

DAILY NEWS DIGEST BY BFSI BOARD

13 May 2025



ECONOMY

Markets soar on geopolitical breakthroughs, post highest single-day gains in 4 years:

The markets witnessed an unprecedented rally on Monday, with benchmark indices recording their biggest single-day gains in nearly four years, driven by a cessation of hostilities between Indian and Pakistan and US-China agreeing to a temporary rollback of trade tariffs for a 90-day period. The Sensex surged 2,975.43 points (3.74 per cent) to close at 82,429.90, while the Nifty 50 jumped 916.70 points (3.82 per cent) to end at 24,924.70, logging the biggest single day gain since February 1, 2021.

(Business Line)

State-run banks cautious; target modest 11-13% credit growth in FY26: Despite sharp interest rate cuts, expected in the current financial year amid the easy liquidity conditions, state-run banks are treading cautiously on their loan growth projections for FY26. Most large banks are projecting loan growth at around 11-13 per cent, almost similar to the previous financial year. Similarly, banks' deposit growth is expected to be in the range of 9-11 per cent as mobilisation of retail deposits continues to be a challenge. Bankers said credit growth is expected to be sluggish in FY26 owing to weaker demand across unsecured loans, mortgages.

(Business Standard)

Govt bonds, rupee seen gaining as India-Pakistan border tensions ease: Government bonds and rupee were expected to strengthen on Tuesday after India and Pakistan tensions eased after both the countries reached an understanding. Bond dealers said that the 10-year benchmark government bond yield was expected to soften by 3-4 basis points on Tuesday as the market sentiment remained strong on the back of Open Market Operation auctions conducted by the Reserve Bank of India (RBI).

(Business Standard)

BANKING & FINANCE



SMBC to meet RBI this week for Yes Bank stake purchase: Japan's financial conglomerate Sumitomo Mitsui Banking Corporation (SMBC) is expected to meet Reserve Bank of India (RBI) officials this week to formally make an application to acquire a 51 percent stake in Yes Bank. Highly placed sources say the application will be furnished in a day or two after a round of meetings. "The regulator is aware of the deal talks though the formal application will be made by SMBC in a few days," said a banker who didn't want to be named. Reviewing such applications usually take about 90 days and it is estimated that by August or September this year, regulatory clearances are likely to come through for SMBC to acquire a controlling stake in Yes Bank. People aware of the developments say SMBC is keen to obtain the majority stake in the Indian private bank by the start of FY26.

(Moneycontrol)

UPI faces another outage, users report payment failures on PhonePe, GPay, others: Unified Payments Interface (UPI) services suffered a major disruption across India on Monday evening, marking the third such outage in less than a month. Users of popular apps including PhonePe, Google Pay, reported failed transactions and delays in fund transfers. Downdetector, a platform that tracks online service outages, showed a sharp spike in complaints starting early evening, indicating a widespread issue. Social media was also inundated with user posts highlighting failed payments and app crashes, with many confirming that UPI services were either delayed or completely down.

(Business Today)

PNB takes aim at 3-4 specific sectors as it gears up for big loan play: Punjab National Bank (PNB), India's second-largest state-owned bank, is shifting its attention towards sectors such as renewable energy, defence, road infrastructure, engineering, and transmission. This strategic move aims to leverage the substantial pipeline of corporate loans exceeding Rs 1.3 lakh crore that the bank has lined up, The Times of India's Sidhartha reported on May 12. Ashok Chandra, the bank's Chief Executive and Managing Director, told ToI, "We are intensifying our concentration on three to four key sectors within the large corporate domain. Last year, we had a robust pipeline of corporate loans exceeding Rs 1.1 lakh crore that were approved but not disbursed, with an additional Rs 21,000 crore sanctioned in April."

(Economic Times)

PSBs introduce AI-driven soft skill training to enhance customer service: Government-run banks are now taking the help of artificial intelligence (AI) to train employees, especially those on the front desk, to serve the customers in a better way and improve frontline banking services. It comes against the backdrop of stagnating deposit growth at major public sector banks (PSBs) and concerns in the Ministry of Finance about inconsistent customer service, a senior government official said. "PSBs have begun taking concrete steps to strengthen their customer engagement strategies. As part of this effort, they are increasingly leveraging artificial intelligence and other innovative tools," said a senior bank official.

(Business Standard)

INDUSTRY OUTLOOK



FPI flows resume after a day's pause as India, Pak ease border tensions: Foreign portfolio investors (FPIs) resumed buying of Indian equities on Monday, injecting ₹1,246.5 crore, following a weekend ceasefire that eased India-Pakistan border tensions. Stock exchange data shows FPIs had been net buyers for 16 consecutive sessions from April 15 until last Thursday, pouring ₹49,000 crore into Indian stocks, driving a nearly 10 per cent surge in the Nifty index. This marks their longest buying streak since June-July 2023, which came amid a 10 per cent drop in the Dollar index from its 2025 peak, triggered by US tariffs and recession fears.

