

DAILY NEWS DIGEST BY BFSI BOARD

22 April 2025



ECONOMY

India imposes 12% safeguard duty on some steel products to curb cheap China imports:

India imposed a 12% safeguard duty on some steel products to stem unbridled imports, a government notification said on Monday. "The safeguard duty imposed under this notification shall be effective for a period of two hundred days (unless revoked, superseded or amended earlier) from the date of publication of this notification," the Ministry of Finance said. India's steel tariff increase is its first big trade policy move since U.S. President Donald Trump imposed a wide range of duties on countries in April. New Delhi's tariffs are primarily aimed at China, which was the second-biggest exporter of steel to India behind South Korea in 2024/25.

(Moneycontrol)

India's core sector growth recovers to 3.8% in Mar from five-month low of 3.4% in Feb:

India's core sector growth recovered to 3.8 percent in March from a five-month low of 3.4 percent in February, according to provisional data released by the government on Monday. "The YoY rise in the core sector inched up slightly to 3.8 percent in March 2025, led primarily by the higher growth in electricity generation amid rising temperatures. In disaggregated terms, the sequential trend was quite mixed, with fertilisers, coal, natural gas and refinery products reporting a moderation in their YoY growth in March 2025 relative to the previous month," said Aditi Nayar, chief economist, Icria. The eight core industries, which largely represent India's infrastructure sector and account for 40 percent weight in the index of industrial production, ended FY25 at a four-year low growth rate of 4.4 percent compared with 7.6 percent in the previous fiscal.

(Business Line)

Gold prices near ₹1 lakh for 10 grams in India as dollar index hits 3-year low: Gold prices soared to fresh high on Monday as the dollar index in the global markets plunged by 1.13 per cent to a three-year low of 98.10. The dollar index gauges the greenback's strength against a basket of six currencies. Since gold is a dollar-denominated metal, it becomes cheaper for institutional buyers and

hedgers to buy haven gold in other currencies. Gold prices are inversely proportional to the dollar index movement. Gold prices in India were near ₹ 1 lakh for 10 gm, including 3 per cent Goods and Service Tax , on the back of global developments. Pure gold prices gained two per cent or ₹1,760 per 10 grams on Monday at ₹96,670 against ₹94,910 on Thursday, according to the Indian Bullion Jewellers Association of India. With the addition of three per cent GST, domestic prices inched up to ₹99,570 per 10 grams in Mumbai.

(Business Line)

BANKING & FINANCE



RBI issues LCR norms, assign additional run-off rates of 2.5% on retail deposit: RBI on April 21 released the Liquidity Coverage Ratio (LCR) norms today and assigned additional run-off rates of 2.5 per cent to internet and mobile banking enabled retail and small business customer deposits. The final guidelines were released after the feedback the central bank received from the stakeholders and market participants. Also, the guidelines said that banks have to adjust the market value of Government Securities (Level 1 HQLA) with haircuts in line with margin requirements under the Liquidity Adjustment Facility (LAF) and Marginal Standing Facility (MSF), release said. In addition, the final guidelines also rationalise the composition of wholesale funding from ‘other legal entities’. Consequently, funding from non-financial entities like trusts (educational, charitable and religious), partnerships, LLPs, etc. shall attract a lower run-off rate of 40 per cent as against 100 per cent currently, RBI said. The revised guidelines will be applicable from April 1, 2026.

(Financial Express)

RBI’s new guidelines empower minors to open and operate bank accounts: “Catch depositors young” seems to be the message from the RBI to banks, based on its latest circular regarding the opening and operation of deposit accounts for minors. This circular, which states that minors of any age may be allowed to open and operate savings and term deposit accounts through their natural or legal guardian, comes in the context of deposit growth lagging behind credit growth in the banking system in recent years. Minors can also be allowed to open such accounts with their mother as the guardian. The central bank mentioned that minors aged 10 years and above may be permitted to open and operate savings/term deposit accounts independently if they wish, and these terms must be clearly conveyed to the account holder.

(Business Line)

Improve performance of education and housing loan: DFS secretary Nagaraju to banks:

Financial Services Secretary M Nagaraju has asked bankers to improve performance in terms of education and housing loans. Financial Services Secretary, while chairing a meeting with MDs & CEOs and senior officers of public sector banks (PSBs) on Saturday in Bhubaneswar, reviewed the progress of various social security schemes. Nagaraju advised banks to improve performance under education and housing loans, Department of Financial Services (DFS) said in a series of posts on X on Monday. He appreciated Odisha's State Level Bankers Committee (SLBC) performance under Social Security Schemes, Customer Service Point (CSP) Plus initiative and support of state government for implementation of various schemes, it said. The secretary also appreciated the rise in credit flow by banks in Odisha in recent years.

(Economic Times)

LIC hikes its stake in Bank of Baroda to 7.05%: Insurance behemoth LIC on Monday said it has increased its stake in state-owned Bank of Baroda (BoB) by nearly 2 per cent to 7.05 per cent. The life insurance company has acquired additional 10.45 crore shares from open market over a period of one-and-a-half year, LIC said in a regulatory filing.

