

## **DAILY NEWS DIGEST BY BFSI BOARD**

07 February 2026



### **ECONOMY**

#### **RESOLUTION OF THE MONETARY POLICY COMMITTEE FEBRUARY 4 TO 6, 2026:**

The Monetary Policy Committee (MPC) held its 59th meeting from February 4 to 6, 2026 and the outcomes of the same are outlined hereunder;

- The policy **repo rate kept unchanged at 5.25 per cent**, and consequently the SDF rate remains at 5.00 per cent and the MSF rate and the Bank Rate remains at 5.50 per cent.
- The MPC also decided to continue with the neutral stance.
- Real **GDP**, as per the First Advance Estimates (FAE), is estimated to grow at **7.4 per cent** YoY in 2025-26.
- On the supply side, real GVA growth of 7.3 per cent is driven by buoyant services sector, resilient agricultural sector and revival in manufacturing activity.
- Real GDP growth projections for Q1:2026-27 and Q2 are revised upwards to 6.9 per cent and 7.0 per cent, respectively.
- CPI inflation for 2025-26 is now projected at **2.1 per cent** with Q4 at 3.2 per cent. CPI inflation for Q1:2026-27 and Q2 are projected at 4.0 per cent and 4.2 per cent, respectively.

**(RBI Press Release)**

#### **STATEMENT ON DEVELOPMENTAL AND REGULATORY POLICIES DATED FEBRUARY 6, 2026:**

The highlights of the Statement of Developmental and Regulatory policies announced are as under;

- **Advertising, Marketing and Sales of Financial Products and Services by Regulated Entities (REs):** Mis-selling financial products and services by any RE has significant consequences for both customers as well as the RE. It has therefore been decided to issue comprehensive instructions to REs on advertising, marketing and sales of financial products and services.
- **Conduct of Regulated Entities in Recovery of Loans and Engagement of Recovery Agents** related instructions to be harmonized across different REs.
- **Review of framework of Limiting Customer Liability in digital transactions:** The extant instructions on limiting the liability of customers in unauthorised electronic banking transactions were issued in 2017. In view of the rapid adoption of technology in the banking sector and payments systems, since issuance of these instructions, the existing instructions to be reviewed.
- **Bank Lending to Real Estate Investment Trusts (REITs):** While bank lending to InvITs was allowed, lending to REITs was not permitted. Considering the presence of strong regulatory and governance framework for listed REITs, it is proposed to permit commercial banks to extend finance to REITs, subject to appropriate prudential safeguards.
- **Review of Lending norms for UCBs** proposed.
- **Exemption from registration to eligible NBFCs not availing public funds and not having customer interface (including ‘Type I NBFCs’):** The Scale-Based Regulatory Framework for NBFCs envisages differential regulatory treatment for NBFCs that do not avail public funds and do not have any customer interface. Considering their significantly lower systemic-risk profile, it is proposed that such Type-I NBFCs with asset size not exceeding ₹1,000 crore, may be exempted from registration requirement with the Reserve Bank subject to certain specified conditions.
- **Amendment of NBFC Branch Authorisation Directions-2025:** At per extant regulatory requirement, NBFC - Investment and Credit Companies (ICCs) engaged in the business of lending against gold collateral with over 1,000 branches are required to obtain prior RBI approval for opening new branches. It is proposed to dispense with the requirement of prior approval for opening branches by such NBFCs.
- It is proposed to issue, Discussion Paper on “Exploring safeguards in digital

payments to curb frauds”.

- **Revision in Lead Bank Scheme:** It is now proposed to issue a comprehensive set of instructions on the Scheme with a view to streamline the operational aspects. In addition, the Reserve Bank will be launching a unified portal for reporting of Bank-wise LBS data which is currently fragmented across various portals.
- **Revision in the Guidelines of Kisan Credit Card (KCC):** The proposed guidelines include, among others, standardisation of crop season, extension of KCC tenure to **six years**, alignment of drawing limit with Scale of Finance (SoF) for each crop season and inclusion of expenses on technological interventions.
- Review of guidelines relating to use of Business Correspondents (BCs) by banks is proposed.
- **Enhancement in Collateral free loan limit for MSEs from ₹10 lakh to ₹20 lakh:** It has been decided to enhance the limit of collateral free loans to MSEs from ₹10 lakh to ₹20 lakh. The above provisions shall be applicable to all loans to MSE borrowers sanctioned or renewed on or after April 01, 2026.
- **Development of corporate bond market:** A regulatory framework to enable the introduction of derivatives on credit indices and total return swaps on corporate bonds will be issued shortly for public feedback.
- **Review of the Voluntary Retention Route for FPI investment in debt instruments:** The Voluntary Retention Route (VRR) was introduced by the Reserve Bank in March 2019 to provide an additional channel for investments by Foreign Portfolio Investors (FPIs) with long-term investment interest in the Indian debt markets. The VRR has been witnessing active investment by FPIs, and over 80 per cent of the current investment limit of ₹2.5 lakh crore has been utilised. With a view to ensuring predictability about the availability of investment limits under the VRR and to further increase ease of doing business, it has been decided that (a) investments under the VRR shall now be reckoned under the limit for FPI investments under the General Route; and (b) certain additional operational flexibilities will be provided to FPIs investing under the VRR.
- **Mission Saksham – Capacity Building for the UCB Sector:** To strengthen capacity building in Primary (Urban) Co-operative Banks (UCBs), the Reserve Bank will soon be launching Mission SAKSHAM (Sahakari Bank Kshamta Nirman)- a

