



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

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ECONOMY

IMF imposes 11 new conditions for Pakistan, warns of risks to bailout amid rising tensions with India: The International Monetary Fund (IMF) has imposed 11 additional conditions on Pakistan for the release of the next installment of its bailout package and has cautioned that rising tensions with India could threaten the programme's fiscal, external, and reform objectives, according to a media report on Sunday. Among the newly imposed conditions on Pakistan include getting parliamentary approval of a Rs 17.6 trillion budget, raising the debt servicing surcharge on electricity bills, and removing the ban on importing used cars that are older than three years. According to The Express Tribune, the IMF's Staff Level report released on Saturday said that "rising tensions between India and Pakistan, if sustained or deteriorate further, could heighten risks to the fiscal, external and reform goals of the programme". According to a report by The Express Tribune, the IMF added 11 more conditions on Pakistan, bringing the total to 50 conditions. The IMF has added a new condition requiring "parliamentary approval of the fiscal year 2026 budget in line with the IMF staff agreement to meet programme targets by end-June 2025".

(Moneycontrol)

India's import restrictions on Bangladesh to snag \$770-800 million trade fabric: India has introduced new restrictions on the import of certain goods from Bangladesh, covering items like ready-made garments, canned juices and food items, cotton textiles, among others. Imports will be regulated through select sea ports like in Kolkata and Mumbai's Nava Sheva. Import route restrictions imposed by India on key goods from Bangladesh on Saturday is likely to hit \$770-800 million worth of annual imports from the neighbouring country, primarily of readymade garments, per sources. "The measures are in response to Bangladesh's recent imposition of restrictions on export of Indian yarn via land ports, restrictions on rice imports, and its continued imposition of port restrictions at Land Customs Stations (LCSs) and Integrated Check Posts (ICPs) bordering north-eastern (NE) States," an official source said.

(Business Line)



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India, EU conclude another round of FTA talks; deal likely in two phases: India and the European Union (EU) chief negotiators have concluded another round of talks on the proposed free trade agreement (FTA) here and agreed to reach a deal in two phases, according to an official. "The 11th round of talks concluded on May 16," the official said. The two sides have agreed to conclude the agreement in two phases on account of the uncertain global trade environment, particularly due to the US tariff actions under President Donald Trump. The talks focused on areas like market access offers in goods, services, and investment. India has followed the practice of negotiating trade pacts in two phases with Australia. It is following a similar approach to the US.

(Business Standard)

BANKING & FINANCE



In five years, households' loans from banks surge nearly 4 times, fund flow in equity market up nearly 3 times: The latest data compilation from the Ministry of Statistics reveals a major shift in household financial behaviour. Between FY19-20 to FY23-24, cash holdings decreased, while investment in shares has nearly tripled. In the same period, households' advances from banks have surged around four times. While the National Accounts Statistics – 2025, prepared by the Statistics Ministry, does not explicitly explain these changes in the 'Financial Assets and Liabilities of Household Sector', it is likely that the post-Covid demand recovery, coupled with relatively stagnant income growth, prompted increased borrowing from banks. Simultaneously, the bull market and a record number of IPOs likely fuelled greater investment in the stock market.

(Business Line)

Non-bank lenders 'LAP' up opportunity to tap MSMEs: Non-bank finance companies have stepped up lending to micro, small and medium enterprises (MSMEs), with the rate of growth in such advances outpacing commitments by commercial banks to this category of borrowers. In the absence of banks, which focus on loans of Rs 15-20 lakh, NBFCs are finding growth opportunities in the high yielding micro-LAP (loan-against property), which are sub-Rs 10 lakh loans. Industry executives said that there are growth opportunities given that the MSME sector remains starved for credit.

(Economic Times)

RBI imposes penalty on Deutsche Bank AG, Yes Bank: The Reserve Bank on Friday said it has imposed penalties on Deutsche Bank AG, India and Yes Bank for non-compliance with certain regulatory norms. A penalty of Rs 50 lakh has been imposed on Deutsche Bank AG, India for non-compliance with certain directions on 'Creation of a Central Repository of Large Common Exposures-Across Banks', the RBI said. In another statement, it said a penalty of Rs 29.60 lakh has been imposed



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on Yes Bank for non-compliance with certain directions issued by RBI on 'Financial Statements Presentation and Disclosures'.

