

DAILY NEWS DIGEST BY BFSI BOARD

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ECONOMY

US economy unexpectedly contracts in first 3 months of Donald Trump presidency: The US economy unexpectedly contracted in the first three months of this year, according to fresh data published Wednesday, due largely to a surge in imports ahead of the introduction of sweeping tariffs by President Donald Trump. The gross domestic product of the world's largest economy decreased at an annual rate of 0.3 percent in the first quarter, after growing 2.4 percent in the final months of 2024, according to an estimate from the US Commerce Department. Wednesday's data was sharply below the market consensus estimate of 0.4 percent growth, according to Briefing.com. "The downturn in real GDP in the first quarter reflected an upturn in imports, a deceleration in consumer spending, and a downturn in government spending," the Commerce Department said in a statement.

(Moneycontrol)

Cabinet approves hike in sugarcane price by 4% to ₹355/quintal: The Cabinet Committee on Economic Affairs (CCEA) on Wednesday approved a hike of ₹15/quintal in the fair and remunerative price (FRP) of sugarcane at ₹355/quintal for the next sugar season beginning October. For the current 2024-25 season, the sugarcane FRP is ₹340. Sugar mills are legally bound to buy sugarcane at FRP, unless States have a separate (usually, higher) State advised price (SAP), which is equally mandatory. The sugar sector is completely controlled by the government (both Centre and States) which decides a host of issues such as location of factories to set up, demarcated area to buy sugarcane, minimum cane price, minimum selling price of sugar, monthly allocation of sugar quota to be sold in domestic market, export permit, ethanol quantity to be sold to oil marketing companies.

(Business Line)

ADB pledges \$5 billion for India's growth: The Asian Development Bank (ADB) pledged \$5 billion in loans and grants to India in 2024, along with \$2.2 billion in cofinancing, to support key developmental projects. Funding is directed towards healthcare, education, and infrastructure

improvements across multiple states. Maharashtra received \$500 million for healthcare, while Meghalaya benefits from a \$64 million loan to enhance education and skills training.

(Economic Times)

Retail inflation eases to 3.73% for farm, 3.86% for rural workers in March: Retail inflation for farm workers eased to 3.73 per cent in March 2025, as compared to 4.05 per cent in February this year, as per latest data released on Wednesday. For rural workers retail inflation eased to 3.86 per cent in March 2025, as against 4.10 per cent in February this year, according to official data. The All-India Consumer Price Index for Agricultural Labourers (CPI-AL) and Rural Labourers (CPI-RL) decreased by 3 points and 2 points, for the month of March 2025, falling to 1,306 and 1,319 points, respectively, a labour ministry statement said. The CPI-AL and CPI-RL were at 1,309 points and 1,321 points respectively in February 2025.

(Business Standard)

BANKING & FINANCE



CCI quashes antitrust case against J&K Bank: The Competition Commission of India (CCI) on Wednesday dismissed a complaint filed against Jammu and Kashmir Bank for allegedly abusing its dominant position by entering into anti-competitive agreements with various entities. The CCI order said that there is no prima facie case being made out against the bank since entering into agreements is a common feature in the ordinary course of business for banks. Earlier, CCI had received a complaint against J&K Bank for entering into agreements that are in violation of the Competition Act. For example, the complainant said that agreements with J&K government, University of Jammu, University of Kashmir and J&K Police forced employees working in these institutions to have a bank account in J&K Bank to receive salary that restricted their freedom of choice and resulted in reduced competition in the market.

(Financial Express)

Bank lending growth slows to 12% in FY25: Credit demand at mainstream lenders slowed to 12% in FY25, down from 16% the previous year, influenced by regulatory curbs on retail and unsecured lending. While most sectors experienced a slowdown, loans to industry remained stable. Notably, lending against gold surged due to rising prices, and renewable energy saw significant growth.

(Economic Times)

Large section of bank loan borrowers yet to gain from RBI rate cuts: Despite the RBI's 50 bps repo rate cut and liquidity infusion, a significant portion of borrowers haven't benefited due to reliance on MCLR-linked loans. MCLR remained unchanged at 9% in April, particularly affecting public sector borrowers. Banks' deposit costs and competition for funds are hindering faster transmission of rate cuts, impacting net interest margins.

(Economic Times)

Non-life insurers to meet DFS secy for revision in motor third-party rates: Non-life insurance companies are set to meet Department of Financial Services (DFS) Secretary M Nagaraju on May 7 to seek reduction in obligatory cession of business to state-owned GIC Re and revision in motor third-party (TP) premiums, among other things, sources aware of the development said. The sources also indicated that industry executives were also likely to discuss growth trends of the general insurance industry over the years as well as initiatives by the General Insurance Council, including the common empanelment of hospitals and claims settlement experience of the insurers.

