

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

**06 May 2025**



### **ECONOMY**

**India's macro conditions seen stable even if Pakistan tensions rise: Moody's:** Global ratings agency Moody's on May 5 said it sees India's macroeconomic conditions to be stable even if tensions with Pakistan rise after the terror attack in J&K's Pahalgam. The April 22 incident, allegedly executed by Pakistan-backed militants targeting tourists in the Baisaran meadow of Pahalgam, has prompted a series of retaliatory moves by India. 26 tourists died due to the attack. India suspended the Indus Waters Treaty of 1960, which could severely reduce Pakistan's water supply. In response, Pakistan suspended the 1972 Simla peace treaty with India, halted bilateral trade and closed its airspace to Indian airlines. Sustained escalation in tensions with India would likely hit Pakistan's economy and hamper the government's ongoing fiscal consolidation, said Moody's.

#### ***(Moneycontrol)***

**US questions India's PLI scheme for speciality steel at WTO:** The US has questioned India's Production Linked Incentive (PLI) scheme for speciality steel at the WTO suggesting that the subsidies may not be appropriate given the global over-capacity in the metal, sources said. India, however, maintains that the PLI scheme will reduce the country's dependence on imports of high grades of steel and that is a much-needed step towards attaining self-sufficiency and securing the nation's interests. Speciality steel is one of the 14 sectors included by the Centre in its flagship PLI scheme launched in 2021 with an outlay of ₹1.97 lakh crore. The purpose of the PLI scheme is to boost domestic manufacturing, attract global investments and create employment in the identified sectors with high potential for growth.

#### ***(Business Line)***

**India demands Asian Development Bank to cut funding for Pakistan:** India has demanded that the Asian Development Bank (ADB) cut funding for Pakistan, as New Delhi continues to extend its punitive moves against Islamabad in the aftermath of the Pahalgam terror attack. Finance Minister Nirmala Sitharaman, in a meeting with Asian Development Bank President Masato Kanda on

Monday, demanded that the bank cut its funds to Pakistan, sources said. According to sources, the demand for cutting the fund to Pakistan was one of the agenda of the meeting among various other issues. Nirmala Sitharaman met with ADB President Masato Kanda during the 58th ADB Annual Meeting in Italian city of Milan.

**(Business Line)**

## BANKING & FINANCE



**IDBI Bank stake sale to get completed by end of 2025: DFS secretary:** Department of financial services secretary M. Nagaraju on May 5 said the strategic sale of the stake in IDBI Bank will get completed in 2025. "The stake sale in IDBI Bank will get completed in this calendar year," Nagaraju said during the sidelines of the listing ceremony of 1st Residential Mortgage-backed Securities. The Centre and the Life Insurance Corporation of India (LIC) plan to jointly offload a 61 percent stake in the lender, which includes 30.48 percent held by the government and 30.24 percent by the insurance firm. In January 2023, the government had received multiple expressions of interest (EoIs) for the sale of a 60.72 percent stake in the bank. The shortlisted bidders are currently engaged in due diligence.

**(Moneycontrol)**

**DFS reviews performance of Regional Rural Banks (RRBs) and progress on amalgamation plan:** Sh. M. Nagaraju, Secretary, Department of Financial Services, Ministry of Finance, reviewed performance of Regional Rural Banks (RRBs) and progress on amalgamation plan in Mumbai. With the implementation of One State-One RRB, RRBs have been urged to leverage its lending in Agriculture and allied activities, MSME and Government sponsored schemes. RRBs have grown in their reach to more than 22,000 branches, covering 700 districts of the country and more than 92% of its branches are in rural/semi urban areas. RRBs have recorded consolidated net profit of ₹7,148 crore in FY 2024-25. Gross Non-Performing Assets (GNPA) has reached a new low of 5.3%, lowest in a decade period. Secretary, DFS urged the rural banks to continue to focus on their amalgamation process and long-term sustainability.

**(PiB)**

**World Bank director Parameswaran Iyer to represent India in IMF:** Ahead of a crucial meeting of the International Monetary Fund (IMF) on fresh loans to Pakistan, the government has

given India's executive director at the World Bank Parameswaran Iyer temporary charge at IMF also, following the premature exit of K V Subramanian. Iyer, the former CEO of Niti Aayog, has been given the responsibility of India's nominee executive director on the board of IMF, sources said, adding that a regular appointment may take some time.

**(Financial Express)**

**Union Bank faces heat over ₹7.25 crore book purchase:** Union Bank of India is under scrutiny for purchasing nearly two lakh copies of Krishnamurthy V Subramanian's book, 'India@100,' for ₹7.25 crore. The expenditure faced internal opposition, leading to a general manager's suspension and an investigation by KPMG. Employee unions are demanding further inquiry into potential impropriety and wasteful spending, questioning the benefits achieved and procedures followed.

