H.Q: CMA Bhawan, 3, Institutional Area, Lodhi Road, New Delhi – 110 003
Kolkata Office: CMA Bhawan, 12 Sudder Street, Kolkata – 700 016

# DAILY NEWS DIGEST BY BFSI BOARD

***02 February 2026***

## ECONOMY

**Budget 2026 at a glance: 10 key moves that could shape India's economy:** Finance Minister Nirmala Sitharaman on Saturday presented her ninth Union Budget in Parliament, outlining a mix of fiscal restraint, infrastructure push and targeted sectoral incentives as the government seeks to balance growth with stability amid global economic uncertainty and trade tensions.

**Fiscal deficit target trimmed**: The government pegged the fiscal deficit for FY27 at 4.3 per cent of GDP, marginally lower than the 4.4 percent target for the current year.

**Debt-to-GDP glide path reaffirmed**: India's debt-to-GDP ratio is projected to fall to 55.6 per cent in FY27 from 56.1 per cent, with the Centre reiterating its medium-term goal of bringing the ratio close to 50 per cent by FY31.

**Record capital expenditure outlay**: Capital expenditure is set to cross Rs 12.2 lakh crore for the first time, aimed at sustaining infrastructure creation and crowding in private investment. An Infrastructure Risk Guarantee Fund will also be created to provide partial credit guarantees to lenders.

**Tax holiday for global cloud players:** A landmark tax holiday till 2047 was proposed for foreign companies providing global cloud services using data centres located in India, a move designed to position the country as a major AI and data infrastructure hub while ensuring Indian reseller participation.

**Major MSME and SME support package**: The Budget announced a Rs 10,000 crore SME Growth Fund to create "SME champions" and a Rs 2,000 crore top-up to the Self-Reliant India Fund. Mandatory use of the TReDS platform for CPSE payments to

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MSMEs and a new cadre of "Corporate Mitras" aim to ease liquidity and compliance challenges.

**Higher securities transaction tax on derivatives**: To curb excessive speculation in futures and options, the securities transaction tax on futures was raised from 0.02 per cent to 0.05 per cent, while the levy on option premiums and exercise was also increased.

**Buybacks to be taxed as capital gains**: Share buybacks will now be taxed in the hands of shareholders as capital gains, with promoters facing an additional buyback tax, tightening rules around corporate cash returns.

**Rare earth corridors in four states**: Dedicated rare earth corridors will be developed in Odisha, Kerala, Andhra Pradesh and Tamil Nadu to strengthen domestic mining, processing and manufacturing of critical minerals and reduce import dependence.

**High-speed rail and freight corridor push:** Seven new high-speed rail corridors connecting major economic centres were announced alongside a new dedicated freight corridor from Dankuni to Surat to promote faster, greener passenger and cargo movement.

**TCS on overseas education & medical remittances cut to 2%**: The Tax Collected at Source (TCS) under the Liberalised Remittance Scheme (LRS) for education and medical purposes has been reduced from 5% to 2%.
***(Moneycontrol)***

**Finance Commission suggests 3% borrowing cap for states, flags risks from off-budget loans:** The Finance Commission has recommended that States' fiscal deficits remain capped at 3 percent of GSDP during the award period 2026–27 to 2030–31, while discouraging the use of off-budget borrowings, warning that such practices could weaken their financial stability in the future. "States should completely discontinue the practice of incurring off-budget borrowings and bring all such borrowings onto their budgets. If, for any reason, off-budget borrowings are undertaken, there should be a framework for their regular annual reporting, preferably as part of the budget," the 16th Finance Commission said in its report. It also recommended that the CAG include disclosures on off-budget borrowings in State Finance Accounts.
***(Moneycontrol)***

**Karnataka is biggest gainer, Madhya Pradesh biggest loser under 16th Finance Commission formula:** Karnataka is set to emerge as the biggest beneficiary of the Sixteenth Finance Commission's (16FC) horizontal devolution formula, while Madhya Pradesh is poised to take the largest hit, as the panel sharpens its focus on economic efficiency alongside equity. Under the new formula, Karnataka's share in the Centre's tax devolution has been raised to 4.13 percent for 2026–31, up from 3.65 percent under the Fifteenth Finance Commission. In absolute terms, this translates into an additional Rs 7,387 crore, taking Karnataka's allocation to Rs 63,050 crore, compared with Rs 55,663 crore Karnataka would have received under the previous formula. An important driver behind the shift is the introduction of a 10 percent weight for "contribution to GDP" in the devolution formula—a criterion aimed at rewarding states with stronger economic performance.
***(Moneycontrol)***

