

DAILY NEWS DIGEST BY BFSI BOARD

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ECONOMY

States and Union Territories to borrow ₹5 lakh crore in Q4 FY26: States and Union Territories will be collectively borrowing about ₹5 lakh crore in the January-March 2026, slightly higher than ₹4,73,477 crore borrowed by them in the year ago period. Further, the amount being borrowed by the States and UTs is about about 1.77 times the amount borrowed by them in the preceding (Q3FY26) quarter. As per RBI's indicative calendar for States and Union Territories, their combined borrowing was at ₹2,73,255 crore in Q1FY26; ₹2,86,696 crore in Q2FY26 and ₹2,81,865 crore in Q3FY26.

(Business Line)

PMI manufacturing slowed to 55 in December: With festive demands on decline so as global orders, manufacturing sector in India saw production growth slowing down to 38 months low, a survey result by S&P Global released on Friday showed. This had an impact on the Purchasing Managers' Index (PMI) which slowed to 55 in December as against 56.6 of November.

(Business Line)

CBAM to hit Indian steel exports to Europe: Indian steelmakers exporting to Europe are preparing for higher costs, lower margins and tougher choices as the European Union's Carbon Border Adjustment Mechanism (CBAM) begins to bite. Industry estimates suggest that once carbon costs are fully reflected, export prices could rise by 15–22%, a shift that directly affects volumes, profitability and long-term market presence.

(Financial Express)

India's foreign exchange reserves increases by \$3.2 billion to \$696.6 billion, gold reserves jump \$2.9 billion: India's forex reserves jumped by \$3.293 billion to \$696.61 billion in the week. According to the Reserve Bank of India, the overall kitty had increased by \$4.368 billion to \$693.318 billion in the previous reporting week. Expressed in dollar terms, the foreign currency assets include the effects of appreciation or depreciation of non-US units, such as the euro, pound, and yen, held in the foreign exchange reserves. For the week ended December 26, foreign currency assets, a major component of the reserves, increased by \$184 million to \$559.612 billion, according to the central bank's data.

(Financial Express)

BANKING & FINANCE



Govt rolls out Interest Subvention Scheme and collateral guarantee scheme for MSME exporters: Two key interventions under the NIRYAT PROTSAHAN sub-scheme have been launched to strengthen MSME exports and improve access to trade finance.

The first intervention relates to interest subvention for pre- and post-shipment rupee export credit extended by eligible lending institutions to exports covered under a notified positive list of tariff lines at the Harmonised System six-digit level, covering approximately 75 per cent of India's tariff lines. A base interest subvention of 2.75 per cent has been provided, with a provision for additional incentive for exports to notified under-represented or emerging markets. An exporter-wise annual cap of ₹50 lakh per Importer Exporter Code (IEC) has been prescribed for FY 2025–26.

The second intervention relates to collateral support for MSME exporters and improving access to bank finance. Under this intervention, a collateral guarantee support for export credit is being introduced in partnership with CGTMSE. Guarantee coverage of up to 85 per cent will be provided for Micro and Small exporters and up to 65 per cent for Medium exporters, with a maximum outstanding guaranteed exposure of ₹10 crore per exporter in a financial year.

(PiB)

Banks to float own pension funds: PFRDA has approved a new framework allowing Scheduled Commercial Banks (SCBs) to independently set up pension funds for managing the National Pension System (NPS), a move aimed at strengthening India's pension ecosystem. Until now, banks were allowed to act primarily as Points of Presence (PoPs) for NPS distribution, while only select bank-sponsored entities were permitted to function as pension fund managers under strict ring-fencing norms. Currently, there are 10 pension funds operating under the NPS, with assets under management of about Rs 16 lakh crore as of November 30, 2025.

(Financial Express)

RBI eases risk weight norms for NBFC infra loans, cuts repayment thresholds: RBI has relaxed risk-weight norms for infrastructure financing by NBFCs. The central bank has eased the repayment thresholds required for assigning lower risk weights to exposures to high-quality infrastructure projects, while retaining repayment-linked criteria. NBFC exposures can now qualify for a 75% risk weight after just 2% repayment of the original sanctioned project debt, sharply lower than the 5% proposed in the draft. Similarly, the 50% risk weight will be applied once 5% of the project debt is repaid, compared with the earlier 10% threshold. The RBI has also partially widened the definition of high-quality infrastructure projects, allowing those where revenues depend on rights granted under concession or contract by the central, state governments, public sector entities, or statutory and regulatory bodies.

(Financial Express)

Credit continues to beat deposit growth, PSU banks proforma numbers show: State-run banks saw steady balance sheet growth in the December quarter, with loans continuing to grow faster than deposits. Average credit growth was about 14%, compared with deposit growth of nearly 11%, highlighting ongoing funding pressures. Brokerages expect loan growth to stay strong, supported by retail and MSME demand, despite persistent challenges in deposit mobilisation.

