



# The Institute of Cost Accountants of India (ICMAI)

(Statutory body under an Act of Parliament)

H.Q: CMA Bhawan, 3, Institutional Area, Lodhi Road, New Delhi – 110 003

Kolkata Office: CMA Bhawan, 12 Sudder Street, Kolkata – 700 016

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

*01 July 2025*



### **ECONOMY**

**US slashes remittance tax to 1%: Good news for Indians sending money home:** In a major relief for thousands of Indian professionals in the United States and the broader non-resident Indian (NRI) community, the updated draft of the One Big Beautiful Bill Act (OBBBA) has significantly reduced the proposed tax on remittances from 5 per cent to just 1 per cent. The original version of the bill, passed by the US House of Representatives in May 2025, had proposed a 5 per cent tax on any remittance sent from the US to foreign countries via cash, money orders, or cashier's checks. This sparked concern among many Indian workers in the US, especially those on temporary visas like H-1B or H-2A, who frequently send money home to support family, pay off loans, or invest in India.

**(Moneycontrol)**

**India reports fiscal surplus in May as RBI delivers another bumper dividend:** India's central government reported a fiscal surplus in May despite capex picking up, as Reserve Bank of India delivered a bumper dividend for the year. "Following the receipt of the higher-than-budgeted dividend from the RBI, the Government of India (GoI) reported a sizeable fiscal surplus in May 2025, which is sure to be a fleeting phenomenon, as expenditure picks up in the later months. This pulled down the fiscal deficit to just Rs. 132 billion or 0.8 percent of the FY2026 BE for the months of April-May 2025," said Aditi Nayar, chief economist, Icra.

**(Moneycontrol)**

**Macro stress test results emphasise the resilience of banks to macroeconomic shocks:**

**FSR:** Macro stress tests conducted by the Reserve Bank of India (RBI) show that Scheduled Commercial Banks' (SCBs) aggregate capital levels, as measured by capital to risk-weighted assets (CRAR), will continue to remain above the regulatory minimum of 9 per cent even under adverse stress scenarios. Further, none of these banks will breach the regulatory minimum Common Equity Tier-I (CET-I) requirement of 5.5 per cent under the adverse scenarios – scenario 1 (geopolitical risk) and scenario 2 (global growth slowdown). RBI Governor Sanjay Malhotra, in his foreword to the Financial Stability Report (FSR), said, "Results of stress tests reaffirm the strength of the banking and non-banking sectors with capital levels projected to remain well above the regulatory minimum even



# The Institute of Cost Accountants of India (ICMAI)

(Statutory body under an Act of Parliament)

H.Q: CMA Bhawan, 3, Institutional Area, Lodhi Road, New Delhi – 110 003

Kolkata Office: CMA Bhawan, 12 Sudder Street, Kolkata – 700 016

under adverse shock scenarios. The healthy balance sheets of corporates, banks and non-bank financial companies (NBFCs) augur well for the economy.”

**(Business Line)**

## BANKING & FINANCE



**Only 28% of household loans for home purchase: RBI report:** The latest Financial Stability Report reveals a mixed bag for Indian household debt, with consumption-driven loans outpacing asset-building loans. While most loans are held by prime borrowers, stress is building in the sub-prime category. Monetary easing is expected to alleviate debt servicing burdens, but the accumulation of debt among lower-rated borrowers warrants close monitoring to ensure financial stability. The individual household sector presents a mixed bag in terms of the indebtedness pattern. About 55 % of the household debt is meant for consumption purposes rather than for building assets and these are steadily growing, the latest FSR said. Significantly only 29% of the loans were housing loans, but about a third was from existing borrowers.

**(Economic Times)**

**Banks' NPA to worsen but sector stress testing shows sector remains well placed, says**

**RBI:** The Reserve Bank of India's (RBI) bi-annual Financial Stability Report (FSR) has projected that gross non-performing assets (NPAs) of banks will worsen to 2.5% in March 2027 from 2.3% in March 2025, rising from a multi decade low, but India's banking sector remains well placed on key parameters like capital, credit risk or liquidity risk, riding on India's growth momentum as the country's macroeconomic fundamentals remain strong and inflation is benign.

**(Economic Times)**

**SBI General, Starfin India launch hospital daily cash benefit plan:** SBI General Insurance has partnered with Starfin India, a subsidiary of BLS E-Services, to introduce an innovative hospital daily cash benefit plan for low-income families. Under this plan, policyholders will receive a fixed daily cash benefit during hospital stays due to illness or accidents, helping reduce financial stress during challenging times, a joint statement said.

**(Economic Times)**

**Bank credit growth slows to 4.9 pc during fortnight ended May 30: RBI:** The RBI reported a slowdown in bank credit to industry, growing at 4.9% in the fortnight ending May 30, 2025, compared to 8.9% the previous year. Non-food bank credit also decelerated to 9.8% from 16.2%. While some sectors like engineering and construction saw increased credit, agriculture and services experienced moderation, particularly in NBFCs.

