The Institute of Cost Accountants of India (ICMAI)
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DAILY NEWS DIGEST BY BFSI BOARD

21 August 2025

ECONOMY

India heavily dependent on China in over $30 billion worth of products: China's lifting of restrictions on rare earths, fertilisers and tunnel boring machines is expected to provide some relief to the Indian industry, but an analysis shows that New Delhi's dependence on Beijing extends far beyond these categories. India was heavily reliant on China for over $30 billion worth of imports in FY25, roughly a third of its total imports from the East Asian giant. Of the nearly 2,000 commodities worth more than $5 million that India sourced from China, there were 603 items where over two-thirds of India's imports came from China. In 416 categories alone, accounting for $25.2 billion of trade, China's share in India's imports has actually risen since pre-pandemic levels. Fertilisers, rare earth elements and tunnel-boring machinery parts are among the key products where dependence has deepened.

(Moneycontrol)

India's core sector growth eases to 2 percent in July weighed down by energy sector: India's core sector growth eased to 2 percent in July compared to 2.2 percent a month ago, as per official data released on August 20, with energy sector output contracting due to monsoon activity. The performance of the eight core industries - which carry a 40 percent weight in the Index of Industrial Production (IIP) - remained muted, with half of them contracting during July. Coal output contracted sharply by 12.3 percent, marking its steepest fall in five years, while crude oil production fell for a seventh consecutive month, down 1.4 percent. Natural gas output declined by 3.2 percent while petroleum refining contracted after a two-month expansion.

(Moneycontrol)

Russia will welcome Indian exports if they can't enter US markets, says Russian envoy: Russia would welcome Indian exports if they face difficulties in entering the US market, Roman Babushkin, chargé d'affaires of the Russian Embassy in India, said. Russian oil supplies to India are to continue despite the threat of sanctions, he added. "If Indian goods are facing difficulty in entering the US market, the Russian market would welcome Indian imports to the most extent possible. Don't worry about that," Babushkin said at a media briefing on Wednesday. Although bilateral trade between India and Russia increased to $68.7 billion in FY 2024-25, most of it is due to increased purchase of oil from Russia. India's exports in FY25 were at $4.88 billion and trade deficit was at a staggering $59 billion.

(Business Line)

BANKING & FINANCE

FinMin holds meeting with heads of state-owned banks; reviews Q1 financial performance: The finance ministry convened a meeting with public sector bank heads to assess their Q1 FY26 financial performance, revealing a collective record profit of Rs 44,218 crore, marking an 11% year-on-year increase. SBI contributed significantly, while IOB and Punjab & Sind Bank showed substantial profit growth. The ministry urged banks to boost lending to productive sectors. SBI logged a net profit of Rs 19,160 crore in Q1 FY26, 12 per cent higher than the same period of the previous fiscal. In terms of size and profits, the biggest lender in the nation still controls the public banking market. In percentage terms, Chennai-based Indian Overseas Bank reported the highest net profit growth of 76 per cent to Rs 1,111 crore, followed by Punjab & Sind Bank with a 48 per cent rise to Rs 269 crore.

(Economic Times)

Top microfinance companies speed up bad loan write-offs to balance books: Leading microfinance companies are making balance sheet cleansing a priority in a bid to show a healthier portfolio amid the uptrend in bad loans. Listed entities such as CreditAccess Grameen, Fusion Finance and Muthoot Microfin went for early bad loan write-offs in the June quarter, in continuation of the strategy adopted since December last year. CreditAccess Grameen, Fusion Finance, and Muthoot Microfin are among the companies adopting this strategy. Fusion Finance has even revised its write-off policy.

(Economic Times)

RBI's mpc minutes: Status quo in August hinged on tariffs, rate-cut outcome: Uncertainties over the impact of the United States' (US') tariffs on India, along with the ongoing transmission of past rate cuts, prompted the members of the Reserve Bank of India's Monetary Policy Committee (MPC) to maintain the status quo during the August meeting, the minutes showed. While some of the external members highlighted their concern over growth, the internal members cited the one-year headline inflation rate overshooting the 4 per cent target. All the six members of the MPC unanimously decided to keep the policy repo rate unchanged at 5.5 per cent while maintaining the "neutral" stance. "Uncertainty in external demand, driven by tariff and geopolitical uncertainty,

remains the major drag on growth as it also hinders private investment intentions, which is yet to show visible signs of improvement," said Sanjay Malhotra, governor, RBI, in the minutes.
(Business Standard)

IndusInd Bank takes decisive steps to address legacy issues of treasury: Chairman: IndusInd Bank has taken decisive measures to address the identified legacy issues in treasury and microfinance as part of its efforts to come out of the financial mess caused by past frauds, the bank's chairman Sunil Mehta has said. "Accountability is being taken, wherever required, and the board, along with the management team, remain fully aligned towards reinforcing a culture of trust, compliance and collective responsibility," he said in a note to customers. The bank, which faced a slew of issues stemming from alleged irregularities at the top management in recognising bad loans and trading reverses, had reported a consolidated net loss of Rs 2,329 crore for the March quarter of FY25.
(Economic Times)

RBI to conduct overnight VRR auction to infuse Rs 50,000 cr amid GST flows: RBI plans to conduct an overnight variable rate repo (VRR) auction to infuse Rs 50,000 crore into the banking system. Market participants said the move is aimed at easing liquidity tightness amid tax payments.m"They (RBI) want to avoid tightness amid GST outflows. Net liquidity in the banking system was in a surplus of Rs 2.98 trillion on Tuesday, according to the latest RBI data.
(Business Standard)

