cost audits remain underutilized or undervalued. These audits, when conducted, are often seen as routine compliance rather than strategic tools for improving financial health. A study by the Institute of Cost Accountants of India (ICMAI) noted that several PSUs fail to maintain real-time cost centers or adopt variance analysis practices, making it difficult to identify overspending or inefficiencies until after the fiscal year ends⁶.

In cases where cost audits were implemented proactively, such as in NTPC and SAIL, internal savings of 8–12% in operational expenses were reported through better input cost tracking⁷.

Without robust internal controls, organizations experience:

- Inflated vendor bills and fraudulent procurements.
- Poor budgeting accuracy and unrealistic forecasting.
- Inadequate tracking of deviations from approved spending.
- Weak links between cost and performance targets.

5. Fragmented Accountability and Lack of Cost-Conscious Culture

In the public sector, the diffusion of responsibility is another significant barrier to effective cost control. In the absence of personal accountability and performance-linked incentives, managers often lack motivation to minimize waste or improve efficiency. The World Bank, in its Public Expenditure Review (2021), noted that in India's public administration, there's often a disconnect between spending and outcomes, caused by fragmented decision-making and low-cost awareness⁸.

This is compounded by a lack of cost literacy among non-finance departments, where budget owners view expenditures as "entitlements" rather than resources to be optimized. A cost-conscious organizational culture is missing in many PSUs, resulting in:

- Overspending on travel, marketing, and admin activities.
- Neglect of maintenance leading to asset breakdowns and replacements.
- Little or no attention to benchmarking unit costs of services rendered.

6 ICMAI Research Paper, "The Role of Cost Audits in Enhancing PSU Performance", 2022.

7 Times of India, "NTPC Saves ₹2,400 Crore with Cost Governance Tools", 2023.

8 World Bank, "India Public Expenditure Review: Strengthening Public Sector Effectiveness", 2021.

Overstaffing and Low Productivity in the Indian Public Sector: A Deep-Rooted Cost Challenge

The Indian public sector has historically played a central role in the country's economic development, especially in infrastructure, manufacturing, defence, and essential services. However, over the years, several structural and operational inefficiencies have emerged, with overstaffing and low productivity standing out as critical and persistent issues that contribute significantly to rising costs and diminishing performance.

Causes of Overstaffing

1. **Lack of Workforce Planning:** Manpower assessments are not being conducted by many public sectors undertaking as a result of which outdated staffing norms continue without realignment to current technology or workload.
2. **Resistance to Technological Upgradation:** Resistance of the public sector employees and also the public sector units to adopt automation and modern systems. . To avoid workforce displacement, manual processes continue, leading to surplus labour.
3. **Inflexible Labour Policies:** Strict labor laws, trade union pressures, and strong job security make it extremely difficult to downsize or redeploy excess staff.
4. **Administrative and Social Pressures:** Recruitment in public institutions is often guided by need to create employment opportunities rather than operational necessity. Employment in public sector is also seen as a tool for social welfare, especially in backward or politically sensitive regions.

Consequences of Overstaffing

1. **Increased Wage Bill:** A direct outcome of overstaffing is the disproportionately high wage bill. Salaries, pensions, and other employee-related costs consume a substantial portion of the operational budget, leaving limited resources for modernization, innovation, or capital investment.
2. **Reduced Operational Efficiency:** When the workforce is larger than needed, tasks become diluted, and roles often overlap. This leads to underutilization of human resources, duplication of efforts, and poor time management.
3. **Resistance to Change:** A bloated workforce with entrenched interests often resists organizational restructuring or reforms aimed at improving efficiency. This impedes innovation and technological adoption.
4. **Performance Dilution:** The presence of excess staff can lower the overall productivity per employee. A culture of complacency may set in, where merit and performance are not adequately rewarded, demotivating efficient workers and lowering morale.

Low Productivity: A Parallel Concern

Low productivity in the Indian public sector is not merely a result of overstaffing but also stems from outdated technology, poor infrastructure, inadequate training, and lack of performance-based incentives. Unlike the private sector, where productivity is closely linked to profitability and employee rewards, public sector employees often enjoy job security irrespective of their output, leading to minimal motivation for self-improvement.

Moreover, rigid bureaucratic structures, absence of Key Performance Indicators (KPIs), and limited accountability mechanisms further suppress employee output. Many PSUs continue to rely on manual processes and legacy systems that are inefficient and time-consuming.

Factors Contributing to Low Productivity

- 1. Lack of Performance-Based Incentives:** Public sector jobs are generally secure, with little linkage between performance and rewards. This weakens motivation and discourages innovation.
- 2. Skill Mismatch and Poor Training:** Many employees are not provided with regular skill upgrades or appropriate training, leading to outdated competencies and inefficiency.
- 3. Bureaucratic Work Culture:** Decision-making in the public sector tends to be hierarchical and slow, discouraging initiative and creativity at the operational level.
- 4. Limited Use of Technology:** Low digital adoption and outdated machinery limit the ability of employees to perform tasks quickly or accurately.
- 5. Absenteeism and Work Avoidance:** With weak supervision and minimal consequences for underperformance, absenteeism and lax work culture are common in several departments.

Cost Implications

The combination of overstaffing and low productivity leads to serious financial and economic consequences:

- **Operational Losses:** Many PSUs remain dependent on government subsidies or bailouts to cover their losses.
- **Reduced Competitiveness:** In a liberalized market, public sector units often fail to compete with agile and cost-efficient private players.
- **Burden on Taxpayers:** The fiscal stress created by inefficient public enterprises ultimately translates into a burden on public finances.

The Way Forward

To address overstaffing and low productivity, a multi-pronged approach is essential:

- 1. Workforce Rationalization:** Conducting manpower audits and redeploying or retiring redundant staff.

2. **Skill Development and Training:** Investing in upskilling to match changing job requirements. The need of the time is on focusing on digital literacy, leadership, and role-specific training.
3. **Performance-Linked Pay:** Introducing KPIs and incentives to reward high-performing employees. This is important for encouraging a culture of accountability and measurable results.
4. **Technological Modernization:** Embracing digital tools, automation, and process innovation. It is required for streamlining operations and improving service delivery through technology.
5. **Professional HR Practices:** Adopting private-sector-like HR systems in recruitment, evaluation, and career progression.

Role of Cost and Management Accountants (CMAs)

Cost and Management Accountants (CMAs), with their specialized knowledge in cost optimization, performance evaluation, and strategic planning, are uniquely positioned to address these challenges. Their role is essential in transforming PSUs into leaner, more efficient, and financially sustainable entities. They can contribute significantly to addressing these issues through:

1. **Workforce Cost Analysis and Rationalization:** CMAs play a critical role in identifying and managing workforce-related costs. The different approaches adopted by CMAs enable PSUs to align human resources with actual operational needs, thereby improving efficiency and reducing costs. Following are the ways how CMAs contribute:
 - **Manpower cost audits** to assess the burden of excessive staffing.
 - Application of **activity-based costing (ABC)** to identify non-essential roles and activities.
 - Assisting in the formulation and evaluation of **Voluntary Retirement Schemes (VRS)**.
 - Providing data-driven insights for **optimal workforce deployment**.
2. **Productivity Measurement and Performance Benchmarking**

CMAs help organizations to measure and improve productivity. Various efforts mentioned below foster a performance-driven culture and help eliminate inefficiencies stemming from low productivity.

 - Designing **Key Performance Indicators (KPIs)** to evaluate employee output.
 - Conducting **comparative productivity analysis** with industry peers or private sector benchmarks.
 - Generating **department-wise performance reports** that support evidence-based decision-making.

3. Cost Control and Monitoring Mechanisms

CMAs implement robust cost control tools to promote financial discipline and ensure that resources are effectively utilized. The tools are mentioned below:

- **Standard costing and variance analysis** to detect deviations in labour performance.
- **Budgetary control systems** to monitor personnel-related expenses.
- **Time-driven Activity-Based Costing (TDABC)** to map labour time to specific tasks and costs.

4. Support in Technological and Process Upgradation

Low productivity is often linked to outdated technology and manual operations. CMAs are contributing to overcome this hurdle by facilitating digital transformation. Further, CMAs help the PSUs to enhance both efficiency and service delivery by:

- Conducting **cost-benefit analyses of technology investments**.
- Recommending **process improvements and automation** to reduce dependency on manual labour.
- Supporting **Business Process Reengineering (BPR)** for improved workflows.

5. Strategic and Policy-Level Advisory

The strategic insights bridge the gap between financial control and human resource management. CMAs support strategic planning by:

- Assisting in **long-term manpower planning** based on future business needs.
- Designing **performance-linked incentive schemes** to enhance employee motivation and accountability.
- Advising management on **HR cost alignment** with business goals and operational priorities.

Overstaffing and low productivity represent chronic cost issues within the Indian public sector, eroding financial sustainability and service quality. While these challenges are deeply rooted in historical and political contexts, they are not insurmountable. With a combination of institutional reforms, performance-driven governance, and the strategic engagement of CMAs, the Indian public sector can transition towards a leaner, more productive, and financially efficient future.

