

DAILY NEWS DIGEST BY BESI BOARD

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ECONOMY

MSMEs' working capital drawdowns on the rise amid West Asia conflict: Bankers are seeing an uptick in working capital loan drawdowns by MSMEs as the West Asia conflict stretches beyond a month, with fixed cost obligations and delayed receivables putting pressure on cash flows that prompted higher demand for funds. The sector is likely to see the maximum impact from the ongoing war in West Asia, bankers said. While there has been a limited effect in the March quarter (Q4FY26), the stress is expected to reflect in portfolios in FY27. “There is some degree of stretching, and there is definitely demand reflected in drawdowns. Possibly, it is to tide over the current situation. However, it is also coinciding with the year-end, which often sees similar trends, so it is difficult to clearly separate the impact,” said a senior banker at a private-sector bank. “At the same time, we have been holding back a bit, so we will have to wait and see how it evolves,” the banker added.

(Business Standard)

Rising yields, inflation to keep FY27 corporate bond issuances subdued: Corporate bond issuances in 2026-27 (FY27) are expected to remain measured and selective, as elevated and volatile yields are likely to cap any meaningful recovery amid persistent inflation risks and evolving liquidity conditions, market participants said. Issuances declined to Rs.10.48 trillion in FY26 from Rs.11.02 trillion in the previous financial year, according to Prime Database data, as companies increasingly shifted to bank funding and short-term instruments in a rising interest rate environment, market participants said. “Issuances will likely remain slow as yields on the benchmark 10-year government bond are seen touching 7.25 per cent. Issuers will wait for yields to stabilise before rushing to raise funds,” said a dealer at a state-owned bank.

(Business Standard)

India's forex reserves plunge \$30.5 bn in March amid RBI intervention: India's foreign exchange (forex) reserves fell by \$30.5 billion since the West Asia conflict started late February, as the Reserve Bank of India (RBI) intervened to curb volatility in the forex market with the rupee dropping over 4 per cent against the dollar in March. Total reserves fell \$10.28 billion to \$688.05 billion during the week ended March 27 on the back of a decline in foreign currency assets and gold reserves, latest data released by the RBI showed. Total reserves hit an all-time high of \$728.5 billion for the week ended February 27.

(Business Standard)

**BANKING &
FINANCE**



Punjab National Bank officers' union flags mass transfers, seeks review: PNB Officers union has written to the bank's managing director to reconsider the mass-scale transfer of Scale IV officers and above, saying that such massive relocation would impact performance of the country's second-largest public sector lender. In a letter to the bank's MD and CEO Ashok Chandra, All India Punjab National Bank Officers' Association said that 1,142 Scale IV officers, nearly one-fourth of its strength, have been given transfer orders creating huge disruption. The management has arbitrarily ordered the transfer of a huge number of chief manager-rank officers in clear disregard to set policy, it said, adding that the move is not a policy for growth but an act of 'vengeance'.

(Business Line)

PNB Q4 Update: Advances surge 12.9%, Global business hits Rs 29.7 lakh crore: Punjab National Bank (PNB) reported over 10% year-on-year (YoY) increase in its global as well as domestic business. The PSU bank in its business update ahead of Q4FY26 said in the release that its deposits also grew over 9% YoY and advances increased over 12% in both global and domestic business. PNB's global business grew

around 10.79% YoY to about Rs 29.72 lakh crore as of March. Domestic business also increased by nearly 10.39% to Rs 28.45 lakh crore, reflecting stable growth across segments. On a sequential basis, global business grew 2.81% and domestic business grew 2.93%.

(Financial Express)

Bank CASA ratio falls to two-year low of 37.9% in December quarter: RBI Data:

The share of low-cost CASA deposits in the total deposits of the banking system hit a two-year low of 37.9% in the December 2025 quarter compared with 40.1% in the December 2023 quarter, according to the data from RBI. The decline was led by savings accounts where the share dropped 210 bps to 28.9%, as depositors increasingly shifted funds to higher-yielding alternatives such as equities, mutual funds and gold.

(Economic Times)

Bank deposits may grow in currency amid market volatility: Bank liquidity risk is expected to go down as the gap between credit and deposit growth narrows this financial year. Savers are likely to favor bank deposits over market investments due to geopolitical concerns and market volatility. Economists anticipate improved deposit growth, potentially boosted by interest rate hikes. This shift could lead to slower credit delivery.

(Economic Times)

India plans Rs.2-2.5 lakh crore credit guarantee scheme amid West Asia conflict:

India is drawing up a new credit guarantee scheme for industry to cushion the fallout from the West Asia conflict, people familiar with the matter said. The proposed scheme aims to ease funding access for companies facing higher input and logistics costs, they said, as the government steps up measures to contain the economic impact of the conflict. The scheme — which could provide guarantees up to Rs.2-2.5 lakh crore — is likely to be unveiled in two weeks, they said.