(Business Standard)

INDUSTRY OUTLOOK



SIM card sales via Blinkit put on hold: The sale of Airtel SIM cards through its quick-commerce partner Blinkit has been put on hold after the department of telecommunications (DoT) questioned the telco on the know-your-customer (KYC) procedure being followed. The service, which went live on April 15 in select markets, is no longer available on the Zomato-owned platform. The DoT has sent a communication to the telco, stressing that the existing self-KYC norms for customers should be adhered to without exception.

(Financial Express)

Power Finance Corporation shelves bond issuance plan amid lacklustre demand: Power Finance Corporation (PFC) has shelved its bond issuance plan amid weak investor demand in the market due to oversupply of bonds, which led to unattractive prices, said merchant bankers and people aware of the matter. PFC was planning to raise a zero-coupon bond and a 15-year bond worth ₹6,000 crore. "Currently, there are no plans to go ahead with issuances unless the company gets desired levels.

(Business Standard)

Sebi cracks down on three YouTubers for misleading investment content: Markets regulator Sebi on Wednesday barred three individuals from the securities markets for five years for allegedly misleading investors through YouTube videos to buy shares of Atlantaa. The regulator slapped a penalty of Rs 50 lakh on Manish Mishra and Rs 10 lakh each on Vivek Chauhan and Ankur Sharma. The markets watchdog also directed Mishra and Sharma to disgorge the unlawful gains worth Rs 10.38 lakh that they had pocketed and deposit the amount in the Investor Protection and Education Fund (IPEF) within 45 days of the order.

(Business Standard)



REGULATION & DEVELOPMENT

SEBI to increase its physical footprint, may open local offices again, says Chairman Tuhin Kanta Pandey: The Securities and Exchange Board of India (SEBI) is looking to increase its physical presence again by opening its local offices in various parts of the country, said SEBI Chairman Tuhin Kanta Pandey. Pandey emphasised the need for physical presence so that a better connect for investor awareness can be established. So that people in the various parts of the country can get the information in languages they understand.

(Moneycontrol)

The Bureau of Indian Standards makes registration mandatory for CCTV cameras: The Government has implemented mandatory Standardization Testing and Quality Certification for CCTV from April 9 to tackle the indiscriminate imports from China. The Bureau of Indian Standards has issued the Standard Deferment Notice for 21-days to all manufacturers to comply with the mandate. Manufacturers who fail to meet the STQC compliance requirements within the stipulated period will face regulatory consequences, including the suspension or cancellation of their BIS license.

(Business Line)

Sebi proposes mandatory demat before IPO filings to plug regulatory gaps: The Securities and Exchange Board of India (Sebi) has proposed mandating the dematerialisation of securities held by key shareholders, including promoters and directors, before a company files for an initial public offering (IPO). Despite multiple regulatory efforts by Sebi and the Ministry of Corporate Affairs (MCA) to promote dematerialisation, a significant portion of shares held by critical pre-IPO shareholders remains in physical form, creating a regulatory gap that persists post-listing. In a consultation paper released on Wednesday, Sebi proposed that shareholders such as promoters,

directors, key managerial personnel (KMPs), senior management, selling shareholders, qualified institutional buyers (QIBs), domestic employees, and those with special rights must mandatorily dematerialise their shares before filing the IPO offer document.

(Business Standard)



CAPITAL ASSET PRICING MODEL (CAPM)

- ❖ The capital asset pricing model (CAPM) describes the relationship between systematic risk, or the general perils of investing, and expected return for assets, particularly stocks. It is a finance model that establishes a linear relationship between the required return on an investment and risk.
- ❖ CAPM is based on the relationship between an asset's beta, the risk-free rate (typically the Treasury bill rate), and the equity risk premium, or the expected return on the market minus the risk-free rate.

$$ER_i = R_f + \beta_i(ER_m - R_f)$$

where:

ER_i = expected return of investment

R_f = risk-free rate

β_i = beta of the investment



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RBI KEY RATES

Repo Rate: 6.00%
SDF: 5.75%
MSF & Bank Rate: 6.25%
CRR: 4.00%
SLR: 18.00%
Fixed Reverse Repo: 3.35%

FOREX (FBIL 1.30 PM)

INR / 1 USD : 85.0535
INR / 1 GBP : 113.8770
INR / 1 EUR : 96.7370
INR /100 JPY: 59.6200

EQUITY MARKET

Sensex: 80242.24 (-46.14)
NIFTY: 24334.20 (-1.75)
Bnk NIFTY: 55087.15 (-304.10)

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