Cost Overruns in the Indian Public Sector and the Role of CMA

India's public sector is currently witnessing a surge in infrastructure and welfare spending, with ambitious initiatives like Bharatmala, PM Gati Shakti, and the Smart Cities Mission driving large-scale capital investments. However, this growth is also accompanied by a worrying trend: cost overruns. As of March 2025, the Ministry of Statistics and Programme Implementation (MOSPI) reported that over 365 infrastructure projects have exceeded their original budgets by more than ₹4.7 lakh crore. These overruns lead to project delays, resource misallocations, and fiscal burdens on the exchequer — indicating serious lapses in cost control and financial planning.

This scenario amplifies the relevance of Cost and Management Accountants (CMAs) in India's public sector undertakings (PSUs). CMAs bring to the table a unique blend of expertise in cost analysis, budgeting, financial control, and strategic resource planning. Their skillset is particularly valuable in identifying cost leakages, analyzing budget variances, and recommending efficient financial pathways to ensure public funds are utilized optimally.

Despite their critical value, CMAs remain underutilized in many PSUs, where legacy accounting systems and a lack of real-time monitoring tools continue to hinder effective cost governance. Several public institutions still operate without digital cost control mechanisms, making them vulnerable to inefficiencies and corruption.

The Expanding Role of CMAs

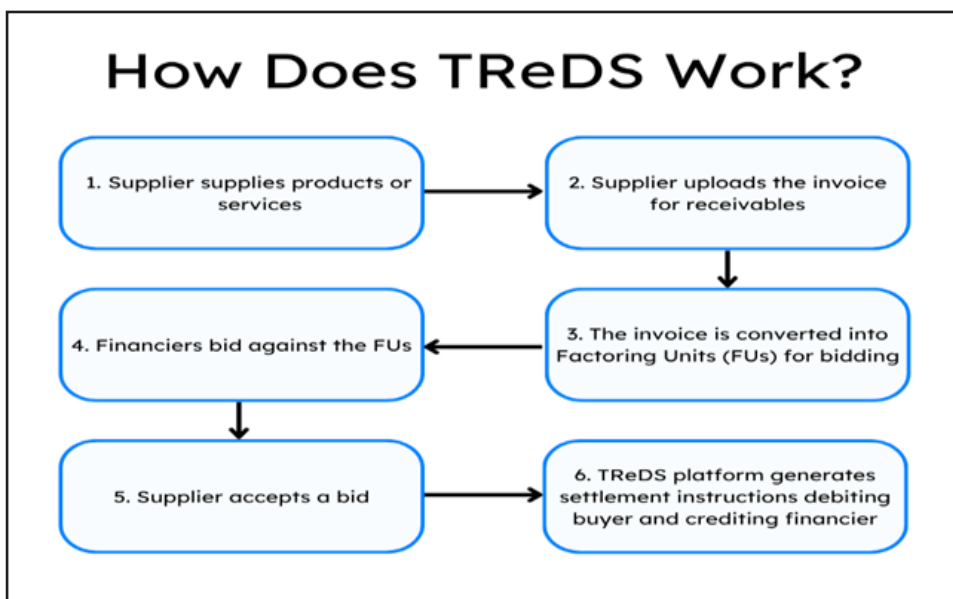
CMAs are no longer confined to cost audits. Their responsibilities now span:

- Preparing detailed **cost sheets and project reports**
- Conducting **variance analyses** and productivity assessments
- Supporting **Public-Private Partnership (PPP)** frameworks
- Advising on **cost efficiency in ESG (Environmental, Social, Governance)** practices
- Driving **value engineering and life-cycle costing**

In critical sectors such as **defense, power, healthcare, and transport**, where budgetary discipline is vital, CMAs can play a transformative role by promoting transparency, accountability, and cost-effectiveness. For instance, in the **Digital India** and **Smart Cities** projects, their analytical inputs are crucial not just for budgeting, but also for techno-economic viability and long-term sustainability.

Technology and Sustainability: A New Era for CMAs

The shift toward **digital governance** through platforms like **GeM (Government e-Marketplace)**, **TReDS (Trade Receivables Discounting System)**, and **integrated ERP systems** has created fresh opportunities for CMAs.



They are now increasingly involved in:

- **Digital cost modeling**
- **AI-enabled budgeting**
- **Data-driven financial forecasting**
- **ESG impact assessment**



This evolution demands that CMAs upskill in **automation, AI, sustainability accounting, and integrated reporting** to stay relevant in this rapidly changing landscape.

Policy Imperatives and the Way Forward

To fully harness the potential of CMAs, **policy-level interventions** are essential. These include:

- Mandating **CMA representation** in financial boards of PSUs
- Implementing **standardized cost accounting frameworks** (as developed by the Institute of Cost Accountants of India)
- Providing access to **continuous digital and ESG training**

As India advances toward its economic goals under **Make in India, Atmanirbhar Bharat**, and the **National Infrastructure Pipeline**, the strategic integration of CMAs can serve as a cornerstone for **financial discipline, transparency, and long-term value creation** in public sector projects.

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Cost Issues (with Role of CMA) in India's Public Sector: Emerging Trends and Insights

India's public sector remains a key pillar of national development, contributing significantly to infrastructure, employment, and social welfare delivery. In recent years, however, cost inefficiencies, misallocation of resources, and operational losses have persisted across several government entities. During FY 2024–25, while many Public Sector Undertakings (PSUs) posted substantial profits, structural cost issues continue to plague segments such as state utilities, transport bodies, and health infrastructure. For instance, top PSUs like State Bank of India (₹70,901 crore), LIC (₹48,151 crore), and Coal India (₹9,604 crore) reported record profits (IANS, 2025), yet multiple state-run enterprises continued to struggle with debt and cost overruns.

Despite the buoyancy in profitability, approximately 20–25% of public sector units remain in the red, signalling deep-rooted inefficiencies (Department of Public Enterprises, 2024). Issues such as idle capacities, procurement inefficiencies, and subsidy mismanagement are particularly pronounced in sectors like power, water, and public transportation. For example, the Himachal Pradesh State Electricity Board Ltd (HPSEBL) had accumulated losses of ₹3,742 crore by FY 2023–24. However, after cost reforms and process realignment, it returned a profit of ₹315 crore in FY 2024–25, underscoring the impact of cost governance (Times of India, 2025).

The shift towards digitization has also reshaped cost dynamics. Platforms such as the Government e-Marketplace (GeM), the Public Financial Management System (PFMS), and e-procurement portals are minimizing leakages and increasing transparency (NITI Aayog, 2024). Here, the role of Cost and Management Accountants (CMAs) becomes crucial. CMAs assist in analysing procurement costs, evaluating total cost of ownership, and identifying cost-saving opportunities through activity-based costing and value chain analysis (ICMAI, 2024). Their involvement ensures that public spending aligns with intended outcomes and contributes to fiscal prudence.

In FY 2024–25, India's fiscal deficit was contained at 5.1% of GDP, below the revised target of 5.3%, largely due to improved revenue collection and tighter expenditure monitoring (Ministry of Finance, 2025). The institutionalization of cost audits, performance benchmarking, and variance analysis in public departments has been central to this achievement, all areas where CMAs offer technical leadership. Moreover, in schemes like Jal Jeevan Mission, PM Awas Yojana, and Gati Shakti, CMAs are guiding zero-based budgeting and implementation cost tracking.

Contemporary cost issues also involve escalating project delays, litigation-related expenses, and poorly scoped Public-Private Partnership (PPP) agreements. CMAs are increasingly engaged in conducting feasibility studies and post-project cost audits to ensure long-term cost sustainability. Their role has evolved from being compliance officers to strategic partners—integrating financial discipline with operational effectiveness in the public sector.



To conclude, while profitability has improved for leading PSUs, cost issues at the operational level remain a concern. The contribution of CMAs is becoming indispensable in aligning cost control practices with digital tools, performance metrics, and sustainability objectives. Their skills in detailed costing, budgetary control, and strategic cost management are vital to transforming India's public sector into a financially robust and efficient ecosystem.

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Strategic Finance in India's Public Sector

India's power sector stands out as one of the most diversified globally, drawing electricity from both conventional sources - such as coal, gas, hydro, and nuclear and a growing share of renewables like solar, wind, biomass, and small hydro. In response to rising electricity demand, the country continues to expand its energy capacity to drive economic growth and meet sustainability targets. As of June 2025, India has achieved a major milestone with a total installed power capacity of 476 GW. This includes 240 GW from thermal sources, 110.9 GW from solar, and 51.3 GW from wind energy, highlighting a strong and ongoing transition toward renewable energy and enhanced energy security.



