



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

13 June 2025



ECONOMY

Retail inflation dips to 2.82% in May, lowest since Feb 2019: Retail inflation based on Consumer Price Index (CPI) dipped to 2.82 per cent in May as against 3.16 per cent in April, government reported on Thursday. May's headline number is the lowest year-on-year inflation since February 2019. Year-on-year inflation rate based on All India Consumer Food Price Index (CFPI) for the month of May, 2025 over May, 2024 is 0.99 per cent. Corresponding inflation rate for rural and urban are 0.95 per cent and 0.96 per cent respectively. A sharp decline of 79 basis point is observed in food inflation in May, 2025 in comparison to April, 2025. The food inflation in May, 2025 is the lowest after October, 2021.

(Business Line)

India, China signal willingness to resume rare earth magnet talks: In a significant development that could ease pressure on global industrial supply chains, both India and China on Thursday indicated readiness to engage in dialogue aimed at normalising the disrupted trade in rare earth magnets, which is a vital component in sectors ranging from automobiles to semiconductors. The breakthrough comes after months of strained supply following China's imposition of export controls on key rare earth elements (REE), which has impacted manufacturing sectors worldwide. Chinese foreign ministry spokesperson Lin Jian said during a media briefing in Beijing that China is open to enhancing dialogue and cooperation with relevant countries to ensure stability in global industrial and supply chains, PTI reported. "We are willing to enhance dialogue and cooperation with relevant countries and regions to jointly keep the stability of global industrial and supply chains," Lin said, responding to a question on whether Beijing was prepared to lift export restrictions on REEs to India, after it began clearing export licences for the US and the European Union.

(Financial Express)

Sensex, Nifty decline amid geopolitical tension and trade uncertainty: Indian equities declined on Thursday amid uncertainty surrounding the US-China trade deal and rising geopolitical tensions. The Sensex ended at 81,692, a decline of 823 points or 1 per cent. The Nifty, meanwhile,



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ended the session at 24,888, a fall of 253 points or 1.01 per cent. Investors were jittery despite US President Donald Trump's claim on Wednesday that a tariff framework with China had been reached. Concerns about elevated geopolitical tensions further dented sentiment after Iran said it would strike US bases in the Middle East if nuclear talks failed.

(Business Standard)

BANKING & FINANCE



New India Assurance likely primary insurer for Air India plane crash; hull insurance likely up to \$300 million: New India Assurance is likely the primary domestic insurer for the Air India plane that crashed at Ahmedabad Airport, according to sources familiar with the matter. Typically, for large aviation risks such as this, domestic insurers retain a minimal share and transfer significant exposure to global reinsurance markets. Around 5 percent of the hull claim will likely be ceded to India's GIC Re as a part of the mandatory domestic reinsurance requirement, while the remaining bulk of the risk is likely to be reinsured internationally, with AIG London likely to lead the program, sources indicated. Insurance payouts in such cases are categorised under two main heads: Hull insurance and passenger liability. The hull claim, which refers to the compensation the airline received is often equivalent to the aircraft's market value. In this case, the aircraft hull alone can be valued between \$200 to \$300 million, and liability coverage, especially for flights operating in or to regions like Europe—typically exceeds \$500 million. Passenger liability in such cases falls under third-party liability insurance, which covers compensation for death, injury, and baggage loss in line with the Montreal Convention and India's Carriage by Air Act.

(Moneycontrol)

RBI to tighten remittance rules, bar offshore time deposits: The Reserve Bank of India (RBI) plans to tighten rules for overseas remittances by resident Indians, barring them from holding foreign currency deposits with lock-in periods, two government sources said. RBI will amend regulations to prevent overseas transfers from being used to park money in time deposits or other interest-bearing accounts abroad, one of the sources said. "This is akin to passive wealth shifting, which is a red flag for the RBI in a still-controlled capital regime," the first source familiar with the thinking of the central bank said. The proposed changes reflect India's cautious stance on a rise in outward remittances and full convertibility of the rupee, as authorities strive to safeguard foreign exchange reserves and manage currency volatility, the sources said. Overseas investments by individuals fall under the central bank's Liberalised Remittance Scheme (LRS) — which allows



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resident Indians to remit up to \$250,000 in a single year — for purposes ranging from foreign education, travel, equity and debt investments to medical treatments.

(Business Line)

FSIB recommends R Doraiswamy as MD and CEO of LIC: The Financial Services Institutions Bureau (FSIB) has recommended Doraiswamy Ramchandran (R. Doraiswamy), the current Managing Director of Life Insurance Corporation of India (LIC) for the position of Chief Executive Officer and Managing Director (CEO & MD) at LIC. FSIB interviewed four candidates from Life Insurance Corporation of India (LIC) on June 11, 2025 for the position of CEO & MD in LIC. “Keeping in view their performance in the interface, their overall experience and the extant parameters, the Bureau recommends R Doraiswamy for the position of CEO & MD in LIC,” said FSIB.

