

DAILY NEWS DIGEST BY BFSI BOARD

25 October 2025



ECONOMY

US inflation data comes in soft, building case for more Fed cuts: A delayed snapshot of inflation in September came in softer than expected, potentially offering a path for the Federal Reserve to cut interest rates beyond next week's meeting. The core consumer price index, excluding the often volatile food and energy categories, increased 0.2% from August, according to Bureau of Labor Statistics data out Friday. That was the slowest pace in three months and restrained by the smallest increase in a key measure of housing costs since early 2021. In the absence of other official reports during the government shutdown, the highly anticipated reading is a welcome surprise, particularly for several policymakers who are leery of cutting rates further. While the central bank was already widely expected to lower borrowing costs at next week's meeting, investors are betting the report will help convince officials that they can do so again in December, especially if they don't get another CPI report next month.

(Moneycontrol)

Overseas direct investments declined sharply in July and August: With rising global uncertainty, overseas direct investment (ODI) by Indian companies declined in the September quarter on a year-on-year (y-o-y) basis. ODI commitments for the July-September 2025 period dipped 13 per cent in the quarter and stood at \$10.03 billion, compared to \$11.54 billion in the same quarter last year, according to RBI data. Further, data from the Department of Economic Affairs showed that actual ODI flows have been softening from July 2025 onwards as the tariff tensions began. The ODI outflow in June 2025 was \$2.39 billion, \$2 billion in July, and \$1 billion in August. The corresponding flows for last year were \$1 billion, \$2.5 billion and \$1.95 billion.

However, actual outward FDI during April-August 2025 increased to \$10.2 billion from \$7.8 billion in the same period last year.

(Business Line)

Share of gold in forex reserves doubles since 2022: The share of gold in India's total foreign exchange reserves more than doubled to 13.6% in September this year from early 2022 levels, as global gold prices touched record highs. Geopolitical uncertainty has driven gold prices due to its safe-haven status and the ability to remain a reliable store of value. Conversely, the share of foreign currency assets in the country's total foreign exchange reserves fell from 89.9% to 83.1%, the lowest ever. India's forex reserves touched \$702 billion in the week ending October 17 after falling to \$694 billion in August this year. India's forex reserves was at an all-time high of \$705 billion in September last year.

(Financial Express)

BANKING & FINANCE



Merger buzz: PSBs yet to hear from govt, focused on diluting stakes to meet norm: State-owned lenders have not yet received any communication from the government regarding the next round of public sector bank (PSB) consolidation, five senior bankers aware of the matter told Moneycontrol. This comes amid renewed market speculation about possible mergers among large state-owned lenders. The bankers said that while consolidation remains a long-term policy objective, no formal discussions or directions have been initiated so far. "There has been no communication from the finance ministry on any merger proposal. For now, the focus remains on strengthening balance sheets," one of the bankers said. Instead, most PSBs are currently prioritising efforts to bring down the government's shareholding to comply with the minimum public shareholding (MPS) norms.

(Moneycontrol)

JPMorgan to allow Bitcoin and Ether as collateral in crypto push: JPMorgan Chase & Co. plans to allow institutional clients to use their holdings of Bitcoin and

Ether as collateral for loans by the end of the year in a significant deepening of Wall Street's crypto integration. The program, offered globally, will rely on a third-party custodian to safeguard the pledged tokens, according to people familiar with the matter. It builds on JPMorgan's earlier move to accept crypto-linked ETFs as collateral.

(Business Line)

Blackstone to buy minority stake in Federal Bank for ₹6,197 cr: The Federal Bank board on Friday approved a preferential issue of an aggregate of up to about 27.29 crore convertible warrants aggregating ₹6,196.51 crore to an affiliate of Blackstone, marking the alternative assets firm's maiden investment in the Indian banking sector. It will hold a 9.99 per cent stake on exercise of the warrants. With this, Kochi-based Federal Bank joins the list of other banks such as IDFC First Bank, Yes Bank and RBL Bank that have attracted the attention of foreign investors.

(Business Line)

RBI proposes new infrastructure risk weights for NBFCs: RBI on Friday introduced targeted amendments to its scale-based regulation framework for NBFCs, proposing a refined approach to risk weights for infrastructure exposure. The 2025 amendments revise the risk weight structure with loans to high-quality infrastructure projects where the obligor who has repaid at least 10% of the sanctioned amount will attract a reduced risk weight of 50%. If the repayment is between 5% and 10%, the risk weight increases to 75%. Projects that fail to meet these standards will be subject to higher risk weights under other categories, ensuring a risk-sensitive and performance-linked regulatory approach, according to a circular by the central bank. Under the new amendment, infrastructure projects are classified as high-quality infrastructure projects that has completed at least one year of satisfactory operations post-commercial launch is classified as a standard asset, and revenue dependence on a central government or public sector entity with contractual certainty of payments. These amendments are set to take effect from April 1, 2026, or earlier if adopted in full by an NBFC. RBI has invited feedback on the draft guidelines by November 21.