[Source: <https://www.pib.gov.in/PressNoteDetails.aspx?id=154717&NotelId=154717&ModuleId=3>]

Present Status of PSUs in terms of Dividend Distribution as a part of Strategic Finance

| Sr. No. | Entity | Dividend (In Rs. Crore) |
|---------|---|-------------------------|
| 1 | BEML Ltd. | 33.75 |
| 2 | Bhartiya Rail Bijlee Company Ltd. (BRBCL) | 13 |
| 3 | Dividends And Profits Earned on The Funds Released to Special Window for Affordable and Middle-Income Housing (SWAMIH FUND) | 402.98 |
| 4 | Dividends From National Investment & Infrastructure Fund Ltd. (NII-FL) (Other Agencies) | 2,795.88 |
| 5 | Export-Import Bank of India (Exim Bank) | 325 |
| 6 | Hindustan Zinc Ltd. (Other Agencies) | 1,179.64 |
| 7 | ICS Senegal | 4.05 |
| 8 | M S T C Ltd. | 20.51 |
| 9 | Mazagon Dock Shipbuilders Ltd. | 98.29 |
| 10 | Railtel Corporation of India Ltd. | 23.38 |
| | TOTAL | 4,896.48 |

Source: <https://dipam.gov.in/dividendReceiptsDtIs>

Key Take-aways:

- 1. Major Contributors:** NIIFL is the highest contributor with ₹2,795.88 crore, accounting for over 57% of the total dividends. SWAMIH Fund provides a significant contribution of ₹402.98 crore from profits earned on funds released for affordable and middle-income housing. Hindustan Zinc Ltd. contributed ₹1,179.64 crore, also a major source (approximately 24% of the total).
- 2. Smaller Contributors:** Entities like ICS Senegal (₹4.05 crore) and BRBCL (₹13 crore) contributed relatively modest amounts. These may be smaller in scale or have lower profits/dividend policies.
- 3. Total Dividend Revenue:** The total dividend inflow from all listed entities is ₹4,896.48 crore, reflecting the government's or stakeholder's earnings from its investments and equity holdings.

Implications:

- The data highlights the strong performance and dividend payout from sovereign and strategic investments, especially in infrastructure and mining.
- The high dividend from NIIFL and SWAMIH indicates successful financial management of public/private investment vehicles aimed at infrastructure and housing development.
- This dividend income can be utilized to support fiscal needs, reduce deficits, or reinvest in public sector development initiatives.

Disinvestment Strategy of Public Sector Enterprise as a part of Strategic Finance

| Sr. No. | Name of CPSEs | % of Gol's Shares Disinvested | Method of Disinvestment | Receipts (in Rs. Crore) | Gol's Shareholding Post Disinvestment |
|-----------|--------------------------------|-------------------------------|-------------------------|-------------------------|---------------------------------------|
| 1 | MAZAGON DOCK SHIPBUILDERS LTD. | 3.61 | OFS | 3,673.42 | 81.22 |
| Total Sum | | | | 3,673.42 | |

Source: <https://dipam.gov.in/disinvestmentReceiptsDtIs>

Key Insights:

- 1. Revenue Generation:** The disinvestment of just a 3.61% stake generated substantial revenue (₹3,673.42 crore), indicating the strong market value and investor interest in MDL.
- 2. Continued Majority Control:** Despite the sale, the Government of India still holds a significant 81.22% ownership, ensuring control and strategic oversight of the company.
- 3. Use of OFS Method:** The OFS route is commonly used for quick and transparent divestments. It helps deepen capital markets and increase public shareholding in CPSEs.

State-run banks will present a strategic road map for capital-raising and expansion plans for FY 2025-26 to 2027-28 next month. The government plans to assess these projections to determine the timing and extent of its stake reductions in the banks, focusing on enhancing strategic capabilities like GenAI systems.

[Source:<https://economictimes.indiatimes.com/industry/banking/finance/banking/psu-banks-to-submit-plans-for-raising-capital-by-next-month/articleshow/118611219.cms?from=mdr>]

Instances Showcasing Financial Achievements of Indian PSEs

- **SAIL** - Steel Authority of India Limited (SAIL) delivered a mixed financial performance for the year and quarter ending March 31, 2025. The company reported an 11% year-on-year increase in net profit for Q4; however, EBITDA remained largely unchanged, with a marginal decline in margin. In contrast, the first quarter of FY26 saw a sharp drop in profit before tax (PBT). As of June 2025, SAIL's financial standing reflected a net worth of ₹56,224 crore and total borrowings of ₹28,741 crore, translating to a debt-to-equity ratio of 0.51. [<https://www.sail.co.in>]
- **ONGC** - Oil and Natural Gas Corporation (ONGC) reported a mixed strategic financial performance for FY2025. The company registered a net profit of ₹35,610 crore and declared a final dividend of 25%. Crude oil production saw a modest rise of 0.9%. ONGC's total capital expenditure for the year stood at ₹62,000 crore, including a notable 25% increase in exploration capex, which reached ₹10,300 crore. However, the consolidated profit after tax (PAT) for Q4 FY25 declined compared to the same period in the previous year. [<https://ongcindia.com/>]
- **BHEL** - Bharat Heavy Electricals Limited (BHEL) delivered a strong financial performance in FY 2024-25, marked by record-high order inflows and notable revenue growth. The company achieved its highest-ever order inflow of ₹92,535 crore, driven largely by demand from the power sector, especially thermal power projects. As a result, BHEL's order book reached a substantial ₹1,96,329 crore, ensuring solid revenue visibility for upcoming project executions.[<https://www.bhel.com/>]
- **RCF** - In 2025, Rashtriya Chemicals and Fertilizers Ltd (RCF) is implementing key strategic financial measures, including a proposed Offer For Sale (OFS) and plans to raise capital through Non-Convertible Debentures (NCDs). The company is also witnessing shifts in its shareholding pattern, with increases in promoter and Indian public holdings, alongside declines in non-institutional and foreign institutional investor stakes. Financially, RCF reported a revenue of ₹17,098.46 crore for FY25, slightly down from ₹17,146.74 crore in FY24. Its net income for Q4 FY25 stood at ₹72.46 crore, reflecting a 23.92% year-on-year decline. [<https://www.rcfltd.com/>]

Strategic Finance (with Role of CMA) in India's Public Sector: Emerging Trends and Insights

Strategic finance in the Indian public sector is undergoing a transformative shift in FY 2024–25, propelled by rising capital expenditure, geopolitical uncertainties, and the growing imperative of aligning fiscal policy with long-term developmental goals. With a capital outlay of ₹11.11 lakh crore announced in the Union Budget 2024–25, the government has prioritized investments in transportation, infrastructure, digital technology, and green energy (Ministry of Finance, 2025). This aggressive capex push underscores the need for more robust financial planning, investment evaluation, and resource optimization—core domains where Cost and Management Accountants (CMAs) are increasingly assuming critical roles.

In today's context, strategic finance extends beyond traditional budgeting to include capital structuring, debt sustainability analysis, risk mitigation, and cost-benefit assessments. With India's general government debt-to-GDP ratio exceeding 83% as of FY 2024 (Reserve Bank of India, 2024), the management of contingent liabilities and fiscal buffers has gained urgency. CMAs, with their expertise in long-term financial planning and resource allocation modeling, are actively contributing to this area by supporting ministries in decision-making related to public investments, capital restructuring, and PPP frameworks.

In fact, in 2025, the Finance Ministry began reviewing PSU capital expenditure weekly, in response to potential geopolitical disruptions and fiscal imbalances (Times of India, 2025). These reviews are designed not only to monitor progress but also to ensure alignment between investments and national priorities. CMAs play a key role in this monitoring mechanism by evaluating financial viability, conducting cost efficiency studies, and recommending corrective action when projects deviate from targets.

Moreover, strategic finance today increasingly incorporates sustainability goals, including ESG reporting and green budgeting. CMAs are equipped with tools such as Environmental Management Accounting (EMA) and Social Cost-Benefit Analysis (SCBA), which are used to assess the non-financial implications of public projects (ICMAI, 2024). This approach is vital in large-scale national programs such as the National Green Hydrogen Mission and the PM Gati Shakti initiative.

India's strategic public finance is also influenced by disinvestment and privatization efforts. In FY 2024–25, minority stake sales in public sector banks and insurance firms generated ₹86,250 crore in non-tax revenue (Reuters, 2025). These sales require sophisticated valuation, risk assessment, and stakeholder consultation—areas where CMAs provide critical support by working closely

with DIPAM and investment bankers to evaluate financial readiness and post-divestment sustainability.

Institutions such as the National Investment and Infrastructure Fund (NIIF), with assets over US\$4.9 billion, also rely on CMA expertise for investment appraisals and financial due diligence. Through such institutions, CMAs aid in attracting private capital into public infrastructure projects, ensuring strategic alignment and financial viability.

In summary, strategic finance in India's public sector has evolved into a multifaceted discipline requiring deep analytical capability, long-term planning, and regulatory alignment. CMAs are uniquely positioned to meet these demands by leveraging their training in cost management, investment analysis, and sustainable finance. Their expanding presence in ministries, PSUs, and infrastructure bodies signals a paradigm shift toward a more accountable, transparent, and future-ready financial ecosystem.

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Green Finance Integration in India's Public Sector: Trends and Insights

India is currently experiencing two significant shifts. On one hand, Public Sector Undertakings (PSUs) have seen a notable rise in market capitalization and profitability, especially between 2020 and 2025. On the other, the government is placing increasing emphasis on sustainable development. These developments are leading to a paradigm shift in how the public sector approaches finance—with green finance emerging as a cornerstone of this transformation.

