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+ 91-33- 2252-7143/7373/2204
Fax :+91-33-2252-7993
+91-33-2252-1026
+91-33-2252-1723

DAILY NEWS DIGEST BY BFSI BOARD

07 April 2025

ECONOMY

India unlikely to retaliate against Trump's tariffs as deal talks progress, sources say: India does not plan to retaliate against U.S. President Donald Trump's 26% tariff on imports from the Asian nation, an Indian government official said, citing ongoing talks for a deal between the countries. Prime Minister Narendra Modi's administration has looked into a clause of Trump's tariff order that offers a possible reprieve for trading partners who "take significant steps to remedy non-reciprocal trade arrangements", said the official, who declined to be named as the details of the talks are confidential. New Delhi sees an advantage in being one of the first nations to have started talks over a trade deal with Washington, and is better placed than Asian peers like China, Vietnam, and Indonesia, which have been hit by higher U.S. tariffs, a second government official said, also declining to be named.

(Moneycontrol)

New CPI series likely to include rentals paid by rural households: The new Consumer Price Index (CPI) series, set to be unveiled in February 2026, will likely include rural rental prices in its 'housing' segment, which is absent in the current series, two officials from the ministry of statistics and programme implementation (MoSPI) toldAccording to the officials, the new CPI series will incorporate weights of items based on the 2022-23 Household Consumption Expenditure Survey (HCES). And the survey shows that the share of 'rent' in rural households' monthly per capita consumption expenditure (MPCE) rose to 0.8% from 0.4% (in 2011-12)..

(Moneycontrol)

MPC may cut repo rate by 25 bps to offset US tariff fallout: The RBI's six-member Monetary Policy Committee (MPC) is expected to go for a 25-basis-point repo rate cut in its upcoming meeting to shield the domestic economy from the fallout of the US' reciprocal tariffs on global trade and the expected slowdown this may trigger in the world economy. The domestic macroeconomic setting, in terms of recent retail inflation and GDP growth figures, is also favourable for further deepening the

rate cut cycle, which began with a 25-basis-point cut in the repo rate from 6.50 per cent to 6.25 per cent in February 2025.
(Business Line)

BANKING & FINANCE

Women own 39.2% of bank accounts in India: Govt report: Women own 39.2 per cent of bank accounts in the country and the proportion is even higher at 42.2 per cent in rural areas, according to a government report. The Statistics and Programme Implementation Ministry (MoSPI) released the 26th edition of its publication titled "Women and Men in India 2024: Selected Indicators and Data" on Sunday. The publication offers a comprehensive overview of the gender landscape in India, presenting selected indicators and data across key areas like population, education, health, economic participation, and decision-making, all sourced from various Ministries/ Departments/Organizations. A MOSPI statement said that the report highlights that women own 39.2 per cent of all bank accounts and contribute to 39.7 per cent of total deposits.
(Economic Times)

NPAs with kisan credit cards decline across banking channels: Non-performing assets (NPAs) among Kisan credit card (KCC) accounts across various banking sectors havs seen a consistent decline over the last few years, indicating a deepening of the credit culture and increased credit discipline in the agriculture sector, according to an official note. Referring to data from RBI and Nabard, the agriculture ministry has stated that NPAs under KCCs accounts for the commercial banks have declined from 15.1% in FY22 to 14.16% by December 31, 2024. Correspondingly, NPAs in the KCC accounts of regional rural banks and cooperative banks have declined from 9.5% and 6.9% in FY22 to 7.1% and 6.5% respectively by FY24, it stated.
(Financial Express)

Finance Ministry to implement 'One State-One RRB' soon to achieve better efficiency: The finance ministry will soon implement the 'One State-One RRB' plan to achieve operational efficiency and cost rationalisation and consolidation of 43 regional rural banks (RRBs) to 28. Most of the work related to the issue of consolidation have been completed and the fourth round would happen soon, according to sources.As per the roadmap prepared by the finance ministry, 15 RRBs operating in various states would be merged. Among states that will see consolidation of RRBs include Andhra Pradesh, which has the maximum number of RRBs (4), Uttar Pradesh and West

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Bengal (3 each), and Bihar, Gujarat, Jammu & Kashmir, Karnataka, Madhya Pradesh, Maharashtra, Odisha and Rajasthan (2 each).In the case of Telangana, sources said, the issue related with bifurcation of assets and liabilities of Andhra Pradesh Grameena Vikas Bank (APGVB) between APGVB and Telangana Grameena Bank have concluded.

