

DAILY NEWS DIGEST BY BFSI BOARD

19 April 2025



ECONOMY

Cost of Borrowing: Centre to substantially benefit in the current monetary policy easing cycle: The Centre may substantially benefit in the current monetary policy easing cycle, with its average cost of borrowing likely to dip below the 7 per cent level in FY26 after staying at or above this level in the preceding three years. The cost of government borrowing (or the weighted average yield on government debt issuances) decreased to 7 per cent in FY25, from 7.20 per cent in FY24 and 7.30 per cent in FY23, according to RBI data. The RBI's rate-setting panel kicked off a loose monetary policy cycle with a 25 basis points (bps) repo rate cut in February (from 6.50 per cent to 6.25 per cent), followed by a similar cut earlier this month (from 6.25 per cent to 6.00 per cent).

(Business Line)

IMF expects 'notable markdowns' in growth forecasts, but no global recession: International Monetary Fund (IMF) on Thursday said global economic growth is going to witness 'notable markdowns' but stopped short of predicting a recession. This was part of a curtain raiser before IMF comes out with growth forecast for the world during its spring meeting on April 22. IMF Managing Director Kristalina Georgieva said: "Our new growth projections will include notable markdowns, but not recession. We will also see markups to the inflation forecasts for some countries." Talking about tariff tensions, she presented three observations. The first -- uncertainty is costly. The complexity of modern supply chains means imported inputs feed into a broad range of domestic products.

(Business Line)

India's gold imports surge on hopes of revival in jewellery demand: Gold imports have more than trebled to 52 tonnes in March against 15 tonnes in February despite sharp rally in gold prices amid growing global uncertainty. Jewellers are expecting the recent up tick in demand will sustain in the coming days as gold prices are expected to take a breather with the trade war triggered by the US settles down. Consumers, who were sitting on the sidelines due to high prices, are taking

the plunge to buy whenever gold prices fall. Moreover, consumers are exchanging old gold jewellery for new to moderate the impact of price rally.

(Business Line)

BANKING & FINANCE



UPI market leader PhonePe becomes a public company ahead of IPO: Fintech firm PhonePe has transitioned from a private firm to a public company ahead of its planned initial public offer (IPO), the digital payments player has told the Registrar of Companies (RoC). This is a necessary legal step for companies looking to list on Indian stock markets. The Walmart-owned digital payments platform said on February 20 that it was starting preparatory steps for a potential IPO. On February 25, Moneycontrol reported that PhonePe had picked Kotak Mahindra Capital, JP Morgan, Citi and Morgan Stanley as advisers for the IPO, seeking a valuation of up to \$15 billion. The company's extraordinary general meeting on April 16 decided to change the name from "PhonePe Private Limited" to "PhonePe Limited", the document submitted to RoC said.

(Moneycontrol)

Bank, NBFC fundraising via QIPs jumps 46% in January-March: Raising of capital by banks and NBFCs through the qualified institutional placements (QIPs) route witnessed a 46% jump to Rs 7,456 crore in the first quarter of the calendar year 2025, compared with Rs 5,100 crore in the corresponding period last year. Banks dominated the fundraising both in terms of value and volume as they mobilised nearly Rs 6,100 crore in the January-March period. Experts say the surge in banks' fundraising through QIPs was largely driven by the need to meet the Sebi's requirement for a minimum public shareholding of 25%.

(Financial Express)

PFC, IREDA mull legal measures against Gensol to safeguard their loan exposure: Power Finance Corp (PFC) and Indian Renewable Energy Development Agency (IREDA) are pursuing legal remedies to safeguard their loan exposure to Gensol Engineering, said people with knowledge of the matter. Gensol promoters Anmol Singh Jaggi and Puneet Singh Jaggi face a capital market ban and charges of fund diversion. The brothers are also promoters of ride-hailing service BluSmart, which is backed by prominent investors such as BP Ventures. The service, which has an all-electric fleet, went offline on Thursday. The two public sector enterprises loaned Rs 977 crore to Gensol between FY22 and FY24, as per Sebi's preliminary findings. Of this, Rs 663 crore was meant for the purchase of

electric vehicles that were to be leased by Gensol to BluSmart. About 5,500 vehicles have been leased to BluSmart.

(Economic Times)

FinMin pushes banks to boost farm loans against e-warehouse receipts: To improve farmers' and agri-businesses' access to credit, the Union finance ministry has asked banks — public, private, regional rural, and cooperative — to sign up for the National Credit Guarantee Trustee Company (NCGTC) and the e-Kisan Upaj Nidhi (e-KUN) portal. These platforms support lending against electronic negotiable warehouse receipts (e-NWRs), which allow farmers to use stored produce as collateral for loans. So far, eight banks have joined the NCGTC while 26 have signed up for the e-KUN portal, which is part of the Jansamarth portal.

(Business Standard)

INDUSTRY OUTLOOK



PM Modi speaks to Tesla CEO Elon Musk, discusses ‘immense potential for collaboration’: Prime Minister Narendra Modi on Friday spoke to Tesla CEO and billionaire Elon Musk and discussed about immense potential for collaboration in the areas of technology and innovation. Modi posted shared the details of conversation on his X account, “Spoke to Elon Musk and talked about various issues, including the topics we covered during our meeting in Washington DC earlier this year.” “We discussed the immense potential for collaboration in the areas of technology and innovation.” he further mentioned.

