The Institute of Cost Accountants of India (ICMAI)

(Statutory body under an Act of Parliament)

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DAILY NEWS DIGEST BY BFSI BOARD

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ECONOMY

A notable uptick: FPI inflows so far in May are the highest in 8 months: May has seen a notable uptick in foreign portfolio investor (FPI) flows into India — the strongest in eight months — despite the ongoing volatility and global uncertainty. So far this month, FPIs have been net buyers to the tune of ₹14,256 crore — the highest monthly inflows since September 2024. This rebound has been driven by factors including the India-Pakistan ceasefire, optimism around a potential US trade deal, and a surge in block deals. The weakening of the US dollar against global currencies has also enhanced the appeal of emerging markets (EMs).
(Business Standard)

India urges ethical AI, stronger cultural property laws at BRICS forum: India on Monday called upon BRICS to lead not just geopolitically, but also civilisationally, forging a "cultural ecosystem" that celebrates diversity, deepens humanity and anchors progress in shared values. Union Minister Gajendra Singh Shekhawat, in his address at the BRICS Culture Ministers' Meeting in Brazil, also called for "stronger legal frameworks" to combat illicit trafficking of cultural property, and advocated "ethical AI" that respects cultural diversity. The ministerial-level dialogue culminated in the "adoption of a Joint Declaration outlining four strategic cultural priorities," the Indian Ministry of Culture said in a late-night statement. These four priorities are -- "Culture, Creative Economy, and Artificial Intelligence (AI); Culture, Climate Change, and the Post-2030 Development Agenda; Return and Safeguarding of Cultural Property; and BRICS Cultural Festivals and Alliances", it said.
(Business Standard)

RBI's wider risk buffer range aimed at flexibility in times of uncertainty: The central bank's revised economic capital framework (ECF) is intended to give the regulator greater flexibility to smooth surplus transfers to the government in a way that does not impact its (the government's) fiscal maths in a given year, according to experts. The framework expanded the range of the contingency risk buffer (CRB) to 4.5-7.5 per cent. The Reserve Bank of India's (RBI's) central board

last week approved a record ₹2.69 trillion surplus transfer to the government for 2024-25 even after maintaining the CRB at 7.5 per cent — the upper end of the revised range it approved.
(Business Standard)

BANKING & FINANCE

MFI portfolio continues to de-grow, asset quality remains challenging: Report: Microloans portfolio for all lenders de-grew by 14 per cent year-on-year to Rs 3.81 lakh crore at the end of the March quarter, a report said on Monday. Asset quality continued to remain challenging, even though loans unpaid for up to 30 days showed some improvement quarter-on-quarter, the report by Crif High Mark, a credit information company, said. The threat of ordinances led lenders to contract faster in Tamil Nadu and Karnataka, which showed a 7 per cent decline in gross lending portfolio quarter-on-quarter, while West Bengal showed a 1.5 per cent increase.
(Economic Times)

MFI portfolio continues to de-grow, asset quality remains challenging: Report: Microloans portfolio for all lenders de-grew by 14 per cent year-on-year to Rs 3.81 lakh crore at the end of the March quarter, a report said on Monday. Asset quality continued to remain challenging, even though loans unpaid for up to 30 days showed some improvement quarter-on-quarter, the report by Crif High Mark, a credit information company, said. It can be noted that the last year has been a difficult one for the microfinance industry, serving people at the bottom of the pyramid with smaller and livelihood-centric loans. Asset quality has worsened, and over-leverage and multiple lending relationships of borrowers have been called out as the key reasons for it.
(Economic Times)

Govt's grip on state-run banks cuts RBI's risk: The Reserve Bank of India has said that the government's ownership of public sector banks (PSBs) makes it easier to manage risk, reducing the central bank's exposure to potential losses. In a recent report on its economic capital framework, the RBI said this ownership justifies lower capital buffers for these lenders when it comes to providing emergency liquidity assistance (ELA). The central bank said that government-owned banks are seen as safer, as the government acts like a parent company with deep financial resources. "The present review proposes to account for the inherent strength due to sovereign ownership in case of PSBs, while assessing the recovery rates," the report stated. This strength makes public banks less risky for the RBI to support and reduces the capital the central bank needs to hold against such risks.
(Economic Times)

FinMin asks sponsor banks to draft 5-year growth plan for RRBs: After state-wise amalgamation of regional rural banks (RRBs) under the "One State One RRB" policy, the finance ministry has directed the sponsor banks to complete the information technology (IT) integration of all the 28 RRBs by September 30, according to a senior government official. The finance ministry has also asked the sponsor banks of RRBs to submit action plans for expansion of branches and business of RRBs in the next five years, the government official said on the condition of anonymity.
(Business Standard)

INDUSTRY OUTLOOK

Revenue-share model 2.0: Levy USO-like fee on OTTs, telcos tell DoT: The revenue-sharing tussle between telecom operators and over-the-top (OTT) apps has taken a fresh turn. Now, telcos want the government to play a role in getting data-guzzling OTTs — which they refer to as large traffic generators (LTGs) — to pay a charge for using the telecom networks to offer their services to consumers. Telecom service providers, including Reliance Jio, Bharti Airtel and Vodafone Idea, have collectively proposed to the Department of Telecommunications (DoT) that a levy be imposed on such OTTs' income generated from India.
(Business Standard)

Skill ministry proposes 36% hike in stipend for apprentices under NAPS: In a move to curb dropout rates among apprentices, the ministry of skills development and entrepreneurship (MSDE) has proposed a 36 per cent increase in stipend under the National Apprenticeship Promotion Scheme (NAPS) and the National Apprenticeship Training Scheme (NATS). Besides, it also recommended linking the stipend to the consumer price index, thus leading to bi-annual revision in stipend rates. The proposals were recommended at the 38th meeting of the Central Apprenticeship Council (CAC) under the aegis of Jayant Chaudhary, minister of state (independent charge), MSDE on Monday.The proposals will now be sent to the union cabinet for approval.
(Business Standard)