Across the globe, concerns over climate change and environmental degradation have prompted nations to reimagine their development strategies. For India, a committed signatory to the Paris Agreement and an active proponent of the Sustainable Development Goals (SDGs), this reimagination involves weaving sustainability into the fabric of public finance.

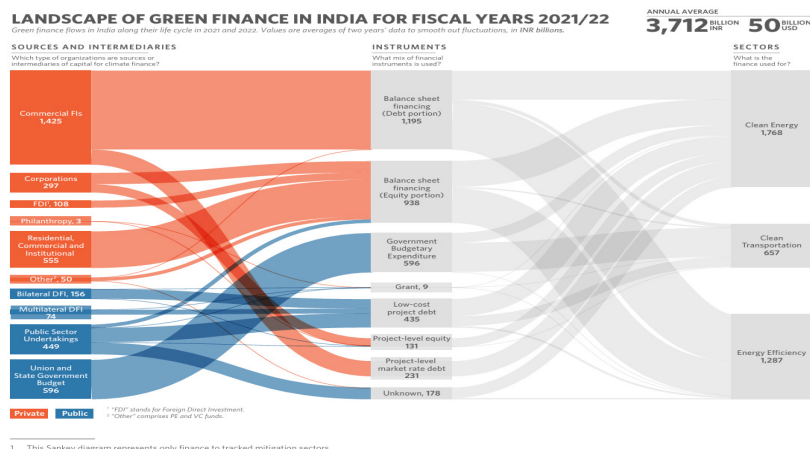
Green finance refers to financial investments and policy-driven spending aimed at supporting environmentally friendly outcomes—like promoting renewable energy, improving waste management, reducing pollution, and building infrastructure resilient to climate change. In layman's language, green finance refers to financial investments directed towards projects that support environmental sustainability, including renewable energy, energy efficiency, pollution control, clean transportation, and sustainable resource use.

For India's public sector, integrating green finance represents a clear shift from traditional development finance towards sustainability-focused budgeting, planning, and resource mobilization. With PSUs playing critical roles in sectors such as infrastructure, energy, and transportation, aligning their financial strategies with environmental objectives is not just ideal—it's essential.

Recent trends such as the issuance of sovereign green bonds, adoption of ESG (Environmental, Social, and Governance) frameworks, and climate-responsive budgeting are indicators of this evolving strategy.

Current Green Finance Landscape in India

Figure 1: Present Landscape of Green Finance in India



Source: Climate Policy Initiative

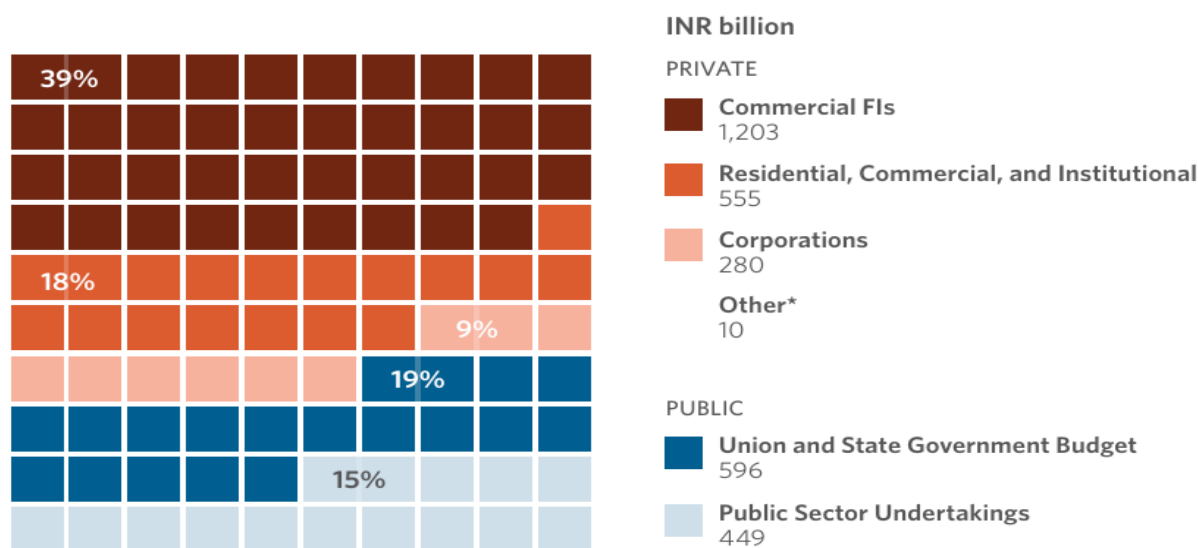
A glance at India's green finance ecosystem reveals that private players continue to be the dominant contributors. Compared to PSUs and government budgets (both central and state), private institutions lead in both sourcing and channelling green capital.

These funds primarily flow into three avenues:

1. **Clean energy**
2. **Clean transportation**
3. **Energy efficiency**

Figure 2: Domestic Green Finance in Mitigation Sectors (Public vs Private, ₹ Billion)

Figure 3: Domestic green finance (mitigation sectors) by public and private sources (INR bn)



*Other private sources comprise PE/VC funds

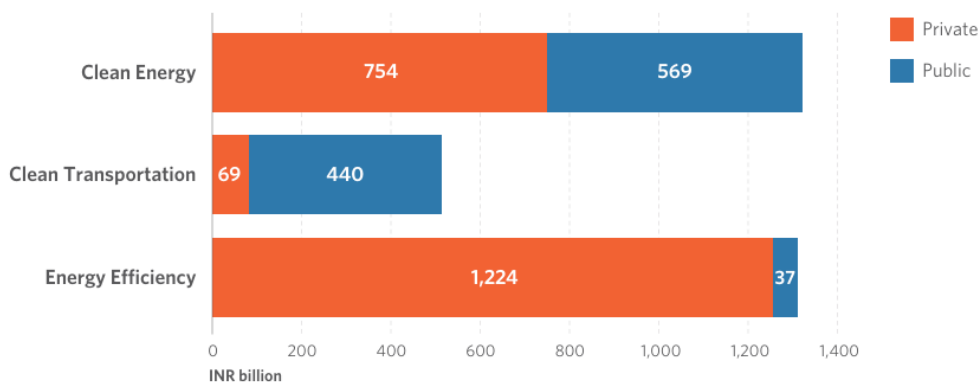
Source: Climate Policy Initiative

The numbers tell a clear story:

- **Private sector contributions** make up about **66%** of total domestic green finance for mitigation (₹ 2,048 billion / \$ 28 billion).
- **Public sector sources** contribute the remaining **34%** (₹ 1,045 billion / \$ 14 billion), of which:
 - **57%** comes from government budgets (₹ 596 billion / \$ 8 billion)
 - The largest portion of this public expenditure went into **clean transportation (74%)**, followed by **clean energy (24%)**.

Notably, PSUs mainly contributed toward clean energy, accounting for **93%** of their green finance allocations.

Figure 3: Green Finance Flows to Mitigation Sectors (₹ Billion)



Source: Climate Policy Initiative

The dominance of the private sector remains consistent across all three mitigation sectors. However, this doesn't diminish the importance of public institutions—particularly specialized PSUs—which are playing increasingly strategic roles.

The Role of PSUs in Green Finance

As India works toward its low-carbon development goals under its Nationally Determined Contributions (NDCs), PSUs are positioned to act as key enablers of green finance—especially by mobilising funds from global markets. These PSUs emerge as pivotal instruments of economic development, and they also play a crucial role in mobilising and deploying green finance across energy, infrastructure, and transport sectors.

Key PSUs:

- **Indian Renewable Energy Development Agency (IREDA)**



IREDA, a PSU dedicated to renewable energy financing, was granted Navratna status in April 2024. It plays a crucial role in financing solar, wind, and other green technologies. As of FY 2024-25, IREDA sanctioned loans worth ₹47,453 crore to renewable energy projects, marking a 27% increase from ₹37,354 crore in the previous year. Loan disbursements rose by 20% to ₹30,168 crore, compared to ₹25,089 crore in FY 2023-24¹. Further, it launched

¹ <https://www.pib.gov.in/PressReleaseIframePage.aspx?PRID=2117057>

India's first Green Masala Bond in 2017 at the London Stock Exchange, raising \$ 300 million. The five-year dated bond raised approximately \$ 300 million (Rs 19.5 billion)².

- **Power Finance Corporation (PFC)**



PFC became a pioneer among Indian PSUs by issuing its first green bond worth \$ 400 million in 2017. The bond is Climate Bonds Initiative-certified and is being listed on the London Stock Exchange and Singapore Stock Exchange. Since then, it has continued expanding its green finance portfolio internationally³.

- **NTPC Limited (National Thermal Power Corporation)**



NTPC Limited, India's largest power-generating Public Sector Undertaking (PSU), is making significant strides in its transition towards clean and sustainable energy. The company has set an ambitious target of achieving 60 GW of renewable energy capacity by 2032⁴. As of 2024, NTPC has already commissioned approximately 3.5 GW of renewable energy projects and has committed an investment exceeding ₹2.5 lakh crore towards green and clean energy initiatives by 2030. This strategic shift underscores NTPC's commitment to supporting India's climate goals and fostering a low-carbon energy future.