**(Economic Times)**



# The Institute of Cost Accountants of India (ICMAI)

(Statutory body under an Act of Parliament)

H.Q: CMA Bhawan, 3, Institutional Area, Lodhi Road, New Delhi – 110 003

Kolkata Office: CMA Bhawan, 12 Sudder Street, Kolkata – 700 016

**Writeoffs major factor for lower NPAs in past 5 years, says RBI report:** Write-offs were a major contributor to the reduction in non-performing assets (NPAs) over the past five years, the Reserve Bank of India (RBI) said in its Financial Stability Report. The asset quality of scheduled commercial banks (SCBs) improved, with gross NPA and net NPA ratios declining to multi-decadal lows of 2.3 per cent and 0.5 per cent, respectively, in 2024-25 (FY25). “The write-offs to gross NPA ratio for SCBs moved up marginally to 31.8 per cent in FY25 from 29.5 per cent in the previous year, led by private banks and foreign banks, while write-offs by public-sector banks (PSBs) saw a marginal decline. Disaggregation of NPA movements revealed that write-offs were a major component of NPA reduction over the past five years,” the RBI said.

**(Business Standard)**

## INDUSTRY OUTLOOK



**Factory output growth dips to 9-month low of 1.2% in May:** With degrowth in mining and manufacturing, factory output growth derived from Index of Industrial Productions (IIP) dipped to a 9-month low of 1.2 per cent in May, data from Statistics Ministry showed on Monday. In April it was 2.7 per cent. Data showed that the manufacturing sector’s output growth decelerated to 2.6 per cent in May 2025 from 5.1 per cent in the year-ago month. Mining production contracted by 0.1 per cent against a growth of 6.6 per cent a year ago. Power production declined by 5.8 per cent in May 2025, against 13.7 per cent growth in the year-ago period. During the April-May period of FY26, industrial production grew by 1.8 per cent, compared to 5.7 per cent a year ago.

**(Business Line)**

**India refuses to give in to US demand on agriculture in trade talks:** India has refused to give in to the US demand for market access in sensitive agriculture sectors, including dairy and GM crops, in the on-going trade negotiations in Washington DC where the two sides are trying to strike an interim deal by the deadline of July 9, sources have said. “New Delhi has hardened its position on agriculture as it is a redline and it is not possible to meet many demands from the US. If a deal is not struck by July 9, India may face the full brunt of 26 per cent reciprocal tariffs on its exports to the US,” a source tracking the matter told businessline.

**(Business Line)**

**Anil Ambani-owned Reliance Defence partners with US firm to tap Rs 20,000 crore MRO market:** Reliance Defence, promoted by the Anil Ambani-led Reliance Infrastructure, has formed a strategic partnership with US-based defence contractor Coastal Mechanics to tap into India’s Rs 20,000 crore market for defence maintenance, repair, overhaul (MRO), and upgrade



# The Institute of Cost Accountants of India (ICMAI)

(Statutory body under an Act of Parliament)

H.Q: CMA Bhawan, 3, Institutional Area, Lodhi Road, New Delhi – 110 003

Kolkata Office: CMA Bhawan, 12 Sudder Street, Kolkata – 700 016

services. The two companies will jointly offer end-to-end MRO and lifecycle support solutions for the Indian defence forces, covering a wide range of platforms including Jaguar and MiG-29 fighter jets, Apache attack helicopters, L-70 air defence guns, and other legacy systems.

**(Financial Express)**



## REGULATION & DEVELOPMENT

**SEBI proposes reduced IT capacity for commodity stock exchanges citing underutilisation:** The Securities and Exchange Board of India (SEBI), the markets regulator, has proposed lowered IT systems capacity at commodity stock exchanges. The reduction has been proposed based on the feedback from such exchanges. In a draft circular issued on June 30th, SEBI noted that, “It is proposed that initially for commodity stock exchanges, the installed capacity of the critical IT systems of MIIs may be kept as 2 times of the projected peak load”. MIIs refers to market infrastructure institutions, which includes exchanges, clearing corporations, and depositories. To ensure uniformity between stock exchanges and clearing corporations vis a vis commodity derivatives, SEBI suggested that capacity planning and real-time performance guidelines for both be made the same.

**(Moneycontrol)**

**Small savings schemes: PPF, SSY, SCSS, Post Office FD, NSC interest rates unchanged for Q2 FY26:** Interest rates on small savings schemes will remain unchanged for the July-September quarter of FY 2025-26, according to a notification from the Finance Ministry. The PPF, a government-backed scheme known for its tax benefits and long-term savings potential, will continue to offer the same interest rate of 7.1% p.a as in the previous quarter. Meanwhile, SCSS and the Sukanya Samriddhi Scheme will maintain their attractive annual rate of 8.2%. Investors in the National Savings Certificate (NSC) will keep earning 7.7%, while the Post Office Monthly Income Scheme (POMIS) holds steady at 7.4%. The Kisan Vikas Patra (KVP) also remains unchanged, offering a 7.5% rate with a maturity period of 115 months. Post Office savings deposits will continue to yield 4%.

