



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

20 August 2025



ECONOMY

Economic liberalisation, jobs, banking reforms top agenda as PM Modi meets economists, senior officials: Prime Minister Narendra Modi held a high-level consultation with leading economists and senior secretaries on August 18, where the agenda revolved around boosting growth, creating jobs, and enabling small businesses to scale up. According to people familiar with the discussions, experts recommended a fresh wave of liberalisation to attract investment and drive competitiveness. They urged the government to simplify regulations, reduce red tape for credible businesses, and strengthen banking reforms to ensure smoother credit flow.

(Business Today)

China assures India of sorting concerns on rare earth, fertilizer supplies: In a major relief for the Indian industry, China has promised to address India's key concerns related to supply of fertilisers, rare earths and tunnel boring machines, according to government sources. "Chinese Foreign Minister Wang Yi has assured External Affairs Minister S Jaishankar that China is addressing India's needs of fertilisers, rare earths and tunnel boring machines," a government official told. The important assurances from China to India, delivered in a meeting between Wang and Jaishankar on Monday, come at a time when both countries are facing challenges from the US on the trade and tariffs front. Wang also met Prime Minister Narendra Modi on Tuesday and handed over an invitation from President Xi Jinping for the SCO Summit being held in Tianjin, according to an MEA statement.

(Business Line)

Corporate bond issuances surge 86% to ₹2.9 lakh crore in Q1 FY26 as interest rates move lower: While there are concerns that bank credit growth is coming down, companies have been increasing their borrowing from the market. Corporate bond issuances increased 86 per cent in the first quarter of FY26, compared to the same quarter in FY25. A fall in interest rates and increasing demand for lower-rated bonds seem to be driving the trend. According to data collated from SEBI, total funds mobilised in the corporate bond market in Q1 FY26 stood at ₹2.9 lakh crore, much higher than the amount raised in Q1 FY25 of ₹1.58 lakh crore. The number of issues in the first quarter of this year stood at 547, registering 49.9 per cent growth over the same quarter last year. Corporate



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bond issuances have been increasing steadily over the last three years, with ₹7.6 lakh crore, ₹8.5 lakh crore and ₹9.94 lakh crore being raised in FY23, FY24 and FY25, respectively. The number of issuances ranged between 1,300 and 1,700 per annum.

(Business Line)

BANKING & FINANCE



Expansion plans & easing asset woes to lift CreditAccess: CreditAccess Grameen's stock has surged following the appointment of a new CEO and strategic initiatives. The company is addressing asset quality concerns through accelerated write-offs, expecting normalization by the December quarter. Expansion plans include opening 200 branches, with a focus on retail financing to drive future growth and profitability, anticipating improved credit growth in the fiscal year's second half.

(Economic Times)

Private banks told to step up Jan Suraksha, credit outreach play: The government is urging private sector banks to increase their involvement in key financial inclusion initiatives like Jan Suraksha and SLBCs. Concerns have been raised about the insufficient engagement of some private banks, hindering the effectiveness of these programs. The government is emphasizing the need for faster claim settlements and improved banking infrastructure in rural areas and the Northeast.

(Economic Times)

Housing finance companies struggle as mortgage rate war intensifies: Housing finance companies (HFCs) are facing significant pressure due to aggressive pricing of mortgage rates by public sector banks, with the rate war squeezing their margins. Despite reporting growth in loan disbursements, many HFCs are not seeing a proportional increase in their assets under management (AUM), largely because several borrowers are shifting their home loans to competitors.

(Economic Times)

Banks sanction Rs 62,791 cr to 2.75 lakh beneficiaries under Stand-Up India Scheme: Since its launch in April 2016, the Stand-Up India Scheme has facilitated Rs 62,791 crore in loans to 2,75,291 accounts, promoting entrepreneurship among SC/ST and women. Additionally, Rs 17,811.72 crore has been disbursed under the Modified Interest Subvention Scheme for short-term crop loans in 2024-25. The RBI regulates Peer-to-Peer lending to ensure fair practices and borrower protection.

(Economic Times)



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INDUSTRY OUTLOOK



RIL's rating could be upgraded over next 12 months, says S&P: Rating agency S&P said Reliance Industries Ltd (RIL) could be in line for a rating upgrade over the next 12 months, citing the company's growing presence in digital services as a driver of stronger earnings and a shield against volatile global macroeconomic conditions. S&P said earnings from the O2C segment are expected to remain resilient owing to RIL's complex processing facilities and strong domestic energy market presence. For fiscal 2025, the O2C EBITDA declined by only 12 percent compared with a 20-45 percent fall for other Asian refining and petrochemical companies. The segment is projected to see a modest 3-5 percent decline this fiscal year despite global volatility.