(Economic Times)

RBI allows KYC updation for low-risk customers till 30 June 2026: The Reserve Bank of India (RBI) has directed regulated entities to continue allowing transactions for individual “low-risk” customers, while ensuring their Know Your Customer (KYC) details are updated by 30 June 2026 or within one year of falling due, whichever is later. The decision comes as the regulator has observed a large pendency in periodic updation of KYC including in the accounts opened for credit of Direct Benefit Transfer under government schemes to facilitate credit of direct DBTs and/or scholarship amount and accounts opened under Pradhan Mantri Jan Dhan Yojana (PMJDY).

(Business Standard)

INDUSTRY OUTLOOK



Air India crash: Tata Group announces Rs 1 crore for kin of each victim: Tata Group chairman N Chandrasekaran on Wednesday announced Rs 1 crore for the families of each victim who died in the tragic Air India plane crash in Ahmedabad. "We are deeply anguished by the tragic event involving Air India Flight 171. No words can adequately express the grief we feel at this moment. Our thoughts and prayers are with the families who have lost their loved ones, and with those who have been injured," Chandrasekaran said in a post on X. He said the Tata Group, which owns the airline, will provide Rs 1 crore to the families of each person who lost their life in the tragedy. "We will also cover the medical expenses of those injured and ensure that they receive all necessary care and support. Additionally, we will provide support in the building up of the B J Medical's hostel," the chairman added.

(Moneycontrol)



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Aviation stocks fall after Air India Boeing 787 crash kills over 200: The shares of aviation stocks in India and those of aircraft manufacturer Boeing declined on Thursday after a fatal crash of a Boeing 787 Dreamliner operated by Air India left more than 200 people dead. The flight, which was bound for London from Ahmedabad, crashed shortly after take-off in what is termed the worst accident involving Boeing's twin-aisle aircraft. The flight had 242 passengers and crew. The shares of Indian aviation firms declined. The stock of InterGlobe Aviation, which owns IndiGo, fell by 2.7 per cent, while that of SpiceJet declined by 1.8 per cent.

(Business Standard)

Canara Bank to raise up to ₹9,500 crore capital through bond issuance: Canara Bank's Board of Directors, at its meeting held on 12 June 2025, approved a capital raising plan for the financial year 2025–26, amounting to up to ₹9,500 crore. The capital will be raised through the issuance of debt instruments, specifically Basel III-compliant Additional Tier I (AT1) and Tier II bonds. The initiative is aimed at strengthening the bank's capital adequacy, supporting future business growth and ensuring compliance with Basel III norms.

(Business Standard)



REGULATION & DEVELOPMENT

RBI introduces STRIPS in state-government bonds: The Reserve Bank of India (RBI) on June 12 allowed Separate Trading of Registered Interest and Principal of Securities (STRIPS) in State Government Securities (SGS). This decision was taken based on consultation with the State Governments/Union Territories and the feedback received from market participants, RBI said in a release. STRIPS are basically "zero-coupon" securities where the investor receives a payment at maturity only. STRIPS allow investors to hold and trade the individual interest and principal components of eligible Government securities as separate securities of varying tenure. The central bank said all fixed coupon securities issued by State Governments/Union Territories having a residual maturity of up to 14 years and minimum outstanding of Rs 1,000 crore as on the day of stripping, provided that such securities are reckoned as eligible investment for the purpose of meeting Statutory Liquidity Ratio (SLR) requirements and are transferable.

(Moneycontrol)

Curbing frauds: Sebi brings more checks for investors via valid UPI handle: Amid rising instances of unregistered entities defrauding investors, SEBI has rolled out a new initiative, with the help of NPCI, under which investors will be able to verify if the entity to which they are transferring money is registered with Sebi or not. The new "@valid" handle for registered entities will go live from



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October 1, 2025. Only registered and authentic entities will be able to secure this handle through banks. All registered intermediaries have been mandated to obtain the new UPI IDs.

(Business Standard)

RBI skips 14-day main liquidity operation for third straight fortnight: The Reserve Bank of India has decided not to conduct the 14-day main operation under the liquidity management framework scheduled for Friday, it said in a statement on Thursday. The decision was made following "a review of the current and evolving liquidity conditions" marking the third consecutive fortnight that the central bank has skipped the main 14-day operation. Market participants had expected the RBI to conduct a 14-day variable rate repo auction on Friday on account of the upcoming tax outflows which are seen sucking out rupee funds from the banking system.

(Business Standard)



FINANCIAL TERMINOLOGY

COINSURANCE

- ❖ Coinsurance is the amount, generally expressed as a fixed percentage, an insured must pay toward a covered claim after the deductible is satisfied. It is common in health insurance.
- ❖ Some property insurance policies also contain coinsurance provisions. In this case, coinsurance is the amount of coverage that the property owner must purchase for a structure.
- ❖ Coinsurance is the percentage under an insurance plan that the insured person pays toward a covered expense or service.
- ❖ The coinsurance clause in a property insurance policy requires that a home is insured for a percentage of its total cash or replacement value.



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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 : 85.5353

INR / 1 GBP : 116.0392

INR / 1 EUR : 98.5475

INR /100 JPY: 59.5200

EQUITY MARKET

Sensex: 81691.98 (-823.16)

NIFTY: 24888.20 (-253.20)

Bnk NIFTY: 56082.55 (-377.20)

Courses conducted by BFSI Board

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- ❖ Certificate Course on Investment Management
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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 2nd Edition)

TEAM BFSIB

Banking, Financial Services & Insurance Board

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