2 <https://energy.economictimes.indiatimes.com/news/renewable/indian-renewable-energy-development-agency-lists-green-masala-bond-in-uk/60890456>

3 <https://economictimes.indiatimes.com/markets/stocks/news/pfc-raises-400mn-through-green-bonds/articleshow/61881396.cms?from=mdr>

4 <https://www.pib.gov.in/PressReleasePage.aspx?PRID=2145144>

- **REC Limited (formerly Rural Electrification Corporation)**



REC Limited, a Maharatna Public Sector Undertaking, plays a pivotal role in financing green and rural infrastructure across India. In the financial year 2023–24, REC sanctioned over ₹30,000 crore towards renewable energy and green projects, reinforcing its commitment to sustainable development. Notably, REC issued its first green bond of \$ 450 million in 2017, marking its entry into global green finance markets. Now, it is listed on major global green bond indices, reflecting international recognition of its environmentally responsible investment practices. REC Ltd. has been bestowed with the SKOCH ESG Award 2024 in the ‘Renewable Energy Financing’ category. The award underscores REC’s dedication to sustainable financing, paving the way for a greener future and accelerating the transition to renewable energy⁵.

- **Indian Oil Corporation Limited (IOCL)**



Indian Oil Corporation Limited (IOCL), one of India’s leading energy PSUs, is actively diversifying its energy portfolio by investing in biofuels, green hydrogen, and solar energy. As part of its green transition strategy, IOCL plans to establish green hydrogen production facilities at its Mathura and Panipat refineries, aligning with the national hydrogen mission. The company has also earmarked an annual budget of approximately ₹2,000 crore for green and sustainability-oriented projects, including initiatives under its Corporate Social Responsibility (CSR) framework. These investments reflect IOCL’s long-term vision to support India’s clean energy ambitions and reduce its carbon footprint.

⁵ <https://www.pib.gov.in/PressReleasePage.aspx?PRID=2016827>

- **GAIL (India) Limited**



GAIL (India) Limited, a premier Maharatna PSU in the natural gas sector, is taking bold steps toward decarbonization by investing heavily in clean energy initiatives. The company is currently developing India's largest green hydrogen plant, a landmark project in the country's green hydrogen roadmap. In addition, GAIL is expanding its portfolio through investments in solar rooftop installations and waste-to-energy projects. With a clear strategic direction, GAIL has set an ambitious target to become a net-zero carbon company by 2040, aligning itself with India's broader climate commitments and the global transition towards sustainable energy systems⁶.

- **SECI (Solar Energy Corporation of India)**



Although not a traditional PSU, the Solar Energy Corporation of India (SECI)—a central public sector entity under the Ministry of New and Renewable Energy (MNRE)—serves as the nodal agency for implementing India's renewable energy programs through large-scale auctions and competitive tendering⁷. As of 2024, SECI has successfully tendered over 55 GW of renewable energy capacity, significantly contributing to the country's clean energy goals. It has also played a crucial role in facilitating the active participation of major PSUs by enabling joint ventures, securing Power Purchase Agreements (PPAs), and ensuring long-term bankability of green energy projects.

6 <https://www.reuters.com/business/sustainable-business/indias-gail-sets-2040-goal-net-zero-carbon-emissions-2022-08-26/>

7 <https://mnre.gov.in/en/>



These sector-specific institutions bring more than just money to the table. Their deep expertise in risk analysis, project appraisal, and financial structuring enables them to design innovative financing products tailored to the specific needs of green sectors.

Hence, it can be said that green finance is no longer a peripheral idea—it has become a core component of India's economic and development strategy. As Public Sector Undertakings (PSUs) evolve to meet the demands of a climate-conscious world, their role in driving and scaling green finance is becoming increasingly pivotal. Backed by proactive government policies, robust institutional frameworks, and growing international interest, India's public sector is uniquely positioned to lead the transition toward a greener, more resilient, and sustainable future.



Role of Cost and Management Accountants (CMAs) in Green Finance Integration in India's Public Sector Undertakings (PSUs)



In India's evolving landscape, **Cost and Management Accountants (CMAs)** are uniquely positioned to facilitate the effective integration of green finance into PSU operations.

Key Contributions of CMAs in Green Finance Integration

❖ Project Evaluation and Cost-Benefit Analysis

CMAs conduct comprehensive cost-benefit assessments for green infrastructure and renewable energy projects in PSUs. They help determine financial feasibility while incorporating environmental and social costs, enabling decision-makers to adopt more eco-efficient alternatives.

❖ Green Budgeting and Resource Allocation

CMAs support PSUs in preparing green budgets, which allocate resources for climate-resilient and low-carbon projects. They ensure accurate tracking of green expenditures and monitor their effectiveness over time.

❖ Environmental Cost Accounting

Through Environmental Management Accounting (EMA), CMAs help PSUs identify hidden environmental costs, such as pollution, waste, and energy inefficiencies. This enables better internal reporting and external disclosure of environmental impacts.

❖ Designing and Monitoring KPIs for ESG

CMAs develop and monitor Key Performance Indicators (KPIs) linked to Environmental, Social, and Governance (ESG) goals. In PSUs, this ensures accountability for achieving sustainability targets set under green finance initiatives.

❖ Support in Green Bonds and Financial Instruments

CMAs contribute to the structuring, reporting, and auditing of green bonds and other sustainability-linked instruments issued by PSUs (e.g., IREDA, REC, NTPC). Their expertise

enhances transparency and credibility, which is crucial for attracting domestic and international green capital.

❖ **CMAAs as Policy Advocates and Change Agents in PSUs**

In addition to their technical roles, CMAAs in senior management positions within PSUs act as policy influencers and change agents. They advocate for:

- Adoption of cleaner technologies
- Integration of climate risks in financial planning
- Sustainability-linked procurement and supply chain management

They also play a role in aligning PSU strategies with frameworks like:

- National Green Hydrogen Mission
- Sustainable Development Goals (SDGs)
- Environmental, Social and Governance (ESG) disclosures

❖ **Capacity Building and Training Initiatives**

The Institute of Cost Accountants of India (ICMAI) has been proactive in offering training modules and certifications on green finance, ESG reporting, and sustainability accounting. This equips CMAAs working in PSUs with contemporary tools to support India's climate-aligned public finance strategy.

The transition to a green economy demands more than technological solutions—it requires robust financial stewardship. CMAAs are integral to this transformation, particularly within India's Public Sector Undertakings. By embedding sustainability into financial systems, enhancing green transparency, and driving cost-efficient environmental strategies, CMAAs are enabling PSUs to act as torchbearers of India's climate finance agenda. Their expertise not only strengthens green finance integration but also positions India's public sector at the forefront of sustainable development.

Market Report: A Recap of the Key Developments for the month from May - July 2025

1. Significant Developments in Indian Stock Market: May-July 2025

Here's a comprehensive report on significant developments in the Indian stock market during **May, June and July 2025**, highlighting trends, regulatory updates, corporate activity, and investor behavior.

1. Overview

During May- July 2025, the Indian stock market demonstrated strong resilience and growth despite macroeconomic uncertainties and sector-specific risks. Equity indices posted notable gains, sectoral rotations were evident, capital markets remained active with robust IPO activity, and regulators continued efforts to improve market structure and integrity.

This report summarizes the key developments across indices, sectors, corporate actions, capital markets, investor behavior, regulatory changes, and the broader macroeconomic context.

2. Market Performance

2.1 Benchmark Indices

The BSE Sensex and NSE Nifty 50 delivered steady gains through May-July 2025. By the end of June:

- BSE Sensex closed around 83,600, reflecting approximately 2.7% monthly gain in June. It ended the month at **81,185.58**, down **296.28 points** (–0.36%) from the previous session, following volatility driven by geopolitical trade concerns.
- Nifty 50 climbed to around 25,500, marking a 3.2% increase for June.
- The indices benefited from strong earnings momentum in select sectors, supportive macroeconomic data, and sustained domestic institutional investment. In July it closed at **24,768.35**, declining **86.70 points** (–0.35%) as the market responded to announcements of potential U.S. tariffs on Indian exports.

3. Sectoral Trends and Corporate Developments

3.1 Sector Performance

- Technology and Media sectors led gains in late June, with the Nifty IT and Media indices advancing more than 1.5% in single sessions.
- Consumer Durables and Infrastructure stocks also witnessed buying interest, reflecting optimism about domestic demand.
- Banking and Financials remained range-bound, with sporadic profit booking.

3.2 Defence and Infrastructure Expansion

- Reliance Infrastructure shares surged, delivering over 100% returns over the preceding 12 months, underpinned by a significant debt reduction program and improved credit ratings.
- The company's defence manufacturing subsidiaries secured new contracts, including partnerships with European firms for advanced ammunition and aerostructure production in India.

3.3 Corporate Restructuring

- Gabriel India stock gained over 40% within a week in late June, following its strategic realignment within the Anand Group. Market analysts upgraded earnings expectations due to anticipated synergies and operating efficiencies.