(Moneycontrol)

BluSmart says wallet refunds may take up to 90 days amid Gensol fallout: Electric ride-hailing startup BluSmart has updated its refund policy for wallet balances, extending the timeline to 90 days from the previously stated six days. This change comes in response to a temporary halt in ride bookings across its operating cities. The decision follows an ongoing investigation by the Securities and Exchange Board of India (Sebi) into Gensol Engineering, a company associated with BluSmart. It has been alleged that Gensol Engineering misappropriated over Rs 200 crore designated for the purchase of electric vehicles. BluSmart was founded by the Jaggis and Punit Goyal. As a result, Sebi has taken action against BluSmart's promoters, Anmol Singh Jaggi and Puneet Singh Jaggi, barring them from board roles and access to the securities market. They are accused of diverting loans meant for vehicle financing to real estate transactions. BluSmart, operating in Delhi-NCR and Bengaluru,

allowed users to top up their in-app wallets for electric cab rides. Concerns have been raised on social media regarding the lack of transparency in the refund process.

(Business Today)



REGULATION & DEVELOPMENT

GST on UPI transactions over Rs 2,000: Govt issues clarification, terms reports 'false, misleading': The Ministry of Finance on Friday issued a clarification on the reports that the government is considering levying Goods and Services Tax (GST) on UPI transactions over Rs 2,000. Clarifying on reports, which said that the government is considering levying Goods and Services Tax (GST) on UPI transactions over Rs 2,000, the finance ministry said they are completely false, misleading, and without any basis. The Finance Ministry further said that GST is levied on charges, such as the Merchant Discount Rate (MDR), relating to payments made using certain instruments. "Effective January 2020, the Central Board of Direct Taxes (CBDT) has removed the MDR on Person-to-Merchant (P2M) UPI transactions through the Gazette Notification dated 30th December 2019." "Since currently no MDR is charged on UPI transactions, there is consequently no GST applicable to these transactions," according to the Ministry of Finance statement.

(Moneycontrol)

Govt appoints Arvind Shrivastava as Revenue Secretary, Vumlunmang Vualnam appointed as Expenditure Secretary.: The government on Friday appointed senior IAS officer Arvind Shrivastava as Secretary, Department of Revenue, Ministry of Finance. Shrivastava, a 1994 batch Karnataka cadre Indian Administrative Service (IAS) officer, is currently working as Additional Secretary in the Prime Minister's Office. In a notification, the government also announced that IAS officer Vumlunmang Vualnam, appointed as Secretary, Department of Expenditure, Ministry of Finance. He succeeds Manoj Govil, who has been appointed as Secretary (Coordination), Cabinet Secretariat.

(Moneycontrol)

Revised guidelines to field formations will reduce compliance burden on taxpayers and facilitate transparency: Several grievances have been received by the Central Board of Indirect Taxes and Customs (CBIC), Department of Revenue, Ministry of Finance, regarding difficulties being faced by applicants during the GST registration process, mainly on account of queries raised by officers on the grounds of seeking additional documents. To resolve these grievances and to smoothen

GST registration process, CBIC has issued instructions on 17th April, 2025 (Instruction No. 03/2025-GST) to the officers for processing GST registration applications. Officers have been instructed to strictly adhere to the prescribed list of documents provided in registration application form. Requisite documents in specific cases to be uploaded with registration application form have also been delineated in the instructions. Officers have been directed not to issue notices based on presumptive grounds, minor discrepancies, or for additional documents that are not essential for processing applications. Officers have been also directed to seek approval of the concerned Deputy/Assistant Commissioner in cases where document apart from the listed documents is required to be sought.

(PiB)



ABANDONMENT VALUE

- ❖ Abandonment value is the equivalent cash value of a project if it is liquidated immediately after reducing all debts which need to be repaid.
- ❖ Abandonment value is also known as liquidation value of an asset. The general rule for deciding to discontinue the product is that if the product's salvage value is greater than the net present value (NPV) of its expected cash flows, the project is abandoned. It is an important factor in bankruptcy filings where assets are generally sold at a discount.
- ❖ Suppose, the optimal economic life of an asset is 4 years, but the project's expected cash flows may change over the life of the asset. The company should also estimate the future abandonment values in the initial investment phase. It would help the manager to effectively gauge the optimal economic life of an asset.
- ❖ For Example: A company's cost of capital is 10%, and the initial investment cost to be incurred at the beginning of the project is Rs 3,50,000. Future cash flows expected in the next 4 years are 2,00,000, 1,50,000, 10,0000 and 50,000.
Now, if we calculate the net present value of each of the cash flows and subtract it with the initial investment value, it still comes out positive, which is Rs 65,067. Considering the fact that NPV is still greater than zero, the company should continue with the project and not exercise the option.



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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 : 85.5703
INR / 1 GBP : 113.1975
INR / 1 EUR : 97.2552
INR /100 JPY: 59.9600

EQUITY MARKET

Sensex: 78553.20 (+1508.91)
NIFTY: 23851.65 (+414.45)
Bnk NIFTY: 54290.20 (+1172.45)

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