ICMAI
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DAILY NEWS DIGEST BY BFSI BOARD

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ECONOMY

US treasuries fall as China banks asked to limit US bond holdings: US treasuries extended losses after Chinese regulators were said to have advised the nation's financial institutions to rein in their holdings of US government bonds due to concerns over market volatility. Yields on benchmark Treasuries climbed as much as four basis points to 4.25% after trading around 4.22% earlier, while those on 30-year notes rose three basis points to 4.88%. The Bloomberg Dollar Spot Index dropped 0.2%. Chinese officials had urged banks to limit purchases of US government bonds, and instructed those with high exposure to pare their positions, according to people familiar with the matter. The directive doesn't apply to China's state holdings of US Treasuries.
(Business Line)

Moody's projects India's GDP to grow 6.4% in FY'27, fastest among G20 economies: Moody's Ratings on Monday projected India's GDP to grow at 6.4 per cent in the next fiscal, the fastest pace among G-20 economies, driven by strong domestic consumption, policy measures, and a stable banking system. In its banking system outlook report, Moody's said their asset quality will remain resilient, with some stress among micro, small and medium enterprises (MSMEs). Regardless, banks have sufficient reserves to absorb loan losses, it said.
(Business Line)

Goldman Sachs raises India GDP forecast to 6.9% after India-US trade deal: Goldman Sachs has upgraded India's real GDP growth for 2026 by 20 basis points to 6.9% year-on-year (YoY) after the US lowered the tariff to 18%. Goldman Sachs estimates that the effective tariff rate imposed by the US on Indian imports may be around 20 percentage points lower than the 34% earlier. However, it noted that component-level details will provide clarity. How will this impact the key economic parameters? Goldman Sachs has reduced the estimates for the current account deficit but see limited upside for the currency. The brokerage has lowered its estimate of India's current account deficit by around 0.25% of GDP to 0.8% in 2026, citing improved trade conditions.

(Financial Express)

BANKING & FINANCE

Select MSMEs can get up to Rs 25 lakh collateral-free loans: Lenders can now extend collateral-free loans of up to Rs 25 lakh to borrowers with a strong credit profile as per their internal policies, according to the revised lending guidelines for micro, small and medium enterprises (MSMEs). "Banks may, on the basis of good track record and financial position of MSE units, increase the limit to dispense with the collateral requirement for loans of up to Rs 25 lakh as per their internal policy," the Reserve Bank of India (RBI) said in a release on Monday. This is in addition to the mandatory collateral-free lending limit for MSMEs being raised to Rs 20 lakh from Rs 10 lakh, as announced by RBI Governor Sanjay Malhotra in the monetary policy review on on February 6.

(Financial Express)

RBI allows gold, silver pledged voluntarily for collateral-free MSE loans: The Reserve Bank of India has issued new guidelines for micro and small enterprises. Banks can now accept gold and silver as collateral for loans up to a certain limit. This move aims to support these businesses. Collateral-free loans will be available up to Rs 20 lakh. The revised rules apply from April 1, 2026.

(Economic Times)

Bank of Baroda slashes car loan rates by 30 basis points to 7.6%: State-owned Bank of Baroda (BoB) on Monday announced a 30-basis-point reduction in its car loan interest rates, effective immediately. The bank's floating rate now starts from 7.6 per cent per annum, BoB said in a statement. The bank also offers an attractive fixed rate of interest on Baroda car loans, starting at 8.5 per cent per annum.
(Economic Times)

Kotak Mahindra Bank CTO Bhavnish Lathia resigns less than a year after appointment: Kotak Mahindra Bank faces leadership churn as CTO Bhavnish Lathia resigns citing personal reasons for a US relocation, less than a year into his role. This follows a series of senior exits, including former CTO Milind Nagnur. Nilesh Chaudhari is now the new CTO, with Aravamudham Narayanan heading innovation and AI.
(Economic Times)

Life insurance premiums jump 21.5% in Jan; non-life insurers up 15%: Both life and non-life insurers reported robust premium growth in January, aided by a favourable base effect and supported by the reduction in goods and services tax (GST) on individual life and health insurance premiums from 18 per cent to zero. Life insurers reported a 21.58 per cent year-on-year (Y-o-Y) rise in new business premiums (NBP) to ₹37,478.35 crore in January. Non-life insurers posted 15 per cent Y-o-Y growth, with premiums reaching ₹33,346.25 crore during the month. According to data from the Life Insurance Council, state-owned Life Insurance Corporation of India (LIC) recorded 25.46 per cent Y-o-Y growth in NBP at ₹20,441.02 crore in January. Private life insurers reported 17.24 per cent Y-o-Y growth, with premiums of ₹17,037.34 crore.
(Business Standard)

Public sector banks post 18% growth to record ₹52,603 cr profit in Q3 FY26: Led by the country's biggest lender State Bank of India (SBI), public sector banks logged a record cumulative profit of ₹52,603 crore in the third quarter of the current fiscal, reflecting an 18 per cent year-on-year growth. All 12 public sector banks (PSBs) together made a profit of ₹44,473 crore in the December quarter of FY25. Thus, the increase in profit in absolute terms was ₹8,130 crore as compared to the same quarter of the previous financial year. Market leader SBI alone contributed 40 per cent to the total earnings of ₹52,603 crore, as per the published numbers on stock exchanges.
(Business Standard)