3.4 Small-Cap Interest

- Prominent investors, including Dolly Khanna and Mukul Agrawal, raised stakes in companies such as Prakash Industries during the June quarter, signaling renewed investor confidence in selected small-cap opportunities.

4. Market Structure and Regulatory Developments

4.1 Sensex Rebalancing

Effective 23 June 2025, the BSE Sensex composition was revised:

- BEL (Bharat Electronics Ltd.) and Trent Ltd. (Tata Group) replaced IndusInd Bank and Nestlé India.

This reshuffle reflects evolving market capitalization trends and sectoral representation.

4.2 Derivatives Expiry Rationalisation

In May, SEBI approved a new rule effective mid-June to streamline equity derivatives expiry:

- All single-stock and index derivatives now expire only on Tuesdays and Thursdays. This aims to reduce speculative activity and improve market efficiency.

4.3 Regulatory Enforcement

- SEBI took enforcement action against high-frequency trading manipulation, barring Jane Street from trading in India and impounding over \$550 million related to alleged market manipulation in Bank Nifty options.

This underscores the regulator's intent to maintain fair and transparent markets.

5. Capital Markets Activity

5.1 IPO Market Performance

- India continued its strong IPO momentum, with approximately \$6.7 billion raised in the first half of 2025, up from \$5.4 billion during the same period in 2024.

- The National Stock Exchange (NSE) ranked fourth globally by IPO proceeds in H1 2025.
- Investor enthusiasm was driven by robust domestic demand, increasing participation from foreign portfolio investors, and confidence in India's growth trajectory.
- In July, Foreign Portfolio Investors (FPIs) infused ₹14,247 crore into the primary markets—the highest in seven months

5.2 Notable Developments

- Anticipation of large upcoming IPOs, including Tata Capital, Pine Labs, WeWork India, and LG Electronics India, fueled expectations of continued capital inflows.
- In contrast, Reliance Industries deferred its planned IPOs of Reliance Jio and Reliance Retail until after 2025, citing a focus on subscriber growth and valuation optimisation. This postponement temporarily dampened market sentiment but did not derail broader bullish trends.
- On July 4, SEBI barred U.S.-based quant firm Jane Street from Indian markets due to alleged manipulation in derivatives trading.
 - SEBI also widened its probe to include historical trading data from January 2023.
 - Late July saw market concern over possible 25% U.S. tariffs on Indian exports, affecting sectors such as textiles and pharma.

6. Investor Behavior and Flows

6.1 Gold ETF Inflows

- Gold Exchange Traded Funds (ETFs) attracted significant investor interest in June, with inflows of ₹2,081 crore—the highest in five months.
- Assets under management in gold ETFs approached ₹65,000 crore, reflecting investor appetite for diversification amid geopolitical tensions and market volatility.

6.2 Telecom Sector Credit Risks

- State-owned MTNL disclosed defaults amounting to ₹8,585 crore in principal and interest to seven public sector banks as of June 2025.
- This highlighted ongoing stress in parts of the telecom sector and underscored the need for careful credit risk management by lenders.

7. Macroeconomic Context

7.1 Inflation Trends

- India's Wholesale Price Index (WPI) inflation turned negative in June, registering -0.13%, following a moderation in food and fuel prices.
- This deflationary trend is expected to provide the Reserve Bank of India (RBI) greater flexibility in its monetary policy stance to support growth.

7.2 Economic Outlook

- Leading economic indicators signaled continued resilience.
- The Conference Board's India Leading Economic Index rose by 0.4% in May, buoyed by strong financial conditions, stock market momentum, and improving consumer sentiment.

8. Summary of Key Themes

| Theme | Highlights |
|--------------------------|--|
| Indices | Steady gains with Sensex up ~2.7%, Nifty ~3.2% in June. |
| Sectoral Leadership | Strong performance in IT, Media, Infrastructure, Defence. |
| Market Structure | Sensex reshuffle; SEBI limits derivatives expiry to two days. |
| IPO Market | \$6.7 billion raised in H1 2025; India ranked fourth globally. |
| Investor Behavior | Gold ETF inflows surged; HFT enforcement actions. |
| Credit Risk Spotlight | MTNL defaulted on significant bank loans. |
| Macroeconomic Indicators | WPI deflation; Leading indicators pointing to recovery. |

9. Conclusion

May- July 2025 were marked by robust performance in India's stock market, driven by sectoral leadership, strong IPO activity, and continued investor confidence. Regulatory refinements aimed at improving market integrity, such as derivatives expiry changes and crackdowns on manipulation, reinforced the market's institutional credibility.

While the macroeconomic environment appeared supportive—thanks to easing inflation and firming growth indicators—specific risks remain, including sectoral credit exposures in telecom and the need for balanced debt management in expanding corporate sectors. Overall, the outlook for Indian equities entering the second half of 2025 remained constructive, underpinned by resilient domestic demand and continued policy support for capital markets.

2. Detailed Sector level Performance (May – July 2025)

1. Information Technology (IT)

Performance Highlights:

- The Nifty IT index delivered strong gains during June, with a notable 1.64% single-session rally on 25 June, contributing to broader market strength.
- The sector benefited from sustained global demand for outsourcing and digital transformation services, despite concerns over US and European interest rates.
- Large-cap IT firms reported stable deal pipelines and steady earnings guidance for FY26.

Key Drivers:

- Continued enterprise cloud adoption.
- Rupee depreciation marginally improved export competitiveness.
- Focus on cost optimization among clients driving vendor consolidation.

Outlook:

- Positive, but tempered by caution over global macro headwinds.
- Emphasis on high-value digital deals and generative AI services may support premium valuations.

2. Media and Entertainment**Performance Highlights:**

- Among the best-performing sectors in June, with Nifty Media rising nearly 2% on 25 June.
- Investor interest was supported by improved advertising demand and strong digital content consumption trends.

Key Developments:

- Streaming platforms expanded regional content production.
- Advertising revenue recovery, linked to FMCG and retail spending.
- M&A expectations in smaller media companies increased following regulatory clarity.

Outlook:

- Constructive medium-term view given rising discretionary spending and digital monetization potential.
- Risks include content cost inflation and competitive pressures.

3. Consumer Durables**Performance Highlights:**

- Consistent buying interest through June, reflecting robust urban demand and positive rural sentiment after monsoon forecasts improved.
- Sales of appliances, white goods, and premium furnishings remained healthy despite headline inflation moderation.

Key Drivers:

- Wage growth and festival season inventory build-up.
- Improved credit availability for durable purchases.
- Policy support for manufacturing under PLI schemes.

Outlook:

- Positive in the near term, although competitive pricing and input cost volatility could affect margins.

4. Infrastructure and Capital Goods**Performance Highlights:**

- Infrastructure stocks remained in focus on expectations of continued government capital expenditure.
- Major beneficiaries included Reliance Infrastructure, which saw strong investor accumulation on the back of balance sheet improvements and new project wins.

Key Developments:

- Government's Union Budget allocations for roads, railways, and urban infrastructure provided sectoral tailwinds.
- Strategic partnerships in defence manufacturing (e.g., Rheinmetall, Dassault tie-ups) enhanced domestic industrial capabilities.

Outlook:

- Strong, supported by policy visibility and private sector participation.
- Risks include execution delays and financing costs if interest rates remain elevated.

5. Banking and Financial Services**Performance Highlights:**

- Relative underperformance in late June with selective profit booking in large-cap banking names.
- Credit growth moderated slightly from earlier highs but remained strong by historical standards.

Key Concerns:

- MTNL's disclosure of defaults (~₹8,585 crore) highlighted ongoing credit risk in stressed sectors such as telecom.
- Rising bond yields pressured treasury gains for banks.

Key Drivers:

- Improving asset quality trends in retail and SME segments.
- Robust deposit growth aided by attractive term deposit rates.

Outlook:

- Broadly positive, but with rising vigilance on sectoral credit exposures and deposit pricing pressures.
- Private banks expected to outperform PSBs on asset quality and return metrics.



6. Small-Cap and Mid-Cap Stocks

Performance Highlights:

- Investor interest continued in select small-cap and mid-cap counters despite index-level volatility.
- Notable institutional buying in companies such as Prakash Industries by marquee investors.

Key Themes:

- Focus on earnings visibility and balance sheet strength.
- Rotation into under-researched names with operating leverage potential.

Risks:

- Valuation froth in pockets due to retail trading enthusiasm.
- Liquidity challenges in downturns.

Outlook:

- Selective bullishness where fundamental drivers are strong.
- Calls for disciplined stock selection.

7. Energy and Utilities

Performance Highlights:

- Defensive rotation into utilities continued amid global energy market uncertainties.
- Renewable energy investments remained robust, aligned with government targets for capacity expansion.

Key Developments:

- Increased financing activity in wind and solar projects.
- Early-stage planning for grid modernization initiatives.

Outlook:

- Favourable over the medium term due to policy support and energy transition goals.
- Execution risks and financing costs need careful monitoring.

8. Metals and Mining

Performance Highlights:

- Mixed trends: base metal producers benefitted from moderate price stabilization, while global demand outlook remained cautious.
- Steel and aluminium companies focused on cost optimization amid fluctuating input prices.