**(Business Standard)**

## INDUSTRY OUTLOOK



**PhonePe focuses on 'Made in India' with next-gen SmartSpeaker:** PhonePe has launched its next-generation SmartSpeaker, a new version designed to cater to the evolving needs of merchants. The latest upgrade is manufactured in India, continuing the company's commitment to fostering domestic innovation. This new SmartSpeaker builds on the original model, retaining its popular features while introducing notable enhancements.

**(Economic Times)**

**Japan's financial powerhouse SMBC moves a step closer to taking control of Yes Bank:** Japanese financial powerhouse Sumitomo Mitsui Banking Corp. (SMBC) is in advanced discussions to buy a significant stake in Yes Bank, following months of negotiations, said people aware of the matter. The move is expected to trigger an open offer for an additional 26% of the bank, the sixth-largest private lender by assets.

**(Economic Times)**

**Lufthansa suspends operations in Pakistani airspace amid India-Pak tensions:** Lufthansa Airlines on Monday suspended operations via the Pakistani airspace, according to an official release of the German aviation group. This will result in longer flight times on some routes to Asia. This comes amid India-Pakistan tensions in the aftermath of the Pahalgam terror attack on April 22, in which 26 people were killed, including a Nepali citizen, mostly tourists. "We regret any inconvenience caused by the resulting delays. We kindly ask all passengers to check their flight status in the app or

on the website before departure," the statement added. Earlier, India closed its airspace to all aircraft registered in Pakistan and those operated by Pakistani airlines, according to the Ministry of Civil Aviation (MoCA).

***(Business Standard)***



## REGULATION & DEVELOPMENT

**IT Dept sets ambitious target of disposing over 2 lakh appeals in FY26:** The Income Tax Department has set a target of disposing over 2 lakh appeals and about ₹10 lakh crore of disputed amount during fiscal year 2025-26. It also aims to add 10 per cent new income-tax filers during the period. According to officials, these measures form part of a Central Action Plan (CAP). They said the number of pending appeals has come down to 5.38 lakh as on April 1, 2025 against 5.49 lakh as on April 1, 2024. They highlighted that a record 1.72 lakh cases (involving ₹6.22 lakh crore quantum ) were disposed of during FY 24-25 by the Commissioner of Income Tax – Appeal (CIT-A) against 1.62 lakh new appeals instituted.

***(Business Line)***

**India's first mortgage backed Pass Through Certificates listed on the National Stock Exchange:** Shri M. Nagaraju, Secretary, Department of Financial Services, Ministry of Finance listed India's first Mortgage backed Pass Through Certificates (PTC) structured by RMBS Development Company Limited on the National stock Exchange on 05 May 2025. Listing was done by Shri M. Nagaraju by ringing the bell. These PTCs are backed by pool of housing loans originated by LIC Housing Finance Limited. The issue of Rs. 1,000 crores (1,00,000 PTCs of Face value of Rs. 1,00,000/-). was fully subscribed. This is the first issue of a PTC where the coupon was discovered on the "Electronic Book Provider (EBP)" platform of the National Stock Exchange. The final maturity of the PTC issued will be nearly twenty years and the coupon is 7.26% per annum. The rating of the Instrument is AAA(SO) by CRISIL and CARE Ratings. These PTCs are issued in demat form and are transferable. As the PTC is listed on a stock exchange, they can be traded in the secondary market.

***(Business Line)***

**MHA asks states to conduct mock drills on May 7 for effective civil defence: Govt sources:** In the wake of the April 22 Pahalgam terror attack that claimed 26 lives, India and Pakistan are embroiled in escalating tensions. Amid this volatile backdrop, the Ministry of Home Affairs



(MHA) has directed multiple states to conduct comprehensive civil defence mock drills on May 7, aiming to bolster preparedness against potential hostile threats.

***(Business Today)***



## INVISIBLE HAND

- ❖ The unobservable market force that helps the demand and supply of goods in a free market to reach equilibrium automatically is the invisible hand.
- ❖ The phrase invisible hand was introduced by Adam Smith in his book 'The Wealth of Nations'. He assumed that an economy can work well in a free market scenario where everyone will work for his/her own interest.
- ❖ He explained that an economy will comparatively work and function well if the government will leave people alone to buy and sell freely among themselves. He suggested that if people were allowed to trade freely, self interested traders present in the market would compete with each other, leading markets towards the positive output with the help of an invisible hand.
- ❖ In a free market scenario where there are no regulations or restrictions imposed by the government, if someone charges less, the customer will buy from him. Therefore, you have to lower your price or offer something better than your competitor. Whenever enough people demand something, it will be supplied by the market and everyone will be happy. The seller end up getting the price and the buyer will get better goods at the desired price.



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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 : 84.2369  
INR / 1 GBP : 111.9267  
INR / 1 EUR : 95.4028  
INR /100 JPY: 58.3600

### **EQUITY MARKET**

Sensex: 80796.84 (+294.85)  
NIFTY: 24461.15 (+114.45)  
Bnk NIFTY: 54919.50 (-193.85)

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