INDUSTRY OUTLOOK

DIIs now holding a larger share than FIIs in Nifty50: Domestic institutional investors (DIIs) have surpassed foreign institutional investors (FIIs) in Nifty50 holdings. As of December 2025, FII stakes dropped 90 basis points year-on-year (YoY) and 20 basis points (bps) quarter-on-quarter (QoQ) to 24.3 per cent, according to Motilal Oswal Financial Services Ltd (MOFSL). This development highlights surging domestic participation amid the recent FII caution. "DIIs now holding a larger share than FIIs in Nifty50 underscores a fundamental shift toward stronger domestic participation in India's equity markets. This reflects the growing strength of domestic capital pools. The change has been driven by sustained mutual fund SIP inflows, rising retail participation, and steady allocations from insurance and pension funds, even as FIIs turned cautious amid global macro uncertainty, elevated overseas rates, and a stronger dollar,"

(Business Today)

India will need $22.7 trillion to accomplish net-zero goal: India can achieve its net-zero emissions target by 2070 while remaining on track to become a developed economy by 2047, but doing so will require an additional $6.5 trillion in investment from developed nations over current policy pathways, Niti Aayog said in a report on Monday. The Niti Aayog report, titled Scenarios Towards Viksit Bharat and Net Zero, said achieving net zero demands unprecedented capital mobilisation, rapid deployment of clean energy, and sustained policy reforms across sectors. Under the net-zero pathway, cumulative investment needs rise to $22.7 trillion by 2070, compared with $14.7 trillion under the current policy scenario.

(Financial Express)

RBI's voluntary retention route move removes parallel limits for FPIs: The Reserve Bank of India (RBI) has streamlined the Voluntary Retention Route (VRR) framework by effectively merging it with the general route for foreign portfolio investors (FPIs). The move eases exit constraints, migrates existing VRR investments into a unified framework from April 1, and removes the parallel investment limit, market participants said. On Friday, the RBI removed the ₹2.5 trillion investment cap under VRR for FPIs. Foreign investors had utilised over 80 per cent of this limit, highlighting strong demand for long-term exposure to India's debt market.

(Business Standard)

LIC Mutual Fund launches India's first women-centric AMC branch in Delhi: LIC Mutual Fund Asset Management on Monday inaugurated its women-centric branch in South Delhi, becoming the first asset management company in the country to set up a branch aimed at increasing women's participation in mutual fund investing. The initiative aims to bridge the gender gap in investment participation by encouraging women to take greater ownership of their financial futures, said Ravi Kumar Jha, Managing Director & CEO of LIC Mutual Fund. The South Delhi branch is staffed and managed entirely by women.

(Business Standard)

REGULATION & DEVELOPMENT

EPFO to launch new app with UPI-based PF withdrawals by March-end: The Centre is likely to roll out a new Employees' Provident Fund Organisation mobile app by March-end that would allow subscribers to withdraw provident fund money through UPI, two senior officials familiar with the matter told. The new EPFO app, which will differ from the UMANG app, will be linked to the subscriber's bank account. It will also be linked to the BHIM app and other UPI apps. "This will allow the EPFO subscribers to transfer the funds in EPFO to their respective bank accounts…and then the withdrawal could be done through the UPI," one of the officials said, requesting anonymity. Currently, EPFO withdrawals can be done online through the UAN portal, but there is no facility for withdrawing funds via UPI.

(Moneycontrol)

SEBI proposes slashing minimum investment in social impact funds to ₹1,000: SEBI on Monday proposed a sharp reduction in the minimum investment required from individual investors in social impact funds to Rs 1,000 from the existing Rs 2 lakh, in a move aimed at widening retail participation and easing fundraising for not-for-profit organisations (NPOs) on the Social Stock Exchange (SSE). In its consultation paper, Sebi also proposed extending the registration period for NPOs on the SSE without fundraising and lowering the minimum subscription requirement for issuing Zero Coupon Zero Principal Instruments (ZCZP).

(Business Line)

FINANCIAL TERMINOLOGY

BENIGN INFLATION

- Benign inflation refers to low, stable, and predictable price increases (around 2%) that encourage economic growth without harming purchasing power or stability, often seen as a "Goldilocks" scenario with healthy growth and controlled price rises, allowing central banks room to maneuver interest rates.
- The RBI described a recent period as "benign" (around 2.2%) alongside strong GDP growth (8%) as a "rare goldilocks period," enabling interest rate cuts.

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 : 90.4006
INR / 1 GBP : 123.0834
INR / 1 EUR : 107.0458
INR /100 JPY: 57.7700

EQUITY MARKET

Sensex: 84065.75 (+485.35)
NIFTY: 25867.30 (+173.60)
Bnk NIFTY: 60669.35 (+548.80)

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