(Financial Express)

INDUSTRY OUTLOOK

Securitisation volumes see a slump sequentially in Q4FY25, says ICRA: Securitisation – sale of loans to investors – by lenders, including banks and non-banking financial companies (NBFCs), crossed ₹50,000 crore during the fourth quarter ended March 2025 (Q4F25). This is a tad higher than ₹48,000 crore during the same period of FY24. However, sequentially, securitisation volumes declined substantially from about ₹69,000 crore each in the second and third quarters of FY25, according to rating agency ICRA. The sequential decline reflected part of an improvement in liquidity conditions.

(Business Standard)

Karnataka, Chile sign letter of intent to strengthen innovation, tech ties: In a significant step towards fostering international collaboration in science, technology, and innovation, the Karnataka government on Saturday announced that it has signed a Letter of Intent (LoI) with the Government of Chile during the Innovation Summit held in Bengaluru. The summit was organised as part of the official visit of H E Gabriel Boric, President of Chile, and his accompanying high-level delegation to India. According to an official statement, the LoI aims to establish a framework for mutual cooperation between Karnataka and Chile in key areas, including emerging technologies, startups, research and development, knowledge exchange, and skill development.

(Business Standard)

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REGULATION & DEVELOPMENT

Internal panel to review all regulations, says Sebi chief: Securities and Exchange Board of India (Sebi) chairman Tuhin Kanta Pandey will set up an internal panel to review current regulations and weed out those that have lost relevance. The exercise would be similar to the one carried out by the Income Tax department while drafting the Direct Tax Code, 2025. Terming it as an organisational mission, Pandey said he would accelerate the process within the next three months. While the exercise will be done internally, Sebi would consult sector experts to refine the process. “Optimum regulation is the key”, Pandey said. He also believes that there should be an impact analysis of current regulations. “This is a relatively new area. We also need to figure out who can do the regulatory impact assessment and how”, he said.
(Financial Express)

Corporate affairs ministry proposes changes to fast-track mergers: The Union corporate affairs ministry has proposed amendments to rules in relation to fast-track mergers as part of larger efforts to improve the ease of doing business. Section 233 of the Companies Act, 2013, provides for mergers or amalgamation of certain companies (fast-track mergers) through approval of the central government. The ministry has delegated the powers to regional directors in this regard. The ministry has sought public comments till May 5 on the proposed amendments in the rules to widen the scope of fast-track mergers under the Act, according to a release on Saturday. In her Union Budget speech on February 1, Finance Minister Nirmala Sitharaman had said the government would rationalise the requirements and procedures for speedy approval for mergers of companies and the scope for fast-track mergers would be widened.
(Business Standard)

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FINANCIAL TERMINOLOGY

LEVERAGE RATIO

- Basel III's leverage ratio is defined as the "capital measure" (the numerator) divided by the "exposure measure" (the denominator) and is expressed as a percentage.
- A bank's leverage ratio is calculated by dividing its Tier 1 capital by its total leverage ratio exposure measure, which includes its assets and off-balance-sheet items, irrespective of how risky they are.
- BASEL III introduced leverage ratio to serve as a safety net. Leverage ratio is the relative amount of capital to total assets (not risk-weighted).
- Basel III established a 3% minimum requirement for the Tier 1 leverage ratio, while it left open the possibility of increasing that threshold for certain systematically important financial institutions. As per RBI guidelines the minimum Leverage Ratio shall be 4% for Domestic Systemically Important Banks (DSIBs) and 3.5% for other banks in India.

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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 : 85.2281
INR / 1 GBP : 111.5295
INR / 1 EUR : 94.3401
INR /100 JPY: 58.4100

EQUITY MARKET

Sensex: 75364.69 (-930.67)
NIFTY: 22904.45 (-345.65)
Bnk NIFTY: 51502.70 (-94.65)

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- 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)

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