

DAILY NEWS DIGEST BY BFSI BOARD

03 April 2025



ECONOMY

‘India is outpacing world’: Sam Altman lauds AI adoption in India: OpenAi founder Sam Altman on Wednesday appreciated India’s AI adoption and said that India is outpacing the world. “What’s happening with AI adoption in India right now is amazing to watch. we love to see the explosion of creativity--India is outpacing the world,” Altman posted on X. Recently, a Deloitte report revealed that India is emerging as a global leader in Agentic AI adoption, with over 80 per cent of businesses actively exploring the development of autonomous agents. Autonomous agents are AI systems that can act independently to achieve specific goals without constant human guidance. The increasing interest reflects a significant shift in how Indian organizations are leveraging AI for innovation and efficiency.

(Moneycontrol)

India braces for Trump tariffs: Five sectors feared to suffer the most: Indian markets remain on the edge ahead of Donald Trump’s tariff bombshell, that may rattle the key sectors, such as pharmaceuticals, apparel, electronics, agriculture and machinery. Despite US being a significant trading partner of India, Trump has termed the latter as a “tariff king” and “tariff abuser”. Recently, the White House said India imposes a 100 per cent tariff on American agricultural products. It said the high tariffs imposed by other countries made it "virtually impossible" for US products to be imported into those nations. It also criticized New Delhi's trade policies, such as the "Make in India" initiative, agricultural tariffs, and limitations on dairy imports. Notably, from 2021-22 to 2023-24, the US was the largest trading partner of India, accounting for about 18% of India’s total good exports, 6.22% in imports, and 10.73% in bilateral trade.

(Moneycontrol)

Manufacturing PMI at 8-month high, rises to 58.1 in March: Manufacturing activities closed the fiscal year 2024-25 on a sound note as the Purchasing Managers’ Index (PMI) surged to an 8-month high of 58.1 in March, S&P Global reported on Wednesday. Manufacturing accounts for 17 per

cent of India's GDP (Gross Domestic Product) and is considered the biggest job multiplier. "Although international orders slightly slowed, overall demand momentum remained robust, and the new orders index recorded an eight-month high of 61.5. Strong demand prompted firms to tap into their inventories, causing the fastest drop in finished goods stocks in over three years," Pranjul Bhandari, Chief India Economist at HSBC, said. The index is prepared based on responses from purchasing executives of 400 companies. An index above 50 means expansion, while below 50 signals contraction.

(Business Line)

Trump imposes 26% reciprocal tariff on Indian exports: US President Donald Trump has announced "discounted" reciprocal tariffs of 26 per cent on India which could affect exports from several sectors, such as textiles, chemicals, gems & jewellery, machinery, electronics, auto parts, and electricals. However, reciprocal tariffs announced on some of India's competitors, such as China, Vietnam, Bangladesh, Indonesia, and Cambodia, are higher, which could give an edge to Indian exporters against suppliers from these countries. Trump's 'Liberation Day' tariff announcement, made from the White House Rose Garden on Wednesday evening (early Thursday morning in India), also included confirmation of a 25 per cent levy on vehicles not assembled in the US, effective April 3, and a baseline tariff of 10 per cent on all exports from all countries. Other countries on which the US imposed substantial reciprocal tariffs include China at 34 %, the EU at 20 %, Vietnam at 46 %, Taiwan at 32 %, Japan at 24 %, Cambodia at 49 %, Bangladesh at 37 %, Indonesia at 32 %, Malaysia at 24 % and South Africa at 30 %.

(Business Line)

BANKING & FINANCE



Deposit growth lags credit in March quarter: Deposit growth of banks continued to trail credit growth in the March quarter, according to the provisional numbers submitted to exchanges. South Indian Bank, Central Bank of India, Punjab & Sind Bank on Tuesday reported year-on-year deposit growth ranging between 5.5-8.7%, while their credit grew at a faster clip of around 10-16%. All three banks also reported a fall in the share of CASA ratio (current account, savings account) in the total liabilities. This is in line with industry where the low-cost CASA deposits have grown slower compared to fixed deposits. But Punjab National Bank's domestic deposit and credit grew at around 13% on year.

(Economic Times)

Poonam Gupta, former World Bank economist, appointed as RBI's deputy governor:

The Reserve Bank of India on Wednesday appointed Poonam Gupta, formerly a World Bank economist, as deputy governor, ahead of its bi-monthly monetary policy committee meeting due to be held between April 7-9, 2025. She will hold the position for a period of three years. Gupta currently serves as the Director General of the National Council of Applied Economic Research (NCAER). She is also a member of the Economic Advisory Council to the Prime Minister and acts as the Convener for the Advisory Council to the 16th Finance Commission.

(Economic Times)

IDFC FIRST Bank authorised by CPAO for pension disbursement:

IDFC FIRST Bank on Wednesday said it has been authorised by Central Pension Accounting Office (CPAO) to disburse pensions on its behalf. This allows the bank to disburse pensions to central government pensioners including, All India Service Officers, former Members of Parliament, retired Judges of High Courts and Supreme Court, former Presidents and Vice Presidents of India, and officials of Civil Ministries and Departments (other than Railways, Posts, Telecom and Defence), the lender said.

(Economic Times)

RBI's Rs 80,000 cr OMO push drags 10-year government bond yield under 6.5%:

Government bond yields tumbled on Wednesday, a day after the Reserve Bank of India announced ₹80,000 crore in Open Market Operation (OMO) purchase auctions, signalling a proactive stance to ease financial conditions ahead of the April monetary policy review. The yield on the 10-year benchmark government bond fell 10 basis points on the first trading day of the new financial year to settle at 6.48 per cent — the lowest in three years. The benchmark yield had already softened 15 basis points in March.

