

DAILY NEWS DIGEST BY BFSI BOARD

08 April 2025



ECONOMY

Sensex, Nifty crash: Investors lose Rs 13 lakh crore as indices post worst fall in 10 months: Indian benchmark indices slipped for the third straight session today as recession fears spooked global markets hit by US imposing fresh tariffs on its trading partners on April 2. Investor sentiment was hit after China announced retaliatory tariffs on US goods, raising concerns over a possible escalation into a broader trade war. Sensex ended 2226.79 pts lower at 73,137 and Nifty tumbled 743 pts to 22,161. Investor wealth slipped by Rs 13.58 lakh crore to Rs 389.76 lakh crore today against Rs 403.34 lakh crore in the previous session. All Sensex stocks except HUL ended in the red.

(Business Today)

Trump issues ultimatum to China: Withdraw retaliatory tariffs or face 50% more: US President Donald Trump on Monday threatened China with huge additional tariffs if it did not withdraw its retaliation plans, adding Washington would begin negotiations with other countries if they wish. "If China does not withdraw its 34 percent increase above their already long term trading abuses by tomorrow, April 8th, 2025, the United States will impose ADDITIONAL Tariffs on China of 50 percent, effective April 9th," Trump said in a Truth Social post. He added that "all talks with China concerning their requested meetings with us will be terminated." But "negotiations with other countries, which have also requested meetings, will begin taking place immediately," Trump wrote on his Truth Social platform.

(Moneycontrol)

India's exports to US may fall \$5.76 billion in 2025 due to Trump tariffs: GTRI: India's exports to the US could fall by an estimated \$5.76 billion in 2025 to \$84 billion owing to the reciprocal tariffs announced on April 2 by US President Donald Trump, per a report by research body GTRI. It would translate into a 6.45 per cent decline compared to India's exports to the US valued at \$89.81 billion in 2024 (US data). Items that could witness a significant decline in exports to the US

include fish and crustaceans (20.2 per cent), iron or steel articles (18 per cent), diamonds, gold, and related products (15.3 per cent), vehicle and parts exports (12.1 per cent), electrical, telecom and electronic products (12 per cent), the report noted.

(Business Line)

BANKING & FINANCE



HDFC Bank reduces ,MCLR by 10 basis points across tenures: HDFC Bank has reduced marginal cost of fund-based lending rates by 10 basis points across tenures effective Monday. Bank's MCLR now stands in the 9.10-9.35% range. One-year MCLR, which is often used for pricing corporate loans, has come down to 9.30% from 9.40%, which indicates that the bank's cost of fund has come down in the last two months -since the time RBI announced first policy rate cut in five years.

(Economic Times)

PSU banks rejig deposit rates amidst improving liquidity: Public sector banks have adjusted their special deposit schemes in the new fiscal, replacing them with a lower rate. Some banks have though chosen to extend their special schemes for a month or a quarter, even as banking liquidity has improved in 2025. On Monday, Bank of Baroda (BoB) introduced a new square drive deposit scheme for 444 days offering 7.15% interest replacing the BoB Utsav scheme which was offering 7.30% for 400 days deposits, while State Bank of India (SBI) has withdrawn its Amrit Kalash scheme which was offering 7.10% for a 400 day deposit. Though, India's largest lender has continued its Amrit Vrishti scheme which offers an interest rate of 7.10% on a 400-day deposit. Indian Bank and IDBI Bank have both extended their special deposit schemes till June and April end respectively as banks relook at the liability costs amid improvement in banking liquidity and after Reserve Bank of India (RBI) cut its benchmark repo rate for the first time since the 2020 Covid pandemic.

(Economic Times)

Q4 result preview: Banks' net profit likely fell 4% on NIM pressure: Net profit of 19 listed banks is likely to decline by 4 per cent year-on-year (Y-o-Y) for the quarter ended March (Q4FY25) mainly due to pressure on net interest margins (NIM) as a result of rate cut by the Reserve Bank of India (RBI), according to analysts' estimates. Additionally, loan growth is expected to further slowdown amid low demand in certain secured products, stress in the unsecured segment, and a high cost to deposit (CD) ratio across the system. However, banks are set to gain from softening of bond yields, boosting treasury income for Q4FY25.

(Business Standard)

Govt announces 'One State, One RRB' implementation from May 1, 2025: The Union government on Monday released a gazetted notification announcing the amalgamation of several Regional Rural Banks (RRBs), effective from May 1, 2025. In line with the powers granted under Section 23A(1) of the Regional Rural Banks Act, 1976, the notification stipulates that these RRBs will merge into a single entity, inheriting their respective properties, powers, rights, obligations, and duties. The notification details the amalgamation of several banks across different states, with the aim of creating larger, more robust regional institutions. In Andhra Pradesh, Chaitanya Godavari Grameena Bank, Andhra Pragathi Grameena Bank, Saptagiri Grameena Bank, and Andhra Pradesh Grameena Vikas Bank will merge to form the Andhra Pradesh Grameena Bank, with its head office in Amravati and sponsored by Union Bank of India. In Bihar, Dakshin Bihar Gramin Bank and Uttar Bihar Gramin Bank will be combined into Bihar Gramin Bank, headquartered in Patna, sponsored by Punjab National Bank.

