

DAILY NEWS DIGEST BY BFSI BOARD

14 April 2025



ECONOMY

BTA with US: India's offers to exclude zero tariff: The government has decided to steer clear of the option of zero-for-zero tariff policy under the ongoing negotiations with the United States for a bilateral trade agreement (BTA), according to an official source. This is due to the realisation that given the country's relatively low per capita income, it would still need to keep reasonable tariffs for a wide range of agricultural items and even some industrial goods. New Delhi may not even go for product-by-product tariff parity with the US. Instead, it would stick to the concept of bringing down the overall (average) tariff level to a much lower level for the US. Product-wise sensitivities won't be ignored, while being broadly accommodative of the US interests. The decision is despite the fact that a section of the domestic industry, including export-intensive electronics and textiles & clothing units have recommended that zero tariff may be offered to the US for a similar gesture from the world's largest economy. A clutch of countries including the 27-country European Union and India's principal Asian competitors like Vietnam and Taiwan are already reported to have proposed zero-for-zero tariff to mitigate the adverse effect of Trump's tariffs on their shipments to that the US.

(Financial Express)

OIS rates fall significantly on expectations of deeper rate cuts by RBI: Overnight indexed swap (OIS) rates have gone down significantly in April so far despite the rise in US Treasury yields on expectations of a deeper rate cut by the Reserve Bank of India's (RBI's) monetary policy committee, said dealers. The one-year OIS rates and five-year OIS rates fell by 27 basis points (bps) and 19 bps respectively in April so far. "The liquidity condition started improving since the first day of the financial year, and then the RBI announced the open market operation (OMO) auctions, which led to expectations of a deeper rate cut, decoupling the OIS from the US.

(Business Standard)

FPIs withdraw Rs 31,575 crore from equities in April on US tariff jitters: Foreign investors have pulled out Rs 31,575 crore from the country's equity markets so far this month, in the wake of

turbulence emanating from sweeping tariffs imposed by the US on most nations, including India. This came following a net investment of Rs 30,927 crore in the six trading sessions from March 21 to March 28. This infusion helped reduce the overall outflow for March to Rs 3,973 crore, according to data from the depositories. Compared to previous months, this marks a notable improvement. In February, foreign portfolio investors (FPIs) took out Rs 34,574 crore, while in January, the outflow was even higher at Rs 78,027 crore.

(Business Standard)

BANKING & FINANCE



NBFCs to see modest growth in Q4, say analysts: Non-banking finance companies (NBFCs) are likely to see modest single-digit growth in their Q4FY25 net profit, driven by stable margins and growth in assets under management (AUM), analysts say. NBFCs' commentary on growth visibility, asset quality trends, and the impact of potential rate cuts on margins will remain key monitorables this quarter. "We estimate 13 per cent/15 per cent year-on-year (y-o-y) growth in net interest income and operating profit in Q4FY25 for our NBFC coverage universe, although PAT is expected to remain flat y-o-y. Excluding NBFC-MFIs (microfinance institutions), we expect 5 per cent y-o-y growth in PAT for our coverage universe," said brokerage Motilal Oswal.

(Business Line)

Insurance sector reforms: 'Transformative' bill likely to be moved during monsoon session of Parliament: Government is likely to introduce a bill during the monsoon session of Parliament to bring 'transformative' reforms to the insurance sector, including raising Foreign Direct Investment (FDI) limit to 100 per cent. "The bill is getting ready. Post all the consultations and approval from the Cabinet, it may be introduced during the monsoon session," a senior Government official said. The bill intends to fulfil the key FY26 Budget announcement of raising FDI limit from 74 to 100 per cent in the insurance sector. This enhanced limit will be available to companies which invest the entire premium in India. The current guardrails and conditionalities associated with foreign investment will be reviewed and simplified.

(Business Line)

HDFC Capital to invest Rs 1.5k cr in platform with Eldeco to build Rs 11K-cr homes in small towns: Betting big on housing demand in smaller towns, HDFC Capital will invest Rs 1,500 crore in Eldeco Group's upcoming 18 residential projects across tier II-III cities with a total revenue

potential of about Rs 11,000 crore. HDFC Capital Advisors Ltd, the real estate private equity arm of HDFC Group, has created a real estate development platform in partnership with Delhi-based Eldeco Group, which will develop 18 residential projects in tier II-III towns across various states, including Haryana, Punjab, Himachal Pradesh, and Uttarakhand. The total development area in these 18 projects will be more than 10 million (100 lakh) square feet with a "combined revenue potential of about Rs 11,000 crore",

(Economic Times)

Banks seek power to freeze accounts in illicit transactions cases to rein in cyber fraud:

To check cyber fraud through mule accounts, banks are seeking authority to freeze accounts involved in channelling illicit transactions without wasting precious time in seeking permission from authorities. Banks freeze/block accounts based on internal triggers, however, as per the Prevention of Money Laundering Act (PMLA), they do not have the authority to freeze or block customer accounts without proper authorisation from a court or law enforcement agencies (LEAs). "In light of this, we may propose this as a suggestion for further consideration by the RBI," a working group constituted by the Indian Banks' Association said in a report.

(Economic Times)

UPI outages lasted 1,000 minutes cumulatively over five years, shows data: India's real-time payments system Unified Payments Interface (UPI) faced a fourth outage in more than two weeks on April 12, 2025. The National Payments Corporation of India (NPCI) attributed transaction failures to "intermittent technical issues". Cumulatively, UPI was down for 995 minutes across 17 incidents from March 2020 to March 2025, data sourced from the NPCI show. The unscheduled downtime since March 2020 is estimated to have exceeded 1,000 minutes if April—which recorded two outages—is included, though its data are not yet available on the website as the month is still ongoing.

