



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

07 August 2025



ECONOMY

Resolution of the Monetary Policy Committee August 4 to 6, 2025

The Monetary Policy Committee (MPC) held its **56th meeting** from August 4 to 6, 2025. After assessing the current and evolving macroeconomic situation, the MPC voted to maintain the policy **repo rate unchanged at 5.50 per cent**. Consequently, the standing deposit facility (SDF) rate under the liquidity adjustment facility (LAF) remains unchanged at 5.25 per cent and the marginal standing facility (MSF) rate and the Bank Rate at 5.75 per cent.

Outlook:

- Global growth, though revised upwards by the IMF, remains muted. The pace of disinflation is slowing down, with some advanced economies even witnessing an uptick in inflation.
- Projection for **real GDP growth for 2025-26 has been retained at 6.5 per cent**, with Q1 at 6.5 per cent, Q2 at 6.7 per cent, Q3 at 6.6 per cent, and Q4 at 6.3 per cent. Real GDP growth for Q1:2026-27 is projected at 6.6 per cent.
- CPI headline inflation declined for the eighth consecutive month to a 77-month low of 2.1 per cent YoY in June 2025, driven primarily by a sharp decline in food inflation led by improved agricultural activity.
- CPI inflation for **2025-26** is now projected at **3.1 per cent** with Q2 at 2.1 per cent; Q3 at 3.1 per cent; and Q4 at 4.4 per cent. CPI inflation for Q1:2026-27 is projected at 4.9 per cent.

The next meeting of the MPC is scheduled from September 29 to October 1, 2025.

Statement on Developmental and Regulatory Policies Dt 06 August 2025

The developmental and policy measures announced by RBI are as under;

1. **Standardization of procedure for settlement of claims in respect of deposit accounts of deceased customers of banks:** Under the provisions of Banking Regulation Act, 1949, nomination facility is available in respect of deposit accounts, articles kept in safe custody or safe deposit lockers for expeditious settlement of claims upon death of a customer and to minimise hardship caused to



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family members. The extant instructions require banks to adopt a simplified procedure to facilitate expeditious and hassle-free settlement of claims made by survivors/ nominees/ legal heirs, the procedures vary across banks. With a view to enhance customer service standards, it has been decided to streamline the procedures and standardise the documentation to be submitted to the banks.

2. Introduction of Auto-bidding facilities in RBI Retail Direct for Investment and Re-investment in T-bills: The Retail Direct scheme allows retail investors to buy Government Securities (G-Secs) in primary auctions as well as buy and sell G-Secs in the secondary market. To enable investors to systematically plan their investments, an auto-bidding facility for Treasury bills (T-bills), covering both investment and re-investment options, has been enabled in Retail Direct.

Trump slaps additional 25% tariff on India over Russian oil imports, total now 50%: Sharply escalating the trade tensions with India, US President Donald Trump on Wednesday announced imposing an additional 25% tariff on Indian goods. The move comes in response to New Delhi's continued purchases of Russian oil and defence equipment. After the order, the total tariff on Indian goods, barring a small exemption list, will be 50 per cent. The decision is expected to strain India-US trade ties and could massively impact sectors like pharmaceuticals, textiles, and machinery.

(Moneycontrol)

PM Modi to visit China for first time in 7 years as tensions with US rise: Prime Minister Narendra Modi will visit China for the first time in over seven years, a government source said on Wednesday, in a further sign of a diplomatic thaw with Beijing as tensions with the US rise. Modi will go to China for a summit of the multilateral Shanghai Cooperation Organisation that begins on August 31, the government source, with direct knowledge of the matter, told Reuters. India's foreign ministry did not immediately respond to a request for comment.

(Business Line)

India, Russia to collaborate on rare earths, critical minerals mining: India and Russia are exploring opportunities in rare earth and critical minerals extraction, underground coal gasification, and creation of modern industrial infrastructure, an official statement said. The issue came up for discussions during the India-Russia Working Group on Modernization and Industrial Cooperation meeting, which was held here under the framework of the India-Russia Intergovernmental Commission on Trade, Economic, Scientific, Technological and Cultural Cooperation.

(Business Standard)



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BANKING & FINANCE



RBI panel suggests keeping WACR as policy target, discontinuing 14-day VRR/VRRR auctions: The Reserve Bank of India's (RBI) internal working group reviewing the liquidity management framework (LMF) has recommended retaining the overnight Weighted Average Call Rate (WACR) as the operating target and phasing out the 14-day variable rate repo and variable rate reverse repo auctions (VRR/VRRR) as the primary liquidity management operation. "It is observed that WACR and rates in the overnight collateralised segments (Triparty Repo and Market Repo) display a high degree of correlation among them and are in close alignment across time horizons. WACR is also found to be effective in transmitting signals to other market rates...the Group recommends continuation of the overnight Weighted Average Call Rate as the operating target," the group said in its report

(Business Line)

No worries over credit demand growth: Guv: Governor Malhotra attributes circumspect mortgage demand to careful borrower decisions and the long-term nature of housing loans, despite a policy rate cut. While mortgage growth has slowed to 9.6%, he emphasizes that overall housing credit remains strong at 14%. Analysts cite cautious lending, softening demand, and increased selectivity as factors contributing to the broader credit moderation.

(Economic Times)

UPI has a cost, someone must bear it: RBI Guv Sanjay Malhotra: RBI Governor Sanjay Malhotra clarified that while UPI is free for users, it incurs costs that someone must bear, emphasizing sustainability. He addressed speculation, stating he never implied direct user charges, highlighting the government's role in UPI's expansion. Reduced government incentives are pressuring banks to cover operational costs, potentially leading to future charges despite robust overall UPI usage.