## BANKING & FINANCE


**STT on F&O hiked to curb excessive speculation, address systemic risk: Revenue Secretary:** Revenue Secretary Arvind Shrivastava on February 1 clarified that the only change to Securities Transaction Tax (STT) rates in the Union Budget is for the futures and options segment, with all other STT rates remaining unchanged. Explaining the rationale behind the move, he said the government increased STT on futures and options to address rising systemic risk in the derivatives market, emphasising that it did not want to encourage excessive speculation. In the Budget presented on Sunday, the finance minister raised the STT on futures contracts to 0.05 percent from 0.02 percent and on options to 0.15 percent from 0.10 percent, a sharp increase aimed at curbing speculative trading in the derivatives market.
***(Moneycontrol)***

**High-level panel to review bank ownership and consolidation for Viksit Bharat:** A high-level committee on banking for Viksit Bharat is expected to examine bank ownership structures, seeking to build fewer but bigger lenders with sufficient balance sheet arsenal to power India's entry into the elite league of developed nations that offer robust and reliable infrastructure, high per capita incomes and quality of life, and a financing ecosystem capable of undergirding long-gestation projects. Besides the likely consolidation of smaller government banks, the panel is also likely to review the longstanding issue of aligning voting rights with ownership stakes in private sector banks. That's also expected to quicken the pace of consolidation.

***(Economic Times)***

**Govt borrowing challenge passed on to RBI:** Finance Minister Nirmala Sitharaman's "futuristic" Budget proposes a high-level banking committee for "Viksit Bharat". It will review a sector with strong balance sheets, improved asset quality and presence in over 98 per cent of India's villages, and recommend how to support the next phase of growth while safeguarding financial stability, inclusion and consumer protection. In the financial sector, the stated theme is consumer protection. Both the finance ministry and the Reserve Bank of India (RBI) have been sensitising the sector. Beyond this, the committee will probably chart a second round of consolidation in public-sector banking (PSB). In 2017, State Bank of India (SBI) merged five associate banks and Bharatiya Mahila Bank into itself. By 2020, mergers among PSBs cut their number from 27 to 12. Most PSBs gained scale through this. A further round could create even larger PSBs and reduce the count again.

***(Business Standard)***

**UPI transactions soar to record at Rs 28.33 lakh crore in January:** Unified Payments Interface transactions hit a new high in January. Indians made 21.7 billion UPI payments. The total value of these transactions reached Rs 28.33 lakh crore. This shows a significant increase from the previous month. The growth in UPI usage continues to be strong. This digital payment system is rapidly expanding its reach across the nation.

***(Economic Times)***

# INDUSTRY OUTLOOK

**Tax holiday for GIFT City businesses doubled to 20 years:** The Budget has extended the tax holiday for corporates in International Financial Services Centre to 20 years from 10 years. The provisions of Section 147 provides for deduction of 100 per cent on certain incomes to the units of IFSC and Offshore Business Units (OBC). This is available for 10 consecutive years out of 15 years for units in IFSC and 10 consecutive years for OBUs. To increase the competitiveness of IFSC, the Budget has proposed to increase the period of deduction to 20 consecutive years out of 25 years for units in IFSC and 20 consecutive years for OBUs. It also proposed that the business income of these units from IFSC after the expiry of period of deduction will be taxed at rate of 15 per cent, it said. These amendments will take effect from April 1.
***(Business Line)***

**Centre proposes TreDS to be settlement platform for MSME purchases by CPSEs:** With Trade Receivables Discounting System (TReDS) platforms helping micro, small and medium enterprises (MSMEs) receive ₹7 lakh crore in funds, Union Finance Minister Nirmala Sitharaman today proposed mandating TReDS as the transaction settlement platform for all purchases made from MSMEs by central public sector enterprises (CPSEs). “To leverage its (TreDS) full potential, I propose...to mandate TReDS as the transaction settlement platform for all purchases from MSMEs by CPSEs, serving as a benchmark for other corporates,” Sitharaman said presenting the Union Budget for FY27. The finance minister also introduced a credit guarantee support mechanism through CGTMSE for invoice discounting on TReDS platforms. She also proposed linking government e-marketplace with TReDS for sharing information with financiers about government purchases from MSMEs, encouraging cheaper and quicker financing.
***(Business Line)***