ICICI Bank raises CSR allocation to Rs 801 cr in FY25, up from Rs 519 cr: ICICI Bank has increased its allocation to corporate social responsibility (CSR) to Rs 801 crore in FY25 from Rs 519 crore in FY24, according to its ESG report for FY25. Through the ICICI Foundation for Inclusive Growth, the bank remained focused on initiatives that contributed positively to society. In collaboration with multiple partners, the bank supported programmes centred on healthcare, skill development, rural livelihoods and community development.
(Business Standard)

RBI moots revision in capital charge norms for counterparty credit risks: RBI has proposed to expand the ambit of capital charge applicable to banks for counterparty credit risks (CCR) to cover derivatives in equity, precious metals, except gold and other commodities. It has also specified the credit conversion factor to make capital provision for dealing with such derivatives. At present, norms about capital charge for CCR deal with interest rate contracts, exchange rate contracts and derivatives. The revision pertaining to CCR is proposed to largely align with the Basel Committee on Banking Supervision (BCBS) guidelines, reflecting the development and depth of the respective market segments. The norms were last revised in August 2008.
(Business Standard)

INDUSTRY OUTLOOK

Parliament approves Bill banning online money games: The Lok Sabha on Wednesday passed a bill that imposes a sweeping ban on online money games and regulates online social games and e-sports. Violations will entail sweeping penalties and imprisonment, not just for running and facilitating online money games, but advertising as well. ‘The Promotion and Regulation of Online Gaming Bill’ was passed without any debate within hours of its introduction. Explaining the rationale of the Bill, Electronics and IT Minister Ashwini Vaishnaw said: “Online money gaming has become a matter of concern as such platforms have led to addiction and have also been used for fraud and cheating.”
(Business Line)

The cost of free: UPI's exponential growth strains limits of subsidies: India’s most successful digital payments story, the Unified Payments Interface (UPI), is free for consumers but far from costless. As Reserve Bank of India (RBI) Governor Sanjay Malhotra recently reminded, someone is footing the bill, and for now, it is the government. That raises a pressing question: how long can subsidies sustain UPI’s explosive growth? The government wants transaction volumes to expand tenfold, but industry participants, including fintechs and banks, say the UPI ecosystem may be nearing a tipping point where technology and operational costs are difficult to absorb.
(Business Standard)

Indian retail sector to reach $1.93 trn by 2030: Deloitte-FICCI report: Anchored by a deep home market which can act as a buffer against global trade volatility, the Indian retail sector is projected to nearly double to $1.93 trillion by 2030 from $1.06 trillion in 2024, growing at a compound annual growth rate (CAGR) of 10 per cent, according to a Deloitte–FICCI report issued on Wednesday. “The rising purchasing power, including Gen Z’s direct spending capacity of $250 billion, is not only sustaining domestic demand, but also fuelling brand confidence to scale internationally. This convergence of domestic resilience and improved global market access positions India as both a consumption powerhouse and a formidable export base,” stated the report titled ‘Spotting India's PRIME Innovation Moment’.
(Business Standard)

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REGULATION & DEVELOPMENT

Centre proposes exempting life, health insurance policies for individuals from GST: The Centre favours exempting life and health insurance for individuals from Goods & Services Tax (GST), Deputy Chief Minister of Bihar and convenor of insurance GoM, Samrat Choudhary, has said. As on date, the rate of GST is 18 per cent. “The Centre’s proposal is that the individual insurance policies should be exempt from GST. This has been discussed and the GoM report will be presented to the Council,” Choudhary told reporters here after the meeting of the GoM. Now, the GoM will submit its report to the GST Council. The report will also include views and concerns expressed by some State finance ministers, he said.

(Business Line)

Govt to fast track reduction of compliance burden: DPIIT addl secy: After taking steps to decriminalise minor offences, the Centre is on ‘fast track’ mode to reduce or simplify compliance burden on the industry, as part of its push to further boost ease of doing business. “More importantly (other than) decriminalisation is the compliance burden, which also needs to go down. That is something, which we are moving on a fast track mode,” Department for Promotion of Industry and Internal Trade (DPIIT) additional secretary Himani Pande said on Tuesday at an event organised by industry lobby group FICCI. She also said that the government has already introduced Jan Vishwas (Amendment of Provisions) Bill, 2025 in the Lok Sabha. The Bill, prepared by the Department for Promotion of Industry and Internal Trade (DPIIT), has proposed amendments to 355 provisions under 16 central laws administered by 10 government departments and ministries. Of these, 288 provisions will be decriminalised to boost ease of doing business. Besides, 67 provisions will be amended to facilitate ease of living. The proposed law also intends to reduce the burden on the judicial system by focusing on civil penalties, instead of criminal prosecutions for minor or unintentional violations.

(Business Standard)

FINANCIAL TERMINOLOGY

KEY MONEY

- Key money is a fee paid to a manager, a landlord, or even a current tenant to secure a lease on a residential rental property. The term is sometimes used to refer to a security deposit. However, in some competitive rental markets, key money is simply a gratuity or a bribe.
- Charging key money may be legal in some cases for commercial real estate agreements as long as it is written into the lease for the property.

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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 : 87.0919
INR / 1 GBP : 117.5305
INR / 1 EUR : 101.3390
INR /100 JPY: 59.1100

EQUITY MARKET

Sensex: 81857.84 (+213.45)
NIFTY: 25050.55 (+69.90)
Bnk NIFTY: 55698.50 (-166.65)

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