(Financial Express)

RBI proposes 70% cap on financing for acquisitions: RBI on Friday issued the draft circular on acquisition financing that proposes to allow banks to finance as much as 70% of the acquisition value, provided the rest 30% comes from acquirer.

“Acquisition financing be extended by banks to Indian corporates for acquitting equity stakes in domestic or foreign companies as strategic investment... by the core objective of creating long-term value... rather than restructuring for short-term gains,” the draft circular said. The regulator asked banks to put in place a policy on acquisition finance, which defines the overall limit under the ‘direct capital market exposures’, eligibility of borrowers, security, margin, risk management and monitoring norms, among others. It also said that the aggregate exposure of a bank towards acquisition financing shall not exceed 10% of Tier-1 capital. It also said that the acquirer should be a listed firm with a record of satisfactory net worth and profits for the past three years.

(Business Line)

Plagiarism allegations erupt between RBI and SBI economists on LinkedIn:

Tensions have surfaced between the Reserve Bank of India and the State Bank of India as an RBI economist claims their research has been lifted in recent SBI reports. The controversy revolves around accusations of plagiarism, particularly in SBI's Ecowrap, which allegedly mirrors RBI's Monetary Policy documents.

(Economic Times)

RBI raises ceiling, value for loans taken against shares and debt MFs: The Reserve Bank of India is proposing significant changes to lending against securities. Individuals can now borrow up to Rs 1 crore against shares and debt mutual funds. The loan to value ratio for loans against shares will increase to 60 percent, and for debt mutual funds to 75 percent. LTV for loan against shares is proposed to be increased to 60% from 50%, while LTV for debt mutual funds is proposed to be increased to 75% from 50%. However, if ratings for any of the securities are downgraded below investment grade, the bank will have to change the securities in question. The amount of loan that can be granted to individuals against these securities is capped at Rs 1 crore, while a loan up to Rs 25 lakh per individual will be granted for the acquisition of securities in secondary markets.

(Economic Times)

SBI and Bank of Baroda to launch Indian digital payment intelligence corporation to combat fraud: India's largest banks, SBI and Bank of Baroda, are spearheading a new digital payments intelligence platform. This initiative aims to detect and prevent fraudulent transactions across all banks in real time. All 12 state-run banks will hold

equity in the proposed entity, named Indian Digital Payment Intelligence Corporation. This move strengthens risk management amid rising bank frauds.

(Economic Times)

INDUSTRY OUTLOOK



Deepinder Goyal launches \$25 million fund for human ageing research: Zomato founder and CEO Deepinder Goyal has announced the launch of a \$25 million fund to support global research into human ageing through his initiative, Continue. Continue began as a research initiative two years ago, with a focus on exploring the human body as a system with potential leverage points that could influence how humans age. According to Goyal, the team has been investigating a key insight into human aging that has remained "hiding in plain sight" for centuries. The research is in its final stages and Goyal indicated that more details will be revealed in the coming weeks.

(Business Today)

India's private sector growth eases to five-month low in October, PMI shows: Growth in India's private sector eased to a five-month low in October as weaker demand and rising output prices weighed on business optimism, a survey showed on Friday. HSBC's flash India Composite Purchasing Managers' Index (PMI), compiled by S&P Global, fell to 59.9 this month from a final reading of 61.0 in September and below a Reuters poll median forecast of 61.2. Despite slipping to the lowest since May, growth remained robust and well above the 50-mark separating expansion from contraction. The overall index - a seasonally adjusted index measuring the month-on-month change in the combined output of India's manufacturing and service sectors - was mainly dragged down by a slowdown in services growth even as manufacturing activity recovered from a four-month low in September.

(Business Line)

Govt targets raising female share in labour force to 35% by 2030: Often facing flak for the low participation of women in the labour force despite decent economic growth, the government has set a target to increase the female labour force participation rate (F-LFPR) to 35% by 2030. As of September this year, the rate, across the country, was 26.2% for women of all ages, measured in the current weekly status (CWS) mode. LFPR is defined as the percentage of persons in the labour force, either working, seeking or available for work, in the population. In the CWS, the activity status is determined based on the seven days prior to the survey date. In the draft National Labour & Employment Policy Shram Shakti Niti 2025 released recently, the government has proposed enhancing the F-LFPR through measures such as safer workplaces, affordable childcare, flexible and remote work arrangements, and equal pay for equal work.