(Economic Times)

Borrowers may soon tap formal credit via ULI app across lending segments:

In a move that could bring India's formal credit rails to borrowers' smartphones, the Reserve Bank Innovation Hub (RBIH) is building a customer-facing application for

Unified Lending Interface (ULI), according to two people aware of the development. The business-to-customer (B2C) version of ULI will take the form of a sovereign application, initially focused on priority credit flows such as small-ticket digital Kisan Credit and agricultural loans. ULI pilots are also underway for other lending categories across segments such as gold, dairy, housing, and personal and vehicle loans. “The ultimate idea has always been that ULI should have a B2C app with multiple lenders. The vision is to provide borrowers and lenders a single platform and not compete with any aggregators,” a person with the knowledge of the matter said.

(Economic Times)

INDUSTRY OUTLOOK



Mohandas Pai lauds SEBI’s proposal to revive open market share buybacks: Former Infosys CFO and Aarin Capital Chairman TV Mohandas Pai has strongly welcomed the Securities and Exchange Board of India’s (SEBI) proposal to reintroduce open market share buybacks through stock exchanges, calling it a “fantastic move” at a time when equity markets are facing sustained pressure. Speaking on the development, Pai highlighted that Indian markets have been impacted by persistent selling, particularly amid geopolitical uncertainties and foreign institutional investor (FPI) outflows. “The market has been battered... retail investors who invested through SIPs are seeing their valuations decline,” he told Moneycontrol, adding that cash-rich corporates can play a stabilising role by deploying surplus capital via buybacks.

(Business Today)

Government considers steps to scale up production of induction heaters, cooktops: The government is learnt to be looking at measures to encourage companies to ramp up production of induction heaters, induction cooktops and compatible utensils. This comes at a time when these categories are witnessing high demand due to concerns over LPG availability amidst the West Asia conflict. In this regard, a meeting was reportedly held on Friday by Commerce Ministry with participation of senior officials from various key Ministries such as Power Ministry,

DPIIT and DGFT to discuss steps that can be taken to enable companies to increase production of induction heaters and cooktops among others.

(Business Line)



REGULATION & DEVELOPMENT

SEBI readies digital platform to expand adviser base: The Securities and Exchange Board of India is likely to launch a digital platform, SEBI SETU, this month to simplify registration and compliance for investment advisers (IAs), as it seeks to widen the country's limited advisory base. The initiative comes amid a surge in retail participation, with over 22 crore demat accounts, even as the number of registered investment advisers remains below 1,000, with fewer active participants. SETU is expected to serve as a single-window interface, guiding applicants through the registration process and helping existing advisers navigate ongoing compliance requirements – areas that have often deterred professionals from entering the regulated space, according to sources aware of the discussions.

(Business Line)

Average time for issuing IT refunds hits three-year high in FY26: Investigation into bogus donations and fraudulent tax deductions caused unusual delays in tax refunds for the 2025-26 fiscal year, according to a report submitted by the Central Board of Direct Taxes (CBDT) to a Parliamentary panel. In response, the panel has recommended the aggressive implementation of advanced AI-driven risk-scoring algorithms to streamline the process and prioritise honest taxpayers. As of January 31, 2026, the average time for issuing tax refunds climbed to 35 days for the 2025-26 fiscal year (FY26), marking a three-year high.

(Business Line)



FINANCIAL TERMINOLOGY

GARCH PROCESS

- The generalized autoregressive conditional heteroskedasticity (GARCH) process is an econometric model for estimating volatility in financial markets. GARCH is widely used by financial institutions to forecast returns, optimize portfolios, and manage the risk of stocks, bonds, and other assets.
- Unlike traditional models that rely on historical volatility, GARCH adapts to changing market conditions, offering a more practical and real-world context for predicting financial instruments' prices and rates.
- Financial institutions leverage GARCH models to refine asset pricing, forecast investment returns, and optimize portfolios by factoring in past market behaviors and current economic conditions.



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 : 93.2088
INR / 1 GBP : 123.1854
INR / 1 EUR : 107.4828
INR /100 JPY: 58.4900

EQUITY MARKET

Sensex: 73319.55 (+185.23)
NIFTY: 22713.10 (+33.70)
Bnk NIFTY: 51548.75 (+100.10)

Courses conducted by BFSI Board

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- ❖ Guidance Note on Cost Control Strategies in the Banking Sector

TEAM BFSIB

Banking, Financial Services & Insurance Board The Institute of Cost Accountants of India (ICMAI)

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