(Economic Times)

INDUSTRY OUTLOOK



LIC loses Rs 11,500 crore as ITC shares decline up to 14% in two days: The shares of ITC have seen sharp decline over two days after government's new excise duty on cigarettes. The sharp selloff caused significant notional losses for its investors, including state-owned insurers like LIC. ITC shares plunged 5 percent to hit a fresh 52-week low of Rs 345.25 apiece on January 2, before paring some losses. The stock has fallen more than 14 percent in just two trading days in 2026.

(Moneycontrol)

Tesla loses EV crown to BYD after second annual sales drop: Tesla Inc. vehicle sales fell for the second consecutive year, dropping the Elon Musk-led company well behind China's BYD Co. in the global ranks of electric-car makers. Fourth-quarter deliveries declined 16% to 418,227 vehicles, Tesla said in a statement Friday, trailing analyst estimates compiled by Bloomberg and an even more pessimistic average the company shared earlier this week. For the full year, sales dropped 8.6%. BYD, by contrast, increased battery-electric vehicle sales both for the quarter and the full year, delivering almost 2.26 million EVs in 2025 to Tesla's 1.64 million.

(Moneycontrol)

Labour Ministry publishes draft rules; gig workers' unions seek clarity: The Union Ministry of Labour and Employment, in its draft rules for the four new Labour Codes, has said that gig and platform workers are required to work for at least 90 days with an aggregator within a financial year to be eligible for social security benefits. In case a gig worker is working with multiple aggregators, the workers are required to work for at least 120 days. The ministry published the rules on December 31 for public comments. According to the rules, gig workers between the ages of 16 and 60 are eligible for social security benefits.

(Business Standard)



REGULATION & DEVELOPMENT

SEBI issues new merchant banker norms, raises capital, certification and revenue thresholds: SEBI has notified key changes to the regulatory framework for merchant bankers, significantly raising capital adequacy, compliance, certification and operational requirements, with effect from January 3, 2026. Category I merchant bankers will need to maintain net worth of Rs 25 crore by January 2, 2027, rising to Rs 50 crore by January 2, 2028, along with liquid net worth of Rs 6.25 crore and Rs 12.5 crore respectively. For Category II, the thresholds rise to Rs 7.5 crore and Rs 10 crore in net worth, and Rs 1.875 crore and Rs 2.5 crore in liquid net worth across the two phases. Merchant bankers failing to meet Category I norms will be automatically reclassified as Category II, while those failing Category II requirements will be barred from taking up fresh permitted activities. SEBI has also capped total underwriting obligations at 20 times a merchant banker's liquid net worth. The regulator has mandated NISM Series-IX certification for key employees and additional compliance certification for compliance officers. Existing merchant bankers staff have time until 2.1.2027 to comply, while new hires must obtain certification within 90 days. To ensure active market participation, SEBI has prescribed a minimum cumulative revenue threshold over three financial years Rs 25 crore for Category I and Rs 5 crore for Category II merchant bankers.

(Business Today)

India, China flip to gold premiums as prices retreat from record highs: Gold traded at a premium in top hubs India and China for the first time in about two months this week as a correction from all-time highs helped lift retail demand, which had been hit by an unprecedented rally in prices. Indian dealers charged a premium of up to \$15 per ounce over official domestic prices this week - inclusive of 6% import and 3% sales levies - up from last week's discount of up to \$61. Domestic gold prices traded at around 136,700 rupees per 10 grams on Friday after hitting a record high of 140,465 rupees last week. However, international benchmark spot gold kick-started the New

Year on a strong note on Friday, resuming its rally after ending 2025 with gains of 64%, its largest since 1979.

(Business Standard)



OPTION CHAIN

- An options chain displays all available option contracts for a security, organized by expiration date and strike price.
- Options chains typically show each contract's bid price, ask price, volume, open interest, and implied volatility.
- Understanding "the Greeks" (delta, gamma, theta, vega) in an options chain helps you assess risk and potential profits in the market.
- Options chains can be used to identify trading prospects, such as mispriced options or favorable risk-reward scenarios.
- Typically organized in a table, options chains have separate sections for call and put options. The rows represent different strike prices, while the columns show various data points for each contract. This lets traders quickly compare options with different characteristics to make informed decisions.



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 : 90.1242

INR / 1 GBP : 121.3510

INR / 1 EUR : 105.8401

INR /100 JPY: 57.4200

EQUITY MARKET

Sensex: 85762.01 (+573.41)

NIFTY: 26328.55 (+182.00)

Bnk NIFTY: 60150.95 (+439.40)

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TEAM BFSIB

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