Key Drivers:

- Infrastructure demand supporting domestic offtake.
- Export competitiveness affected by trade policy developments.

Outlook:

- Stable-to-cautious due to global cycle uncertainties.
- Opportunities in value-added products and ESG-compliant production.

9. FMCG (Fast-Moving Consumer Goods)**Performance Highlights:**

- Stable revenue growth in urban markets; signs of rural demand recovery following monsoon forecasts.
- Companies leveraged premiumisation strategies to defend margins.

Key Themes:

- Input cost moderation aiding gross margins.
- Increased marketing spending ahead of the festival season.
- Expansion of direct-to-consumer channels.

Outlook:

- Positive for large players with strong brand portfolios.
- Competition from regional brands and volume growth pressures in lower-income segments remain considerations.

10. Real Estate and Construction**Performance Highlights:**

- Continued demand in premium and affordable housing segments.
- Commercial leasing showed gradual improvement post-pandemic.

Key Drivers:

- Low inventory levels in select urban markets.
- Credit availability for homebuyers remained supportive.

Risks:

- Rising interest rates could dampen affordability.
- Regulatory approvals and land acquisition challenges.

Outlook:

- Cautiously positive with strong urban demand but interest rate sensitivity in focus.

11. Capital Markets Activity**Performance Highlights:**

- IPO market remained highly active, with India ranking fourth globally for proceeds raised in H1 2025.
- Approximately \$6.7 billion raised in IPOs by June 2025.

Key Drivers:

- Strong domestic institutional investor participation.
- Global investors attracted by India's growth prospects.
- Anticipated billion-dollar IPOs from Tata Capital, Pine Labs, WeWork India, and LG Electronics India.

Outlook:

- Robust pipeline suggests sustained capital market depth.
- Valuation discipline and regulatory scrutiny will be key to market stability.

12. Regulatory and Structural Developments**Highlights:**

- BSE Sensex composition revised to better reflect sectoral leadership, with BEL and Trent replacing IndusInd Bank and Nestlé India.
- SEBI limited equity derivatives expiries to Tuesdays and Thursdays to reduce speculative activity.
- High-frequency trading enforcement actions, including bans on select global firms, reinforced regulatory commitment to market integrity.

Outlook:

- Positive for long-term market credibility and transparency.
- Could reduce near-term speculative volumes but enhance institutional investor confidence.

Conclusion

The Indian stock market in May and June 2025 reflected a healthy balance of sectoral rotation, earnings-driven momentum, and strong investor participation, both domestic and foreign. Sectors like IT, Media, Infrastructure, and Consumer Durables led gains, while Banking and Energy provided stability.

Robust IPO activity and regulatory reforms underscored the depth and maturity of India's capital markets. However, pockets of credit risk (e.g., telecom) and valuation sensitivity in small caps warrant cautious, selective investing. The overall outlook remains constructive, supported by favourable macroeconomic trends, policy clarity, and sustained investor interest.

Global Economic Factors Influencing Indian Markets (May–July 2025)

1. US Interest Rates and Monetary Policy

The US Federal Reserve maintained a cautious stance during May and June 2025 amid mixed inflation data. While markets initially anticipated rate cuts in early 2025, sticky core inflation led the Fed to signal a longer pause.

- **Impact on India:**

- Strengthened the US dollar, putting mild depreciation pressure on the Indian Rupee.
- Affected foreign portfolio flows, with investors rotating between emerging markets based on yield differentials.
- Increased cost of external commercial borrowings for Indian firms.

2. Global Commodity Prices

Global oil prices remained volatile, trading largely between \$75 and \$85 per barrel amid OPEC production decisions and geopolitical tensions in West Asia.

- **Impact on India:**

- India, as a net oil importer, faced sensitivity in current account balances.
- Fuel inflation pressures moderated slightly by June, helping India's Wholesale Price Index (WPI) to turn slightly negative at -0.13%.

3. Geopolitical Tensions

Continuing geopolitical tensions in West Asia and Eastern Europe introduced uncertainty into global supply chains.

- **Impact on India:**

- Heightened risk perception among global investors, contributing to safe-haven flows into the US dollar and gold.
- Encouraged Indian investors to increase allocations to Gold ETFs, which saw ₹2,081 crore of inflows in June—the highest in five months.

4. Global Growth Expectations

The IMF and World Bank projections during this period pointed to slowing growth in advanced economies but relatively robust performance in emerging Asia.



- **Impact on India:**

- Supported optimism about India's role as a growth leader in the region.
- Enhanced attractiveness for foreign direct investment and long-term portfolio allocations.
- Encouraged global firms to deepen supply chain investments in India.

5. Equity Market Correlations

Global equity markets were mixed in May and June. The US S&P 500 remained near record highs, while European markets showed more muted gains.

- **Impact on India:**

- Correlated risk-on/risk-off sentiment affected daily volatility.
- Global fund managers maintained emerging-market allocations but rotated among sectors based on global macro themes.

6. Capital Flows and Liquidity Conditions

Tighter liquidity conditions globally, due to high policy rates in advanced economies, influenced capital availability.

- **Impact on India:**

- Selective foreign portfolio investor (FPI) inflows focused on high-quality large caps.
- Domestic institutional investors (DIIs) continued to provide a stable funding base for Indian equities.

7. Currency Movements

The US dollar index remained firm through May and June, supported by Fed policy and safe-haven demand.

- **Impact on India:**

- The Rupee saw mild depreciation pressures.
- Exporters in IT and pharmaceuticals benefited from currency translation gains.
- Import costs for oil and commodities required careful management.

8. Global IPO Activity and Risk Appetite

Global IPO markets were mixed, with India standing out as one of the strongest markets outside the US, raising ~\$6.7 billion in H1 2025.

- **Impact on India:**

- Highlighted relative investor confidence in India despite tighter global liquidity.
- Boosted domestic capital markets depth, supporting valuations.

Conclusion

During May and June 2025, Indian markets navigated a complex global backdrop characterized by cautious US monetary policy, geopolitical risks, and shifting capital flows. While global headwinds introduced volatility and affected currency and commodity prices, India's relative economic strength, policy clarity, and resilient domestic demand continued to attract capital and support market growth.

Understanding these global economic factors is essential for investors and policymakers to anticipate risks and identify opportunities in India's evolving market landscape.

Significant developments involving the Reserve Bank of India (RBI) during May-July 2025:

1. Revised Economic Capital Framework (May 2025)

In mid-May, the RBI's Central Board approved an updated Economic Capital Framework (ECF), revising risk provisioning norms. This move strengthens the central bank's financial buffers, enhancing its ability to manage risks while ensuring a consistent flow of surplus transfers to the government.

2. 'Jumbo' Rate Cut and Liquidity Expansion (June 6 MPC)

At the June 4–6 Monetary Policy Committee meeting, the RBI implemented several landmark measures:

- Repo rate reduced by 50 basis points to 5.50%.
- Cash Reserve Ratio (CRR) cut by 100 basis points to boost liquidity.
- Policy stance shifted from "accommodative" to "neutral"

This aggressive easing is intended to support consumption and investment amid weakening demand, while still monitoring inflation dynamics.

3. Inflation Decline & Future Policy Outlook

June retail inflation cooled to 2.10%—a six-year low and below the RBI's lower target threshold. This decline was driven primarily by easing food prices. Core inflation, however, remained in the 4.4–4.6% range.

Governor Sanjay Malhotra indicated that policy decisions will follow a data-dependent approach. He signalled openness to further easing later in the year, potentially in September or October, if inflation remains subdued and growth remains moderate.

4. Liquidity Management via Standard Deposit Facility

The RBI's Standard Deposit Facility (SDF) balances reached a record ₹2.6 lakh crore in the June quarter, reflecting heightened excess liquidity in the financial system.

This accumulation underscores the combination of modest lending demand and sustained systemic liquidity following the CRR cut.

5. Focus on Financial Inclusion via Gold Pledge Facility

In early June, the RBI approved voluntary gold pledge loans up to ₹10 lakh. This move is aimed at enhancing credit accessibility for rural households and micro-enterprises by allowing gold collateral to support loan issuance, aligning with priority sector goals.

6. Economic Resilience & Policy Transparency

The RBI's June bulletin reiterated confidence in India's macroeconomic fundamentals, citing robust performance across industrial, services, and agricultural sectors. It highlighted that the rate and CRR cuts should support effective transmission of monetary easing.

Governor Malhotra also updated parliamentary committees on the strong economic outlook and clarified the status of ₹2,000 notes as legal tender—though these have been withdrawn from active circulation.

7. Liquidity Management through VRRR Operations

To manage excess liquidity in the banking system, the RBI conducted multiple Variable Rate Reverse Repo (VRRR) auctions in July 2025. A notable ₹1 lakh crore seven-day VRRR auction was held on July 4, followed by a ₹50,000 crore overnight VRRR auction on July 31. These operations aimed to stabilize short-term money market rates and maintain orderly liquidity conditions.

8. Neutral Policy Stance Amid Rate Cut Considerations

RBI Governor Sanjay Malhotra reiterated that while the inflation trajectory had moderated significantly, the overall monetary policy stance remained neutral. Following the surprise 50 basis point rate cut in June 2025, the central bank signaled a data-dependent approach to future rate actions, closely monitoring inflation and growth indicators.