(Financial Express)



REGULATION & DEVELOPMENT

SEBI bars mutual funds from investing in Pre-IPO placements: The Securities and Exchange Board of India (SEBI) has barred mutual fund schemes from participating in pre-IPO placements of equity shares and related instruments, allowing them to invest only in the Anchor Investor portion or the public issue of an Initial Public Offering (IPO). In a letter to the industry body Association of Mutual Funds in India (AMFI), SEBI cited Clause 11 of the Seventh Schedule of the SEBI (Mutual Funds) Regulations, 1996, which mandates that all investments by mutual fund schemes in equity shares and equity-related instruments must be made only in securities that are listed or to be listed.

(Moneycontrol)

World Bank sanctions \$280 million to boost Kerala's health coverage for elderly: The World Bank's Board of Executive Directors has approved a new programme to improve the life expectancy and quality of life for 1.1 crore elderly and vulnerable people in Kerala through wider access to health coverage and resilient health systems.

The \$280-million Kerala Health System Improvement Programme will build a more comprehensive health system resistant to climate shocks. It will also strengthen the State's digital health systems through expanded e-health services, integrated data platforms, and enhanced cyber security. The \$280 million loan from the International Bank of Reconstruction and Development has a final maturity of 25 years with a grace period of five years.

(Business Line)

Equity exposure for government staff raised to 75% under NPS and UPS: To enhance flexibility in retirement planning, the Centre has allowed Life Cycle 75 (LC 75) and Balanced Life Cycle (BLC) options for central government employees under the market-linked National Pension System (NPS) and the guaranteed Unified Pension Scheme (UPS) under the default option. The move raises the equity exposure limit to 75% from the earlier 50%. In LC 75, the maximum equity allocation will be 75%, which will gradually taper from age 35 to 55. In LC 50, the maximum equity allocation will be 50%, tapering gradually over the same age range. Other default investment options include Scheme G, where the entire corpus is invested in government securities to ensure low-risk, fixed returns. Under LC 25, the maximum equity allocation is 25%, tapering gradually from age 35 to 55. In LC-50, the maximum equity allocation is 50%, tapering gradually from age 35 to 55.

(Financial Express)



LABOUR FORCE PARTICIPATION RATE (LFPR)

- LFPR is defined as the percentage of persons in the labour force, either working, seeking or available for work, in the population. In the current weekly status (CWS), the activity status is determined based on the seven days prior to the survey date.
- LFPR is calculated by dividing the number of people in the labor force (employed or unemployed and available for work) by the total working-age population, and then multiplying by 100.
- In India, PLFS, launched in 2017, used to publish quarterly statistics for urban areas only, following CWS, and, on an annual basis, for both urban and rural areas in the usual status as well as the CWS, until it was revamped in January 2025.



RBI KEY RATES

Repo Rate: 5.50%
SDF: 5.25%
MSF & Bank Rate: 5.75%
CRR: 3.50%
SLR: 18.00%
Fixed Reverse Repo: 3.35%

FOREX (FBIL 1.30 PM)

INR / 1 USD : 87.7058
INR / 1 GBP : 116.8498
INR / 1 EUR : 101.7890
INR /100 JPY: 57.3300

EQUITY MARKET

Sensex: 84211.88 (-344.52)
NIFTY: 25795.15 (-96.25)
Bnk NIFTY: 57699.60 (-378.45)

Courses conducted by BFSI Board

- ❖ **Certificate Course on Concurrent Audit of Banks**
- ❖ **Certificate Course on Credit Management of Banks**
- ❖ **Certificate Course on Treasury and International Banking**
- ❖ **Certificate Course on Investment Management**
- ❖ **Certificate Course on General Insurance.**
- ❖ **Advance Certificate Course on FinTech**

For details please visit
BFSIB portal of the ICMAI

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
The Institute of Cost Accountants of India (ICMAI)**

Disclaimer: Information published in the Daily News Digest are taken from publicly available sources and believed to be accurate. BFSI Board of ICMAI takes no responsibility for the accuracy and reliability of information published in the Daily News Digest. No part of this Daily News Digest may be reproduced, stored in a retrieval system, or transmitted in any form or by any means - electronic, mechanical, photocopying, recording, or otherwise without the permission of BFSIB of ICMAI. For Restricted Circulation only. A Compilation of News in this regard from Secondary Sources.