(Economic Times)

INDUSTRY OUTLOOK



MF investments in Invits, Reits may continue to be low: Mutual fund managers are unlikely to aggressively invest in Real Estate Investment Trust (Reits) and Infrastructure Investment Trust (InvITs), despite the market regulator – the Securities and Exchange Board of India's – proposal to double the existing limit to 20%. The reason: Muted returns by these instruments. For example, in the past six months, the Nifty REITS and InvITs index have fallen by around 5%. The value of some of them have fallen up to 12%, with Powergrid InvIT, IRB InvIT Fund, and Nexus Select Trust falling the most. Only Mindspace Business Parks REIT and National Highways Infra have risen by around 2%. Even over a one year period, Nifty REITS and InvITs index has risen 3.95% against 8.44% rise in the benchmark 50-stock index.

(Financial Express)

Sensex, Nifty score biggest 5-session gain in over 4 years on global cues: The Indian equity benchmarks powered ahead on Monday, notching up their strongest five-day rally in four years. A mix of heavyweight buying, a softer US dollar, and easing crude oil prices helped bolster the sentiment on Dalal Street. Optimism from progress in trade talks with the US and expanded reciprocal tariff

exemptions further fuelled investor enthusiasm. The Sensex surged 855 points, or 1.1 per cent, to close at 79,409, while the Nifty 50 climbed 274 points, or 1.2 per cent, to 24,126 -- surpassing the 24,000 mark for the first time since early January. Over the past five sessions, the Sensex and the Nifty have jumped 7.5 per cent and 7.7 per cent respectively, clocking their best stretch since February 5, 2021.

(Business Standard)

Govt to release monthly unemployment data from May 15 for first time: The government will release the unemployment data every month starting from May 15, 2025, a senior government official said on Monday. The first set of data will include the figures from January, February and March 2025 and thereafter it will be released every month. “For the first three months, we will be releasing the data on May 15. This is the first time that we are doing it,” the official from the Ministry of Statistics and Programme Implementation said. Until now, the government shared urban unemployment data every three months, and combined rural and urban unemployment data once a year.

(Business Standard)



REGULATION & DEVELOPMENT

RBI's gold loan norms welcome, but NBFC-bank parity is essential: RBI has issued draft guidelines on gold loans and sought comments. Given the overall size and speed of growth of gold loans (76 per cent growth in the last year), the regulator paying attention to this segment is welcome. In this article, I argue that while the RBI's efforts to standardise loan terms and prevent evergreening are in the right direction, treating banks more favourably than non-banks is likely to be counterproductive.

(Business Standard)

Fresh formal hirings decline by 10% in February, shows EPFO data: The number of monthly fresh formal hirings declined for the third straight month in February, signalling further deterioration in the formal labour markets. The number of new monthly subscribers under the Employees' Provident Fund (EPF) decreased by nearly 10 per cent to 739,000 in February from 823,000 in January, according to the latest monthly payroll data released by the Employees' Provident Fund Organisation (EPFO) on Monday. The EPFO data is considered crucial as it reflects the state of the formal labour market and only the formal workforce enjoys social security benefits

and are protected by labour laws. In February last year, a total of 777,700 new subscribers had joined the EPF.

(Business Standard)

Govt defines 'proof of origin' for trade to boost ease of doing business: The government on Monday defined the 'proof of origin' for trade purposes to promote ease of doing business and prevent the possibility of misuse of trade pacts. To seek duty concessions, an importer has to furnish proof or a 'certificate of origin' of a product from the FTA (free trade agreement) partner. According to the circular of the Department of Revenue, proof of origin means a certificate or declaration issued in accordance with a trade agreement certifying that the goods fulfil the country of origin criteria. Certificate of origin is a key document required for exports to those countries with which India has trade agreements. An exporter has to submit the certificate at the landing port of the importing country. The document is important to claim duty concessions under free trade agreements. This certificate is essential to prove where the goods come from.

(Business Standard)



COLLATERALIZED DEBT OBLIGATION (CDO)

- ❖ A collateralized debt obligation (CDO) is a complex, structured financial product backed by a pool of loans and other assets. These underlying assets serve as collateral if the loan goes into default. The tranches of CDOs indicate the level of risk in the underlying loans, with senior tranches having the lowest risk.
- ❖ 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.
- ❖ To create a CDO, investment banks gather cash flow-generating assets—such as mortgages, bonds, and other types of debt—and repackage them into discrete classes or tranches based on the level of credit risk the investor assumes.



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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 : 85.1622
INR / 1 GBP : 113.9465
INR / 1 EUR : 98.0268
INR /100 JPY: 60.4800

EQUITY MARKET

Sensex: 79408.50 (+855.30)
NIFTY: 24125.55 (+273.90)
Bnk NIFTY: 55304.50 (+1014.30)

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