(Business Standard)

Five-day banking week unlikely to roll out in FY26: Finance ministry: The Union finance ministry has indicated that the proposed policy of a five-day banking week will not be implemented in 2025-26 (FY26), citing potential disruptions to banking operations, according to sources. A senior government official said: "While discussions with the Indian Banking Association (IBA) are ongoing, the five-day banking initiative is unlikely to come into effect this year." The official added that such a change could negatively impact banking services, particularly on Saturdays, which is a critical day for many customers to complete their banking transactions.

(Business Standard)

INDUSTRY OUTLOOK



6.4% hit to Indian exports seen from reciprocal tariffs: The impact of reciprocal tariff on India's exports to the US in 2025 will be mild and only select products will be at a disadvantage in the emerging situation, according to report by trade policy think tank Global Trade Research Initiative (GTRI) According to SU data India exported goods and services worth \$ 86.81 billion to the US in 2024 and in the current year (2025), it will drop \$ 5.79 billion or 6.41 % as a result of the new trade measures, the report said. Exports of fish and crustaceans may fall by 20.2%, iron or steel articles by 18.0%, and diamonds, gold, and related products by 15.3%. Vehicle and parts exports are projected to drop by 12.1%, while electrical, telecom, and electronic products may decline by 12.0%.

(Financial Express)

NCLAT dismisses IDBI Bank's plea for insolvency against Zee Entertainment: The National Company Law Appellate Tribunal (NCLAT) on Monday dismissed the plea of IDBI Bank which sought to initiate insolvency proceedings against Zee Entertainment. A two-member NCLAT bench upheld the order passed by the Mumbai bench of the National Company Law Tribunal (NCLT), which had earlier rejected the private lender's plea to initiate insolvency proceedings against Zee Entertainment Enterprises Ltd (ZEEL). However, the appellate tribunal granted liberty to IDBI Bank to move a fresh plea for default outside of the period mentioned in section 10A of the Insolvency & Bankruptcy Code. Section 10A mandates that no application for initiation of the corporate insolvency resolution process (CIRP) can be filed against any debtor by any financial and operational creditor for any default arising on or after March 25, 2020, for a period of one year.

(Economic Times)

Indian firms in FDI-ban sectors can issue bonus shares to existing NRIs: The government on Monday clarified that any Indian company engaged in a sector where foreign direct investment (FDI) is prohibited can issue bonus shares to its pre-existing non-resident shareholders. However, after the issue of bonus shares, the shareholding pattern of the pre-existing non-resident shareholder would remain the same, according to a government notification. The move is set to give the much-needed clarity to companies in the tobacco sector that have been seeking clarity regarding the issuance of bonus shares, experts said.

(Business Standard)



REGULATION & DEVELOPMENT

FinMin to fix targets under PMMY scheme for FY26 this month: The finance ministry is likely to fix the target under the Pradhan Mantri Mudra Yojana for FY26 in the coming weeks and is expected to keep it around the same level of last fiscal at about Rs 5 lakh crore – Rs 6 lakh crore. About 5 crore loans are expected to be sanctioned. Launched on April 8, 2015, the flagship scheme aims to provide collateral-free institutional credit of up to Rs 20 lakh to micro and small businesses through Member Lending Institutions (MLIs). The Pradhan Mantri Mudra Yojana (PMMY) scheme, which has now completed a decade, has sanctioned over 52.37 crore loans amounting to Rs. 33.65 lakh crore.

(Business Today)

LPG cylinders to cost ₹50 more for Ujjwala, general category customers from tomorrow: The price of domestic liquefied petroleum gas (LPG) will increase by Rs 50 per cylinder, Union Oil Minister Hardeep Singh Puri announced on April 7. After the hike, a cylinder will cost Rs 550 as against Rs 500, and for non-Ujjwala prices will now cost Rs 853 per cylinder under Pradhan Mantri Ujjwala Yojana, the Union minister said. “For PMUY beneficiaries, the price will rise from Rs 500 to Rs 550 per cylinder. For other consumers, it will increase from Rs 803 to Rs 853,” Puri said. Puri also said that the government will review LPG prices in India once every fortnight. Under the Pradhan Mantri Ujjwala Yojana (PMUY), the government seeks to supply clean cooking fuel, mainly LPG, to women belonging to Below Poverty Line (BPL) families in rural areas of India. The government has also hiked excise duty on petrol and diesel by Rs 2 per litre on April 7 and clarified that the retail prices won't be affected.

(Business Today)



REVERSE TRIANGULAR MERGER

- ❖ A reverse triangular merger is the formation of a new company that occurs when an acquiring company creates a subsidiary, the subsidiary purchases the target company, and the subsidiary is then absorbed by the target company.
- ❖ A reverse triangular merger is more easily accomplished than a direct merger because the subsidiary has only one shareholder, the acquiring company and the acquiring company may obtain control of the target's nontransferable assets and contracts.
- ❖ At least 50% of the payment in a reverse triangular merger is the stock of the acquirer, and the acquirer gains all assets and liabilities of the seller.



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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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