(Economic Times)

RBI mandates 10% loan retention for banks, NBFCs under co-lending deals: The Reserve Bank of India (RBI) on Wednesday issued revised regulations for co-lending between banks and non-banking financial companies (NBFCs), effective January 1. All regulated entities (REs) under a co-lending agreement will be required to retain **at least 10 per cent of each individual loan** on their books. The loan-originating entity will also be permitted to provide a default loss guarantee of up to 5 per cent of the loans outstanding under the agreement.

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Not worried about bank savings being put into equities: RBI gov Malhotra: Reserve Bank of India (RBI) Governor Sanjay Malhotra on Wednesday said he is not concerned about household savings shifting from bank deposits to equity markets, describing it as a healthy trend. "There is certainly a shift from banking to equity. I think it is a healthy trend for any economy. As it grows, there should be a healthy mix. I think we are moving towards that, and we should not be unduly concerned about that," Malhotra said, replying to a question on whether further cut in deposit rates will drive away deposits of households from the banking system.

(Business Standard)

INDUSTRY OUTLOOK



Anand Mahindra urges India to turn tariff turmoil into "1991 moment": Anand Mahindra, chairman of the Mahindra Group, has called on India to turn the ongoing global tariff upheaval into an opportunity akin to the transformative economic reforms of 1991. Drawing parallels with the liberalisation that followed India's forex crisis more than three decades ago, he asked whether the current "global Manthan" over tariffs could yield some "Amrit" for the country. In a social media post, Mahindra said the "law of unintended consequences" was quietly reshaping global economic priorities, triggered by the tariff war unleashed by the US.

(Business Standard)

Textile industry seeks export incentive to minimise US tariff impact: Indian textile and apparel industry players on Wednesday raised concerns over the revised US tariff and sought immediate government intervention, including renegotiations with the US or an immediate rollout of export incentives in cash to minimise the impact on exporters. Industry bodies also batted for speedy implementation of a bilateral trade agreement (BTA). The US is India's largest market for textile and apparel exports, and had clocked around \$4.59 billion worth of exports during the January-May 2025 period, up 13 per cent compared to the same period last year, when the figure stood at \$4.05 billion.

(Business Standard)

Govt proposes 2022-23 as new base year for GDP and IIP: Minister: The government has proposed 2022-23 as new base year for the Gross Domestic Product (GDP) and Index of Industrial Production (IIP), and 2024 for Consumer Price Index (CPI), Parliament was informed on Wednesday. "The Ministry is underway to revise the base year of GDP, IIP and CPI. The base year is revised periodically to better capture the structural changes happening in the economy by updating the methodology of compilation and incorporation of new data sources," Minister of State for Statistics & Programme Implementation said in a written reply to Lok Sabha.

(Business Standard)



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REGULATION & DEVELOPMENT

MCA planning to ease compliance burden for MSMEs: As part of a broader strategy to shield domestic industry from US tariffs, the Ministry of Corporate Affairs (MCA) is planning to ease compliance reforms for medium, small and micro enterprises (MSMEs), according to official sources. “We are looking at it very seriously and taking inputs from the MSME ministry as well,” a government source said. The MCA may also consider amendments to the existing Companies Act for simpler certification processes for MSMEs and doing away with certain compliances for such companies, sources said.

(Business Standard)

Sebi chief Tuhin Kanta Pandey denies ban on weekly options expiry: Tuhin Kanta Pandey, chairman of the Securities and Exchange Board of India (Sebi), on Wednesday dismissed reports suggesting an end to weekly options expiries or any discussions with the finance ministry on the matter, calling such reports “speculative”. Speaking on the sidelines of the annual Association of Portfolio Managers in India (APMI) conclave in Mumbai, Pandey acknowledged the need for reforms in the equity derivatives segment. He said there has been no communication between Sebi and the finance ministry regarding weekly expiries.

(Business Standard)

eSAKSHI web portal has brought in seamless integration of MP recommendations, sanctioning by District Authority and execution by Implementing Agency: The Ministry of Statistics & Programme Implementation, has launched the eSAKSHI portal in collaboration with the State Bank of India with effect from 1 April 2023 for implementing the Revised Fund Flow Procedures under the MPLAD Scheme. By integrating MP recommendations, sanctioning by District Authorities, and execution by Implementing Agencies on a single digital platform, the eSAKSHI portal has streamlined fund releases, eliminated the need for physical accounts, enabled end-to-end digital functionalities for all stakeholders, and simplified workflow through secure verification mechanisms. This information was given by the Minister of State (Independent Charge) of the Ministry of Statistics and Programme Implementation; Minister of State (Independent Charge) in a written reply to a question in the Lok Sabha

(PiB)



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FINANCIAL TERMINOLOGY

CONFIDENCE INTERVAL

- ❖ A confidence interval, in statistics, refers to the probability that a population parameter will fall between a set of values for a certain proportion of times. Analysts often use confidence intervals that contain either 95% or 99% of expected observations.
- ❖ Thus, if a point estimate is generated from a statistical model of 10.00 with a 95% confidence interval of 9.50 - 10.50, it means we are 95% confident that the true value falls within that range.
- ❖ Statisticians and other analysts use confidence intervals to understand the statistical significance of their estimations, inferences, or predictions. If a confidence interval contains the value of zero (or some other null hypothesis), then one cannot satisfactorily claim that a result from data generated by testing or experimentation is to be attributable to a specific cause rather than chance.



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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 : 87.7000

INR / 1 GBP : 116.6948

INR / 1 EUR : 101.6022

INR /100 JPY: 59.4700

EQUITY MARKET

Sensex: 80543.99 (-166.26)

NIFTY: 24574.20 (-75.35)

Bnk NIFTY: 55411.15 (+50.90)

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TEAM BFSIB

Banking, Financial Services & Insurance Board
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