Sebi imposes ₹25 lakh penalty on MCX for disclosure lapses on payments: The Securities and Exchange Board of India (Sebi) has imposed a penalty of ₹25 lakh on the Multi Commodity Exchange (MCX) for alleged lapses in disclosures regarding quarterly payments to 63 moons for extending the Commodity Derivative Platform (CDP) before the shift to the platform developed by Tata Consultancy Services (TCS). While the market regulator had dropped several other allegations stated in the show-cause notice issued in October 2023 against the exchange and its management, Sebi has confirmed the violations of disclosure norms. MCX paid ₹222 crore for three quarters

between October 2022 and June 2023 to 63 moons for continuing services after the end date of the agreement, while the TCS platform was not ready. Sebi noted that these payments were not disclosed by MCX to the public in press releases or notes to the quarterly financial results, resulting in delayed disclosures.
(Business Standard)

Govt restores Rodtep export benefits for SEZs, EOUs starting June 1: The government on Monday restored benefits under the Remission of Duties and Taxes on Exported Products (Rodtep) scheme for exports of goods manufactured in special economic zones (SEZs) and export-oriented units (EOUs), starting June 1 this year. The commerce ministry had announced the withdrawal of Rodtep benefits for such units starting February 6 this year. Under the Rodtep scheme, various central and state duties, taxes, and levies imposed on input products, among others, are refunded to exporters to boost India's exports. The scheme ensures zero-rating of exports, making them competitive. "The support under the Rodtep scheme for exports of products manufactured from advance authorisations, SEZs, and EOUs is restored with effect from June 1, 2025," the Directorate General of Foreign Trade said in a notification.
(Business Standard)

REGULATION & DEVELOPMENT

F&O expiry: SEBI directs exchanges to choose Tuesday or Thursday; bourses to apply by June 15: Market regulator Securities and Exchange Board of India (SEBI) has directed exchanges to apply afresh for equity derivatives expiry days in a final circular issued on Monday. Currently NSE has F&O expiry on Thursday and BSE has its F&O expiry on Tuesday. Every exchange will continue to be allowed one weekly benchmark index options contract on their chosen day -- either Tuesday or Thursday. Also, besides benchmark index options, all the other equity derivatives contracts expiry will be in the last week of every month on their chosen day i.e. Tuesday or last Thursday of the month. SEBI in a consultation paper issued on March 27 had proposed fixed days of expiry. It had cited the need for spacing in expiry and also asked exchanges to wait till the final circular is out. The regulator has also asked exchanges to seek prior approval before modifying the expiry days. Moreover, SEBI has directed exchanges to submit their proposal to it for the selection of expiry days by June 15 of 2025.
(Moneycontrol)

Govt launches Bharat Forecast System, world's first weather model to offer 6-km resolution: India has become the first country globally to develop a forecasting system — named the Bharat Forecast System (BFS) — that can predict weather with greater accuracy and detail. In

common parlance, it is down to the village level. The system has improved the prediction skill by up to 67 per cent. Indigenously developed by the Indian Institute of Tropical Meteorology (IITM), Pune, the BFS was handed over to the India Meteorological Department (IMD) on Monday by Union Earth Sciences Minister Jitendra Singh for operational use. The system had been under experimental testing since 2022, and data generated from it helped improve the accuracy of weather forecasts by 30–67 per cent, depending on the event, such as monsoon, nowcast (forecasts for the next two hours), extreme rainfall events, or cyclones. The IMD will now use this system to provide latest weather forecasts and alerts to farmers with more precision.
(Business Line)

NITI Aayog bats for working capital support for medium companies: In an effort to transform medium enterprises into global businesses, the NITI Aayog on Monday recommended working capital support of up to ₹25 crore at concessional interest rates, credit card with pre-approved limit of up to ₹5 crore, and a slew of technology as well as skilling measures. The government has been working on a roadmap for tailor-made policies for medium companies. This comes as the Centre feels that the needs of these enterprises often get ignored as they are clubbed into the same category as micro, small, and medium enterprises (MSMEs). "A dedicated financing scheme under the Ministry of MSME is proposed allowing medium enterprises to apply for loan at concessional rates at their local retail banks and receive fast track decisions/loan up to a certain percentage of revenue depending upon the sector of the unit i.e. manufacturing or services capped at ₹25 crore with a maximum of ₹5 crore per request can be availed," said NITI Aayog in its report 'Designing a Policy for Medium Enterprises.'
(Business Standard)

FINANCIAL TERMINOLOGY

Just-in-Time (JIT)

- The just-in-time (JIT) inventory system is a management strategy that aligns raw-material orders from suppliers directly with production schedules. Companies employ this inventory strategy to increase efficiency and decrease waste by receiving goods only as they need them for the production process, which reduces inventory costs. This method requires producers to forecast demand accurately.
- The just-in-time (JIT) inventory system minimizes inventory and increases efficiency. JIT production systems cut inventory costs because manufacturers receive materials and parts as needed for production and do not have to pay storage costs. Manufacturers are also not left with unwanted inventory if an order is canceled or not fulfilled.

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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 : 84.9004
INR / 1 GBP : 115.3683
INR / 1 EUR : 96.9093
INR /100 JPY: 59.5200

EQUITY MARKET

Sensex: 82176.45 (+455.37)
NIFTY: 25001.15 (+148.00)
Bnk NIFTY: 55572.00 (+173.75)

Courses conducted by BFSI Board

- Certificate Course on Concurrent Audit of Banks
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- Certificate Course on Investment Management
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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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