(Business Standard)

INDUSTRY OUTLOOK



India's iPhone, laptop exports to US have 20% tariff edge over Chinese shipments: The export of iPhones, smartphones, tablets, and laptops from India to the US will now be 20 percent cheaper as compared to similar products shipped from China. The US government on Saturday amended its tariff policy to exempt smartphones, tablets, laptops, and some other electronic devices from the new taxes. As a result, India and Vietnam now enjoy a tariff advantage of 20 per cent over

China on these goods, according to the India Cellular and Electronics Association (ICEA). “China still has 20 per cent of iPhones, laptops, tablets, and watches. Only reciprocal tariff has been removed for China. India has zero tariff on iPhones and all smartphones, laptops and tablets exported to the US. Vietnam also has zero tariff on all Samsung and other smartphones, laptops and tablets exported to the US. So India and Vietnam are similarly placed on tariffs on these products and both enjoy a 20 per cent tariff advantage over China,” ICEA Chairman Pankaj Mohindroo told PTI.

(Moneycontrol)

SIP stoppage hits all-time high in March: In March, the mutual fund sector in India saw a significant shift with the closure of 5.1 lakh Systematic Investment Plans (SIPs). This surge in closures brought the stoppage ratio to an unprecedented 127.5%. This figure indicates the percentage of SIP closures against new registrations, points to a concerning trend where more investors are opting to discontinue their systematic contributions. The rise in the closure of SIPs this month surpasses figures seen in previous months, suggesting potential investor apprehension about the current market conditions. Financial experts emphasise the importance of maintaining SIPs during market downturns. Continuing investments during such periods allows investors to benefit from rupee-cost averaging, purchasing more units at lower prices, which can enhance long-term returns.

(Business Today)

NITI Aayog lays out roadmap to boost auto component manufacturing in India: To double India’s automotive component production to \$145 billion by FY30, a Niti Aayog report recommends a mix of fiscal and non-fiscal measures, including operational expenditure support, cluster development, and free trade agreements (FTAs) with key markets. In “Automotive Industry: Powering India’s Participation in Global Value Chains,” the report outlines a Vision 2030 to triple exports from \$20 billion to \$60 billion. Achieving this target would generate a trade surplus of roughly \$25 billion, expand India’s share of the global automotive value chain from 3% to 8%, and create 2–2.5 million additional direct jobs—raising total sector employment to 3–4 million.

(Financial Express)



REGULATION & DEVELOPMENT

ICAI floats auditing standards for LLPs: The Institute of Chartered Accountants of India (ICAI) has issued a draft on auditing standards for limited liability partnerships (LLPs) in order to bring them at par with “companies” in terms of accountability and transparency. Experts said that these

standards are a step towards increasing the regulatory oversight over LLPs which are mushrooming across the country. Currently, LLPs are not legally required to follow any specific accounting and auditing standards. In addition, LLPs are exempted from Auditor's Report Order (CARO), a format for the issue of audit reports in case of statutory audits of companies. The draft has incorporated amendments from the recently-finalised six standards, in addition to revising the terminologies in the context of LLPs. In the draft rules, the standards of auditing (SAs) will be notified for the first time under the LLP Act 2008. The section 34A of the LLP Act, 2008 mandates the central government to prescribe auditing standards for LLPs as recommended by the ICAI. The government is required to consult National Financial Reporting Authority (NFRA) before notifying these norms. The latest draft has come after MCA had directed ICAI to prepare and present a separate set of standards on auditing for LLPs.

(Financial Express)

Parliamentary panel recommends independent survey, revamp of MGNREGS: An independent survey of the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) should be held to assess its effectiveness, a Parliamentary panel has suggested, stressing on revamping the scheme keeping in view emerging challenges. In a report tabled in Parliament during the last week of the recently concluded Budget Session, the Parliamentary Standing Committee on Rural Development and Panchayati Raj have recommended increasing the number of days of work under the scheme to 150 from the current 100, and also suggested that wages be increased to at least Rs 400 per day.

(Business Standard)



INTERNAL CAPITAL ADEQUACY ASSESSMENT PROCESS (ICAAP)

- ❖ In terms of the guidelines on BASEL II, the banks are required to have a board-approved policy on internal capital adequacy assessment process (ICAAP) to assess the capital requirement as per ICAAP at the solo as well as consolidated level.
- ❖ The ICAAP is required to form an integral part of the management and decision-making culture of a bank. ICAAP document is required to clearly demarcate the quantifiable and qualitatively assessed risks.
- ❖ The ICAAP is also required to include stress tests and scenario analyses, to be conducted periodically, particularly in respect of the bank's material risk exposures, in order to evaluate the potential vulnerability of the bank to some unlikely but plausible events or movements in the market conditions that could have an adverse impact on the bank's capital.



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RBI KEY RATES

Repo Rate: 6.25%
SDF: 6.00%
MSF & Bank Rate: 6.50%
CRR: 4.00%
SLR: 18.00%
Fixed Reverse Repo: 3.35%

FOREX (FBIL 1.30 PM)

INR / 1 USD : 86.1441
INR / 1 GBP : 112.0057
INR / 1 EUR : 97.1097
INR /100 JPY: 59.8200

EQUITY MARKET

Sensex: 75157.26 (+1310.11)
NIFTY: 22828.55 (+429.40)
Bnk NIFTY: 51002.35 (+762.20)

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