**Tariff rate on all dutiable goods imported for personal use to be reduced from 20 per cent to 10 per cent:** The Union Budget proposes to reduce the tariff rate on all dutiable goods imported for personal use from 20 per cent to 10 per cent to rationalize the customs duty structure. To provide relief to patients, particularly those suffering from cancer, the Budget proposes to exempt basic customs duty on 17 drugs or medicines. The Budget also proposes to add 7 more rare diseases for the purposes of exempting import duties on personal imports of drugs, medicines and Food for Special Medical Purposes (FSMP) used in their treatment.
***(PiB)***


# REGULATION & DEVELOPMENT

**SGB tax change: secondary market buyers lose capital gains exemption from April:** The Budget has clarified that the capital gains tax exemption on sovereign gold bonds will not apply to investors who purchase them in the secondary market and hold them to maturity. The shift means only original subscribers who hold their SGBs to maturity will get the full tax exemption, while all second-hand buyers will lose it from April 1. There are 46 outstanding sovereign gold bonds traded on the stock exchanges and their maturing starts from December 2026 to December 2031.
***(Business Line)***

**Government eyes Rs 3.16 lakh crore dividend in 2026-27:** For 2026-27, the government has projected dividends of 3.16 lakh crore from the Reserve Bank of India (RBI) and public sector banks, 4% higher than the revised estimate of3.06 lakh crore in FY26. Of this, the RBI had contributed 2.68 lakh crore in FY26, while banks added 36,000 crore. The FY26 dividend figure was later revised upward from Rs 2.56 lakh crore, a 19% surge. The government has budgeted an RBI dividend broadly in line with last year, around Rs 2.8 lakh crore, with an additional Rs 40,000 crore assumed from PSU banks. This makes the overall dividend estimate of Rs 3.16 lakh crore.
***(Financial Express)***

**Finance Bill 2026 rewrites MAT rules, nudges firms to concessional tax regime:** The Finance Bill, 2026 has overhauled India's minimum alternate tax (MAT) framework, lowering the MAT rate from 15% to 14% and sharply limiting the use of accumulated MAT credits. The changes are aimed at nudging companies toward the concessional 22% corporate tax regime while streamlining the corporate tax calculations. Under the proposed changes, MAT will become a final tax from April 1, 2026, and no new MAT credits will be allowed to accrue thereafter. Companies opting for the concessional corporate tax regime will be permitted to set off brought-forward MAT credit accumulated up to March 31, 2026, but only up to 25% of their tax liability in a year. Such credits will remain usable only within the existing 15-year carry-forward window from the year in which they arose.

***(Economic Times)***

# FINANCIAL TERMINOLOGY

## PRIMARY DEFICIT

- Primary deficit is the fiscal deficit minus interest payments on previous borrowings, representing the government's current-year borrowing requirement for operational expenses excluding debt servicing.
- It indicates fiscal health by showing if revenue covers non-interest spending, with lower levels signifying better fiscal management.

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Statutory Body under an Act of Parliament
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## RBI KEY RATES

Repo Rate: 5.25%
SDF: 5.00%
MSF & Bank Rate: 5.50%
CRR: 3.00%
SLR: 18.00%
Fixed Reverse Repo: 3.35%

## FOREX (FBIL 1.30 PM)

INR / 1 USD : 91.8983
INR / 1 GBP : 126.3834
INR / 1 EUR : 109.5661
INR /100 JPY: 59.7200

## EQUITY MARKET

Sensex: 80722.94 (-1546.84)
NIFTY: 24825.45 (- 495.20)
Bnk NIFTY: 58417.20 (-1193.25)

## Courses conducted by BFSI Board

- Certificate Course on Concurrent Audit of Banks
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- Certificate Course on Treasury and International Banking
- Certificate Course on Investment Management
- Certificate Course on General Insurance.
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## Publications by BFSI Board

- Handbook on Aide Memoire on Infrastructure Financing (3rd enlarged revised edition).
- Aide Memoire on lending to MSME Sector (including restructuring of MSME Credit).
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