(Business Standard)

INDUSTRY OUTLOOK



RIL enters e-sports biz; signs JV with Denmark-based BLAST:

Reliance-backed Rise Worldwide on Wednesday said that it had formed a joint venture (JV) with a subsidiary of Denmark-based BLAST, to enter the domestic e-sports market. The move is significant, since India's esports market is projected to touch \$9.2 billion by 2029 from \$3.8 billion now, growing at 19% per annum. India already has about 18% (600 million) of the world's total gamer base, which is projected to double in the next few years. "With this JV, Reliance will extend its interest in sports into e-sports and

leverage Rise's ability to market and promote sporting events and teams, along with Jio providing its distribution and technology expertise," said Devang Bhimjyani, head of Reliance Sports.

(Financial Express)

India's rising export dependence on US raises risk from Trump's tariffs: India's growing dependence on the US for exports puts its merchandise shipments more at risk to reciprocal tariffs announced by President Donald Trump. The US' share in India's merchandise exports has risen from 10.1 per cent in 2010-11 to 19.3 per cent during April-February FY25. In contrast, the share of the US in India's total exports had continuously declined from 21.7 per cent in 1998-99 to 10.1 per cent in 2010-11, shows India's department of commerce data. The US is India's largest merchandise export destination with shipments growing at 9.1 per cent to \$76.4 billion during April-February FY25.

(Business Standard)

NPCI expands AI use to enhance customer safety in digital transactions: The National Payments Corporation of India (NPCI) is leveraging Artificial Intelligence in a "big way" to enhance customer security in digital transactions, amid a surge in UPI usage. NPCI is conducting a pilot study in collaboration with public and private sector banks to integrate Artificial Intelligence (AI) and Machine Learning for strengthening customer safety, NPCI Chief Risk Officer Viswanath Krishnamurthy said.

(Business Standard)



REGULATION & DEVELOPMENT

Secretary, Department of Financial Services chairs meeting on revamping of Central KYC Records and KYC related issues: Shri. M. Nagaraju, Secretary, DFS chaired a meeting to discuss the revamp of the Central KYC Records Registry (CKYCR) and key issues related to KYC compliance with the objective of making life of citizen comfortable while availing Financial Services. The meeting included senior officials from concerned Ministries/Departments, regulators, financial institutions, and other stakeholders. In the meeting, Shri. Nagaraju emphasized the need for the modernization of the CKYCR and streamlining of KYC process. Key issues & challenges concerning individuals and regulated entities, measures so far taken by the Government and Financial Sector Regulators and proposed measures for further enhancing efficiency, reducing redundancy and improving security relating to KYC process across financial sectors were discussed at length.

(PiB)

Centre cuts Naxal-hit districts to 18, halts funds for four states: Bihar, West Bengal, Kerala, and Uttar Pradesh have been removed from the Naxal-affected states list, ending their SRE support from the Centre. The government has reduced the number of districts facing Left wing extremism from 38 to 18, following a review by the Ministry of Home Affairs. The CPI (Maoist) was formed in 2004 with the merger of People's War (PW), then operating in Andhra Pradesh, and the Maoist Communist Centre of India (MCCI) that had its presence in Bihar and adjoining areas.

(Economic Times)

Sebi allows advisers, analysts to charge advance fees for up to a year: Capital markets regulator Sebi on Wednesday allowed investment advisers and research analysts to charge advance fees for up to one year. Under the existing rules, investment advisers (IAs) can charge fees in advance for up to two quarters if agreed upon by the client, while for research analysts (RAs), it was only for a quarter. "If agreed by the client, IAs and RAs may charge fees in advance, however, such advance shall not exceed fees for a period of one year," the Securities and Exchange Board of India (Sebi) said in its circular.

(Business Standard)



FINANCIAL TERMINOLOGY

VELOCITY OF MONEY

- ❖ The velocity of money is the rate at which money is exchanged in an economy. It is commonly measured by the number of times that a unit of currency moves from one entity to another within a given period of time. Simply put, it's the rate at which consumers and businesses in an economy collectively spend money.
- ❖ The velocity of money is usually measured as a ratio of gross domestic product (GDP) to a country's M1 or M2 money supply. The word velocity is used here to reference the speed at which money changes hands.
- ❖ The velocity of money is important for measuring the rate at which money in circulation is being used for purchasing goods and services. It is used to help economists and investors gauge the health and vitality of an economy. High money velocity is usually associated with a healthy, expanding economy. Low money velocity is usually associated with recessions and contractions.



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THE INSTITUTE OF
COST ACCOUNTANTS OF INDIA
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www.icmai.in

Telephones: +91-33- 2252-1031/1034/1035
+ 91-33-2252-1602/1492/1619
+ 91-33- 2252-7143/7373/2204
Fax :+91-33-2252-7993
+91-33-2252-1026
+91-33-2252-1723

RBI KEY RATES

Repo Rate: 6.25%
SDF: 6.00%
MSF & Bank Rate: 6.50%
CRR: 4.00%
SLR: 18.00%
Fixed Reverse Repo: 3.35%

FOREX (FBIL 1.30 PM)

INR / 1 USD : 85.6024
INR / 1 GBP : 110.5584
INR / 1 EUR : 92.3901
INR /100 JPY: 57.0900

EQUITY MARKET

Sensex: 76617.44 (+592.93)
NIFTY: 23332.35 (+166.65)
Bnk NIFTY: 51348.05 (+520.55)

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