**(Business Today)**

**GST collection nearly doubles in 5 years:** Collections from Goods & Services Tax (GST) nearly doubled in five years between FY21 and FY25 to over ₹22 lakh crore, said the Finance Ministry on Monday to mark eight years of GST. This is all time high annual collection. “In FY25, GST recorded its highest-ever gross collection of ₹22.08 lakh crore, reflecting a year-on-year growth of 9.4 per cent,” said the Ministry. The collection was ₹11.37 lakh crore during FY21. The average monthly collection stood at ₹1.84 lakh crore in FY25, up from ₹1.68 lakh crore in FY24 and ₹1.51 lakh crore in FY22. In





# The Institute of Cost Accountants of India (ICMAI)

(Statutory body under an Act of Parliament)

H.Q: CMA Bhawan, 3, Institutional Area, Lodhi Road, New Delhi – 110 003

Kolkata Office: CMA Bhawan, 12 Sudder Street, Kolkata – 700 016

eight years, the number of registered taxpayers under GST has risen from 65 lakh in 2017 to over 1.51 crore. It may be noted that July 1 is remembered as GST day when the tax system was introduced in 2017. “Since its rollout, the goods and services tax has shown strong growth in revenue collection and tax base expansion. It has steadily strengthened India’s fiscal position and made indirect taxation more efficient and transparent,” the statement said. GST subsumed about 17 local taxes and 13 cesses into a five-tier structure, simplifying the tax regime.

**(Business Line)**



## FINANCIAL TERMINOLOGY

### SHRINKFLATION

- ❖ Shrinkflation is the practice of reducing the size of a product while maintaining its sticker price. Raising the price per given amount is a strategy employed by companies, mainly in the food and beverage industries, to stealthily boost profit margins or maintain them in the face of rising input costs.
- ❖ Shrinkflation is also referred to as package downsizing in business and academic research. A less common usage of this term may refer to a macroeconomic situation where the economy is contracting while also experiencing a rising price level.
- ❖ Shrinkflation is basically a form of hidden inflation. Companies are aware that customers will likely spot product price increases and so opt to reduce the size of them instead, mindful that minimal shrinkage will probably go unnoticed. More money is squeezed out not by lifting prices but by charging the same amount for a package containing a little bit less.



# The Institute of Cost Accountants of India (ICMAI)

(Statutory body under an Act of Parliament)

H.Q: CMA Bhawan, 3, Institutional Area, Lodhi Road, New Delhi – 110 003

Kolkata Office: CMA Bhawan, 12 Sudder Street, Kolkata – 700 016

## RBI KEY RATES

Repo Rate: 5.50%

SDF: 5.25%

MSF & Bank Rate: 5.75%

CRR: 4.00%

SLR: 18.00%

Fixed Reverse Repo: 3.35%

## FOREX (FBIL 1.30 PM)

INR / 1 USD : 85.5439

INR / 1 GBP : 117.4683

INR / 1 EUR : 100.4451

INR /100 JPY: 59.4300

## EQUITY MARKET

Sensex: 83606.46 (-452.44)

NIFTY: 25517.05 (-120.75)

Bnk NIFTY: 57312.75 (-131.15)

## Courses conducted by BFSI Board

- ❖ Certificate Course on Concurrent Audit of Banks
- ❖ Certificate Course on Credit Management of Banks
- ❖ Certificate Course on Treasury and International Banking
- ❖ Certificate Course on Investment Management
- ❖ Certificate Course on General Insurance.
- ❖ Advance Certificate Course on FinTech

For details please visit  
BFSIB portal of the ICMAI

## Publications by BFSI Board

- ❖ Aide Memoire on Infrastructure Financing.
- ❖ Aide Memoire on lending to MSME Sector (including restructuring of MSME Credit).
- ❖ Guidance Note on the Internal Audit of General Insurance Companies.
- ❖ BFSI Chronicle (quarterly issue of BFSIB)
- ❖ Handbook on Stock & Book Debts Audit (Revised and Enlarged 2<sup>nd</sup> Edition)

## TEAM BFSIB

**Banking, Financial Services & Insurance Board**  
**The Institute of Cost Accountants of India (ICMAI)**

**Disclaimer:** Information published in the Daily News Digest are taken from publicly available sources and believed to be accurate. BFSI Board of ICMAI takes no responsibility for the accuracy and reliability of information published in the Daily News Digest. No part of this Daily News Digest may be reproduced, stored in a retrieval system, or transmitted in any form or by any means - electronic, mechanical, photocopying, recording, or otherwise without the permission of BFSIB of ICMAI. For Restricted Circulation only. A Compilation of News in this regard from Secondary Sources.