9. Ongoing Review of Liquidity Framework and Operational Tools

The RBI continued its review of the existing liquidity management framework. While calls were made for a reintroduction of fixed-rate liquidity windows, the central bank maintained its preference for variable-rate operations. Discussions are ongoing regarding shifting the main liquidity tool from a 14-day to a 7-day tenor, with a formal decision expected in the upcoming policy review.

Summary and Implications

1. Enhanced financial resilience via revised ECF establishes stronger buffers.
2. Monetary policy front-loaded with a substantial 50 bps repo and 100 bps CRR cut to revive growth.
3. Inflation trending below target, opening the door to further easing.
4. System liquidity abundant, channelled through SDF.
5. Financial inclusion advanced by implementing a gold-pledge lending scheme.
6. Transparent policy communication, signaling cautious vigilance amid global uncertainties.

These interventions reflect a data-driven and responsive RBI strategy, balancing growth revival and inflation control. The aggressive liquidity measures, paired with regulatory clarity and inclusive credit access, aim to support economic activity in the near term while maintaining long-term stability.

Significant developments involving SEBI during May–July 2025

1. Derivatives Expiry Rationalisation

On **26 May**, SEBI issued a circular mandating that all equity derivatives (single stock and index futures/options) expire only on **Tuesdays (BSE)** or **Thursdays (NSE)**, effective **mid-June 2025**.

- **Objective:** Reduce expiry-day speculative frenzy and improve risk management for retail investors.
- **Implementation:** Exchanges must seek SEBI approval for any deviations and calendar changes.

2. Enhanced Risk Monitoring Measures

As of **29 May**, SEBI introduced enhanced surveillance mechanisms in the derivatives segment:

- Adopted **delta-based open interest (OI)** calculations.
- Adjusted gross and net position limits (gross limit raised to ₹100 billion, net capped at ₹15 billion).
- Continued phasing in new norms through **December 2025**, aiming to manage speculative risk while maintaining market fluidity.

3. Crackdown on High-Frequency Trading – Jane Street Case

- In **early June**, SEBI opened a probe into trading activity by **Jane Street**, alleging **three years** of derivative-and-cash market manipulation targeting BankNifty and Nifty indexes.
- On **3 July**, SEBI issued an **interim ban** on Jane Street's Indian operations, freezing around **\$567 million** for alleged expiry-day manipulation—marking one of its toughest ever enforcement actions.
- The fallout caused a **~20% slump in F&O volumes**, prompting SEBI to also review trading patterns of other high-frequency traders for similar practices.

4. Consideration of Further Policy Reforms

In the wake of the Jane Street episode, SEBI considered additional structural reforms, including moving from weekly to **fortnightly expiries**, as a long-term measure to deter expiry-day manipulation.

5. Expansion of Market Infrastructure – Power Futures

In **June**, SEBI granted approval for **monthly electricity futures** on the NSE, part of its ongoing agenda to broaden India's commodity derivatives ecosystem—enhancing hedging opportunities for power sector stakeholders.

1. Interim Order and Trading Ban on Jane Street for Alleged Market Manipulation

On **July 3**, SEBI issued an interim order barring U.S.-based trading firm Jane Street from participating in India's securities markets. The regulator accused the firm of manipulating the Bank Nifty index via coordinated trades in equity, futures, and options, resulting in approximately ₹4,843 crore (USD 560 million) of alleged unlawful gains being frozen in an escrow account.

2. Broadening of Investigation and Demand for Detailed Trading Data

By **end July**, SEBI formally expanded its inquiry, requesting comprehensive trading records from exchanges. The data sought included marktomarket profits and position details across all expiryday trades by Jane Street from January 2023 to May 2025, covering major indices like Bank Nifty and Nifty 50.

3. Launch of Unified Digital Compliance Platform (“Samuhik Prativedan Manch”)

On **July 21**, SEBI introduced a new compliance reporting platform in collaboration with stock exchanges. The “Samuhik Prativedan Manch” aims to streamline reporting and oversight for brokers and market intermediaries, driving efficiency and improving regulatory monitoring.

Summary

SEBI's measures in May–July 2025 reflect a dual focus on **market stability** and **integrity**:

- **Expiry-day rationalisation** and **enhanced OI monitoring** are designed to curb speculative excess.
- The robust enforcement in the **Jane Street case** signals SEBI's commitment to protect retail investors and uphold fair trading.
- Proposals to further refine expiry structures suggest long-term commitment to reducing systemic risk.
- Expansion into **electricity futures** aligns with efforts to enhance market depth and product diversity.

Overall, SEBI demonstrated proactive regulation through structural adjustments, rigorous supervision, and decisive enforcement actions, setting the tone for a more resilient and transparent financial market.

Significant developments in the cryptocurrency market during May–July 2025

1. Crypto Market Rally and Institutional Appetite

- **Bitcoin surged ~10% in May**, nearing the \$112,000 mark, fueled by strong institutional inflows, NFT and ETF interest, and favorable macro sentiment.
- Into June, BTC maintained its momentum, even briefly breaching the \$120,000 level, driven by weakened volatility, continued ETF investments (~\$4.5 billion inflows), and mounting short squeezes.
- **Ethereum also saw notable gains**, marking a 40% surge in May and further 10% appreciation in early June, outpacing most altcoins

2. Institutional and Retail Adoption

- Wealthy Indian investors increasingly turned to crypto—especially Bitcoin—as traditional assets stagnated. High-net-worth buying patterns signalled deeper adoption in India.
- Globally, stablecoins gained attention following the US GENIUS Act discussion, which is expected to integrate stablecoins into payment systems. Ethereum’s programmable features and backing by institutions like JPMorgan, Visa, and Mastercard are bolstering mainstream usage.

3. Geopolitical and Macro Headwinds

- Crypto markets faced sharp volatility mid-June following the U.S.–Iran tensions and related U.S. airstrikes. Bitcoin dropped below \$99,000, with liquidations exceeding \$1 billion in a single day.
- However, broader macroeconomic relief—such as easing U.S. inflation—kept crypto sentiment supportive.

4. Regulatory Developments and Market Infrastructure

- **India prepared to release a draft crypto policy in June**, proposing public consultation and harmonization with global regulatory frameworks such as IMF and FSB recommendations.
- SEBI began monitoring tokens deemed as securities since April 2025, as part of its evolving oversight model.

5. Market Depth and Product Innovation

- **Bitcoin ETFs recorded record inflows—\$1.18 billion in a single day**, contributing to a massive \$51 billion year-to-date fund inflows. This activity pushed BTC above \$118,000 in early July.
- **Grayscale filed confidentially for an IPO**, adding to a global wave of crypto-related

public offerings, including Circle, eToro, and Galaxy Digital.

6. Outlook and Emerging Trends

- Strong institutional adoption, ETF inflows, and momentum in stablecoin policy frameworks suggest further maturation of the crypto ecosystem.
- Geopolitical shocks remain a risk, evidenced by mid-June volatility.
- Regulatory progress in India—particularly stablecoin frameworks and draft policies—may provide clarity and unlock retail participation.
- Continued growth in yield-generating assets such as Ethereum staking and altcoins enhances market diversification.

7. Global Crypto Market Value Exceeds \$4 Trillion

Following the U.S. Senate's passage and presidential signing of the **GENIUS Act**, which established a federal regulatory framework for U.S.dollar-pegged stablecoins, the global cryptocurrency market capitalization surpassed **\$4 trillion** for the first time. Bitcoin reached a record high above **\$120,000**, with demand spurred by institutional confidence in regulatory clarity.

8. Record Institutional Inflows via Crypto ETFs

The week of July 14–18—widely referred to as “**Crypto Week**”—marked historic ETF and ETP inflows totaling over **\$4.4 billion**, led by **Ethereum spot ETFs**, which saw 14 consecutive sessions of net inflows. BlackRock's ETHA fund rapidly amassed over \$10 billion in assets under management, signaling strong institutional appetite for regulated crypto exposure.

9. Accelerated Crypto Investment Funding and Firm Expansion

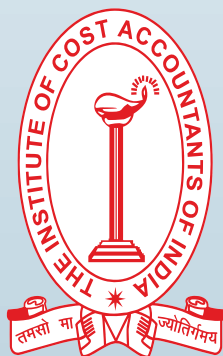
July 2025 witnessed **\$3.21 billion** raised across 130+ crypto funding rounds, significantly outpacing 2024's annual total. At the same time, major financial institutions like **JPMorgan** began exploring **cryptobacked lending products**, including using Bitcoin and Ethereum as collateral—indicating deeper integration of digital assets into mainstream financial services.

Conclusion

Between May and July 2025, cryptocurrencies experienced a pronounced rally—led by record-breaking Bitcoin and Ethereum performance—backed by institutional inflows and growing investor acceptance. While short-term volatility emerged from geopolitical events, the broader market outlook remains optimistic, with regulatory milestones in India and major global markets contributing to mounting legitimacy for digital assets.

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Behind every successful business decision, there is always a **CMA**