sector-wide capacity-building and certification framework. The capacity building of the sector would be implemented through a large number of physical training programmes as well as a scalable learning platform, to cover about 1.40 lakh participants, across all functions.

**(RBI Press Release)**

**India agrees to zero duties, no Russian oil, \$500bn energy buys for 18% reciprocal tariffs:** The US and India have announced that they have reached a framework for an interim trade agreement, a move both sides say reflects their shared push for fair and mutually beneficial trade. In a joint statement, the two countries said they were “pleased to announce” the framework, adding that it reaffirms their commitment to a broader US-India Bilateral Trade Agreement, or BTA. The BTA talks were launched by US President Donald Trump and Indian Prime Minister Narendra Modi on February 13, 2025.

**(Business Line)**

**RBI back in the crease: After a flurry of rate cuts, MPC signals a prolonged pause:** After delivering an aggressive 125 basis points of rate cuts in 2025, the Reserve Bank of India appears to have shifted into a steadier phase, with policy focus moving from rapid easing to improving credit transmission, easing regulatory frictions for lenders and strengthening consumer protection. Against this backdrop, the Monetary Policy Committee’s unanimous decision to hold interest rates came as little surprise. The MPC retained its “neutral” stance, signalling that rates are likely to remain at current levels for the next nine to twelve months..

**(Financial Express)**

## **BANKING & FINANCE**



**Financial bids received for IDBI Bank privatisation; will be evaluated: DIPAM secy:** Financial bids for the strategic disinvestment of IDBI Bank have been received and will be evaluated, the Department of Investment and Public Asset Management



(DIPAM) said on February 6, marking a key step forward in the government's long-pending plan to privatise the lender. "Financial bids have been received for the strategic disinvestment of IDBI Bank. They will be evaluated as per the prescribed procedure," the DIPAM secretary said in a social media post on February 6. The receipt of final financial offers from shortlisted bidders moves the transaction into its decisive evaluation phase.

**(Moneycontrol)**

**Financially sound banks to pay 33% lower insurance premium:** Come April 1, 2026, financially sound banks will see a sharp 33% decline in their deposit insurance premium, bringing it down to 8 paise per Rs 100 of deposits, compared with the current premium of 12 paise per Rs 100. Going ahead, banks in India will shift from the existing flat-rate system to a risk-based premium model. DICGC is planning a differentiated premium structure that rewards financially strong banks with lower insurance costs. Banks will be classified into four categories—A, B, C, and D—based on their risk profile and supervisory ratings. Category A banks, which demonstrate strong risk management and robust financial health, will see premiums reduced to 8 paise per Rs 100 of deposits, while weaker Category D banks may continue to pay up to the existing ceiling of 12 paise. Category B and C banks will pay 10 paise and 11 paise, respectively.

**(Financial Express)**

**PFC, REC boards give in-principle nod to merger:** The boards of Power Finance Corporation and REC have given their in-principle approval for a merger. This move follows an announcement in the budget to restructure these public sector NBFCs. The merger aims to create a larger, more efficient lending institution. This will help finance India's growing power sector needs. Detailed proposals will be made after obtaining necessary approvals.

**(Economic Times)**

**Small digital fraud victims to get up to ₹25K refund:** In a first-of-its-kind move, bank customers who fall victim to small-value digital frauds will be eligible for compensation of up to ₹25,000 for the first such incident, the RBI announced on Friday. The proposed compensation will be a one-time relief and will cover up to 85 per cent of the amount lost, or ₹25,000, whichever is lower, said RBI Governor Sanjay Malhotra

during a media interaction following the monetary policy announcement. “...as long as (customers) are defrauded, whether on their own accord or someone else’s, no questions asked, we will compensate them as long as it is unintended,” he said.

**(Business Standard)**

**Kotak Mahindra Bank issues India's first fully digital FPI licence:** Kotak Mahindra Bank has become the first custodian in India to issue a foreign portfolio investor (FPI) licence and complete the entire account-opening process using electronic signatures, marking a key step in fully digital onboarding for overseas investors. The bank has already issued two FPI licences based entirely on digitally signed documents, it said in a release. The move follows Securities and Exchange Board of India operationalising a unified digital workflow in January 2026.