(Moneycontrol)

Online Gaming Bill: 2 lakh jobs, Rs 20,000 cr in GST at risk, industry warns: India's fast-growing online gaming sector is staring at a potential wipeout, with the government preparing to introduce the "Promotion & Regulation of Online Gaming Bill 2025" in Parliament. According to sources, the draft legislation seeks to prohibit all money-based online games, irrespective of whether they involve skill or chance. The bill proposes a ban on offering and advertising such games and disallows banks and financial institutions from processing any related transactions. The industry as a whole today employs more than 200,000 professionals in high-skill roles spanning engineering, product development, marketing, and operations. Over 400 start-ups have entered the space in recent years, drawing nearly Rs 25,000 crore in foreign direct investment. Analysts warn that a blanket ban will not only lead to mass job losses but could also shake investor confidence in India's wider digital economy.

(Business Today)

India removes 11% cotton import duty till September to boost domestic industry: The Government has removed the 11 per cent import duty on cotton till September 30 this year, a move that would help the domestic textiles industry in dealing with the US tariff issue. The Ministry of Finance has issued an extraordinary notification regarding the removal of import duty, which will take effect from August 19.

(Business Line)



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REGULATION & DEVELOPMENT

SEBI weighs tighter intraday limits on index options: The Securities and Exchange Board of India (SEBI) is considering tightening rules for monitoring intraday positions in index options, particularly for large traders and client firms to curb excessive trading or manipulation on expiry days. The issue was discussed with a secondary market panel on Tuesday to streamline the monitoring process of intraday limits and possibly introduce a penalty framework in case of breaches at higher thresholds, according to sources aware of the matter. Earlier this year, the regulator had proposed a higher intraday threshold of ₹10,000-crore for index derivatives, but decided against limits or penalties. Instead, both stock exchanges were directed to monitor intraday thresholds at the same thresholds as end-of-day for index options – ₹1,500 crore on a net delta or futures-equivalent basis and ₹10,000 crore on a gross basis.

(Business Line)

GST rate rejig to give ₹1.98 trillion consumption boost: SBI report: The proposed GST reforms through a two-tier tax structure and lower tax rates on household goods will lead to an estimated average revenue loss of Rs 85,000 crore a year, but will boost consumption by Rs 1.98 lakh crore, SBI Research Report said on Tuesday. The Centre has proposed a 'next-gen GST' under which the Goods and Services Tax (GST) will be a two-rate structure of 5 and 18 per cent based of classification of items as 'merit' and 'standard'. Also, a 40 per cent tax will be levied on 5-7 select goods, including demerit goods like pan masala and tobacco. SBI Research Report estimated that the effective weighted average GST rate has come down from 14.4 per cent at the time of inception to 11.6 per cent in September 2019. Given the current rationalisation of rates, we believe that effective weighted average GST rate may come down to 9.5 per cent. However, the consumption boost, which totals for a 0.6 per cent increase in GDP, would not stoke inflation as taxes on mass consumption items are going to go down in the proposed GST regime. Overall, we believe CPI (consumer price index) inflation may be moderated in the range of 20 to 25 basis points.

(Business Standard)



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FINANCIAL TERMINOLOGY

CONSUMER SURPLUS

- ❖ Consumer surplus is defined as the difference between the consumers' willingness to pay for a commodity and the actual price paid by them, or the equilibrium price.
- ❖ Total social surplus is composed of consumer surplus and producer surplus. It is a measure of consumer satisfaction in terms of utility.
- ❖ Graphically, it can be determined as the area below the demand curve (which represents the consumer's willingness to pay for a good at different prices) and above the price line. It reflects the benefit gained from the transaction based on the value the consumer places on the good. It is positive when what the consumer is willing to pay for the commodity is greater than the actual price.
- ❖ Consumer surplus is infinite when the demand curve is inelastic and zero in case of a perfectly elastic demand curve.



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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 : 87.1756

INR / 1 GBP : 117.6801

INR / 1 EUR : 101.6177

INR /100 JPY: 59.0400

EQUITY MARKET

Sensex: 81644.39 (+370.64)

NIFTY: 24980.65 (+103.70)

Bank NIFTY: 55865.15 (+130.25)

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- ❖ 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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