(Business Standard)

NCLAT rejects insolvency petition against PepsiCo India over interest claim: The National Company Law Appellate Tribunal (NCLAT) has dismissed an insolvency petition against PepsiCo India Holdings after observing that provisions of IBC cannot be turned into a debt-recovery proceeding. The appellate insolvency tribunal has upheld the earlier order passed by the Chandigarh bench of the National Company Law Tribunal (NCLT), which had rejected SNJ Synthetics's plea. "The adjudicating authority (NCLT) has not committed any infirmity in not allowing the CIRP of the corporate debtor (PepsiCo) to be initiated solely on the basis of the claim of the contested and unsubstantiated interest component," said a three-member NCLAT bench. The NCLAT held that SNJ's insolvency petition, filed under Section 9 of IBC as an operational creditor was not maintainable since the principal amount of the debt claimed from PepsiCo had already been repaid and only a disputed claim for interest remained.

(Business Standard)



REGULATION & DEVELOPMENT

Income Tax dept notifies all 7 ITR forms for assessment year 2025-26: IT department has notified all seven income tax return forms for assessment year 2025-26. While ITR forms 1 and 4, which are filed by small and medium taxpayers, were notified on April 29; ITR-7, filed by trusts and charitable institutions, was notified on May 11. One important change has been introduced in ITR-1 and 4, which was notified on April 29, relating to the reporting of capital gain income from listed equities. Now, salaried individuals and those under the presumptive taxation scheme, having long-term capital gains (LTCG) of up to Rs 1.25 lakh in a financial year, will be able to file ITR-1 and ITR-4, respectively. Earlier, such persons/entities were required to file ITR-2. Under the I-T law, LTCG of up to Rs 1.25 lakh from sale of listed shares and mutual funds is exempt from tax. Gains exceeding Rs 1.25 lakh/ annum are subject to 12.5 per cent tax. The last date for filing ITR for individuals and those who do not have to get their accounts audited is July 31.

(Business Standard)

India rejects UK's data exclusivity demand in FTA to shield generics: India has not accepted the demand of the UK for inclusion of a 'data exclusivity' provision in the free trade agreement, announced on May 6, in a bid to protect the interests of the domestic generic drugs industry, an official said. During the negotiations, the UK had asked to include this provision in the trade pact. "But India has not accepted that. There is no fear for the Indian generic industry from this agreement. In fact, it is our very important objective to see that the generic drug industry flourishes," the official said. The sector plays a key role in India's exports, which are also growing. Data exclusivity provides protection to the technical data generated by innovator companies to prove the usefulness of their products. In the pharmaceutical sector, drug companies generate data through expensive global clinical trials to prove the efficacy and safety of their new medicine.

(Business Standard)

India proposes retaliatory duties against US over steel tariffs in WTO: India on Monday proposed to impose retaliatory duties under the WTO (World Trade Organisation) norms against the US over American tariffs on steel and aluminium in the name of safeguard measures. "The safeguard measures would affect USD 7.6 billion imports into the US of the relevant products originating in India, on which the duty collection would be USD 1.91 billion," a WTO communication said. Accordingly, it said, India's proposed suspension of concessions would result in an equivalent amount

of duty collected from products originating in America. Earlier in April, India had sought consultations with the US under the WTO's safeguard agreement, following American authorities' decision to impose these tariffs. On the request for consultation, the US informed the global trade body that its decision to impose the tariffs was based on national security grounds and should not be considered as safeguard measures.

(Business Standard)



FINANCIAL TERMINOLOGY

PARITY PRICE

- ❖ Parity price refers to a price level that sets two assets or securities equal in value to one another. It is a concept that is used in several markets, including fixed income, equities, commodities, and convertible bonds. For convertible bonds, the parity price concept is used to determine when it is financially beneficial to convert a bond into shares of common stock.
- ❖ In addition to using parity price for a convertible security, investors can use it to make investment decisions about commodities and currencies. Parity price can help determine the value of stock options because parity is defined as the price at which an option is trading at its intrinsic value. In addition, the concept of parity is also used to compare the value of two currencies.



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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 : 84.6438
INR / 1 GBP : 113.3998
INR / 1 EUR : 96.2882
INR /100 JPY: 58.9200

EQUITY MARKET

Sensex: 82429.90 (+2975.43)
NIFTY: 24924.70 (+916.70)
Bnk NIFTY: 55382.85 (+1787.60)

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