**(Business Standard)**

## INDUSTRY OUTLOOK



**New policies in works for faster decision-making: Gadkari on Invit push:** As the government looks beyond the toll-operate-transfer (TOT) model and towards infrastructure investment trusts (Invits) for asset monetisation, new policies are being framed to enable faster and more transparent decision-making, says Union Road Transport and Highways Minister Nitin Gadkari. Edited excerpts of his interview with Prachi Pisal in Nagpur on the sidelines of the Advantage Vidarbha 2026 summit. Infrastructure is key to economic growth. The first priority, therefore, is to step up spending and build more roads, expressways and tunnels to strengthen the country’s infrastructure. There is also significant potential to do so. With automobile usage rising, the need for more roads is growing, and the projects are economically viable.

**(Business Standard)**

**Karnataka PSU borrowing model a template for states: World Bank:** The Karnataka government’s decision in 2014 to include the borrowing of state public-sector undertakings (PSUs) and special-purpose vehicles in its own liabilities can offer a template for replication by other states, a World Bank report for the 16th Finance

Commission has said. This is for improving fiscal reporting and strengthening budgetary control. The state had amended the Karnataka Fiscal Responsibility Legislation Act in February 2014 to broaden the definition of liabilities. State governments in India continue to depend heavily on off-Budget borrowing (OBB) to fund subsidies, infrastructure, and loss-making public utilities, masking the extent of their fiscal stress and creating sizable hidden liabilities, the World Bank has found.

**(Business Standard)**

**RBI removes investment cap under voluntary retention route for FPIs:** The Reserve Bank of India (RBI) on Friday announced the removal of the ₹2.5 trillion investment cap under the voluntary retention route (VRR) for foreign portfolio investors (FPIs), a move aimed to deepen domestic bond markets and improve capital flow stability. Under the revised framework, investments made through VRR will be governed only by the existing investment ceilings applicable to each category of securities under the general route, effectively giving foreign investors greater flexibility in deploying long-term funds into Indian debt markets.

**(Business Standard)**



## REGULATION & DEVELOPMENT

**RBI issues draft norms on total return swaps:** RBI on Friday issued draft guidelines on derivatives trading for corporate bond indices and total return swaps (TRS). Finance Minister Nirmala Sitharaman announced these measures in the Budget to deepen the corporate bond market. “An active derivatives market can facilitate efficient management of credit risks, improve liquidity and efficiency in the corporate bond market and facilitate issuance of corporate bonds across the rating spectrum,” the RBI said in the draft. A TRS is a derivatives contract where one party receives the total return of a bond—coupon income plus price appreciation or depreciation without owning the underlying security. The RBI said in the draft that a market maker can offer

TRS to resident other than an individual, without any restriction in terms of purpose.  
TRS should not be offers to any individuals.

**(Financial Express)**

**Ministry of Agriculture and Farmers Welfare Signs MoU with Department of Posts against Fake Seeds, Fertilisers and Pesticides:** The Ministry of Agriculture and Farmers Welfare has signed a Memorandum of Understanding (MoU) with the Department of Posts on 07.01.2026 to operationalize a standardized, faceless, and fully traceable logistics mechanism for the transportation and quality control of samples of seeds, fertilizers and pesticides. The MoU aims to ensure secure, time-bound, and tamper-proof movement of samples from collection points to designated laboratories, with end-to-end digital tracking. This digital and logistics-enabled framework strengthens the agri-input quality control mechanism through end-to-end digitization of key processes, including fixation of quality control targets at the State level, collection and dispatch of samples, laboratory analysis, generation of test reports, and initiation of prosecution, wherever required.

**(PiB)**





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# FINANCIAL TERMINOLOGY

## OUTPUT GAP

- The term output gap refers to the difference between the actual output of an economy and the maximum potential output of an economy expressed as a percentage of gross domestic product (GDP). A country's output gap may be either positive or negative.
- A negative output gap suggests that actual economic output is below the economy's full capacity for output while a positive output suggests an economy that is outperforming expectations because its actual output is higher than the economy's recognized maximum capacity output.



### **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 : 90.4163  
INR / 1 GBP : 122.7431  
INR / 1 EUR : 106.6864  
INR /100 JPY: 57.6400

### **EQUITY MARKET**

Sensex: 83580.40 (+266.47)  
NIFTY: 25693.70 (+50.90)  
Bnk NIFTY: 60120.55 (+56.90)

### **Courses conducted by BFSI Board**

- ❖ **Certificate Course on Concurrent Audit of Banks**
- ❖ **Certificate Course on Credit Management of Banks**
- ❖ **Certificate Course on Treasury and International Banking**
- ❖ **Certificate Course on Investment Management**
- ❖ **Certificate Course on General Insurance.**
- ❖ **Advance Certificate Course on FinTech**

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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).**
- ❖ **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 2<sup>nd</sup> Edition)**
- ❖ **Handbook on Central Bank Digital Currency (CBDC)**
- ❖ **Monograph on Climate Risk and Green Finance-Banking Sector-International Practices and Indian Perspective (2nd Series)**
- ❖ **Guidance Note on Cost Control Strategies in the Banking Sector**

## **TEAM BFSIB**

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