(Economic Times)

INDUSTRY OUTLOOK



Adani Defence partners with US firm Sparton to build India's first indigenised sonobuoy systems for Navy: In a significant move to strengthen India's undersea warfare capabilities, Adani Defence & Aerospace has entered into a strategic partnership with Sparton DeLeon Springs LLC, a US-based subsidiary of Elbit Systems and a leading provider of anti-submarine warfare (ASW) systems. The partnership marks a first for India's private sector, enabling the indigenous production of sonobuoys, critical electronic systems used to detect and track submarines. The agreement aims to localise the assembly and eventual manufacturing of advanced ASW solutions in India, addressing a longstanding reliance on foreign imports. This step aligns with the government's 'Aatmanirbhar Bharat' and 'Make in India' initiatives by building sovereign capability in a sensitive and strategic domain.

(Business Line)

India's smartphones become country's top exported good, surpassing traditional players like petroleum products, diamonds in FY25: Surpassing traditional players like petroleum products and diamonds, India's smartphone exports surged nearly fivefold to the US and about fourfold to Japan in the past three years as the country's top exported goods, according to government data. The smartphone exports rose by 55 per cent to \$ 24.14 billion in 2024-25 from \$15.57 billion in 2023-24 and \$10.96 billion in 2022-23.

(Economic Times)

MSMEs make up 80% of 70 bids for electronic component manufacturing scheme: The government has received 70 applications for Rs 23,000-crore electronics component manufacturing scheme, and majority of applicants are small and medium enterprises, Union minister Ashwini Vaishnaw said. These applications have come within half a month of opening the window for the scheme "Electronics Component Manufacturing Scheme has received tremendous response. Within 15 days of opening the application, around 70 applications have come," Vaishnaw told PTI. The minister did not disclose the name of applicants. However, sources have earlier mentioned that Tata Electronics, Dixon Technologies, and Foxconn were among the big players that have shown interest in the scheme. Vaishnaw said that while some of the big players have applied, there has been huge interest in the scheme from small and medium players.

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REGULATION & DEVELOPMENT

Sebi mandates e-book mechanism for private debt securities above Rs 20 cr: Markets regulator Sebi has made the electronic book mechanism mandatory for all private placement debt issues of Rs 20 crore or above and expanded the platform's scope to include REITs and InvITs. The move, based on recommendations from a working group and public feedback, is aimed at enhancing the efficiency of the Electronic Book Provider (EBP) platform. Under the new framework, the use of the EBP platform is now mandatory for private placements of debt securities, non-convertible redeemable preference shares (NCRPS), and municipal bonds, where the issue size is Rs 20 crore or more, including single, shelf, and subsequent issues within a financial year, according to a Sebi circular. Earlier, the mechanism was mandatory for all private placements of debt securities with an issue size of Rs 50 crore or more. Sebi has extended products on the EBP platform to infrastructure investment trusts (InvITs) and real estate infrastructure trusts (REITs). Before that, there was no specific regulatory provision.

(Business Standard)

Sebi resolves 4,239 investor complaints via SCORES platform in April: Capital markets regulator Sebi disposed of 4,239 complaints through grievance redressal mechanism SCORES platform in April. The markets watchdog received 4,341 fresh complaints in the month and a total of 4,263 complaints remained unresolved at the end of April, slightly higher than the 4,161 complaints that were pending as of March 31, according to a public notice by the Securities and Exchange Board of India (Sebi). The regulator also highlighted that the average resolution time taken by the entities to submit the Action Taken Reports (ATR) in April was eight days, while the average time taken for complaints under First Level Review was four days, it added.

(Business Standard)



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FINANCIAL TERMINOLOGY

Collateralized Debt Obligation (CDO)

- ❖ Collateralized debt obligations (CDOs) represent a sophisticated financial product that has changed major aspects of the investing world. Born out of the need to spread risk and create new investment opportunities, CDOs have become a cornerstone of modern structured finance.
- ❖ A CDO is a complex financial product that pools various types of debt, such as mortgages, bonds, or loans, and repackages them into tranches sold to investors. Each tranche offers a different level of risk and return, with senior tranches being the least risky, allowing investors to choose the exposure that best fits their strategy.
- ❖ The creation of CDOs dates back to 1987 when Drexel Burnham Lambert first assembled portfolios of junk bonds into these structured products. Since then, CDOs have evolved to comprise a wide range of underlying assets, from corporate debt to credit card receivables. Understanding CDOs is crucial for grasping the interconnectedness of today's financial system.



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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 : 85.5665

INR / 1 GBP : 114.0299

INR / 1 EUR : 95.9554

INR /100 JPY: 58.9000

EQUITY MARKET

Sensex: 82330.59 (-200.15)

NIFTY: 25019.80 (-42.30)

Bnk NIFTY: 55354.90 (-0.70)

Courses conducted by BFSI Board

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- ❖ Certificate Course on Credit Management of Banks
- ❖ Certificate Course on Treasury and International Banking
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- ❖ Advance Certificate Course on FinTech

For details please visit
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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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