

DAILY NEWS DIGEST BY BESI BOARD

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ECONOMY

FDI policy changed: 60-day clearance for border country investments in electronics, capital goods: The Union Cabinet chaired by Prime Minister Narendra Modi has approved key changes to the foreign direct investment (FDI) policy governing investments from countries sharing land borders with India, introducing a defined approval timeline and easing certain restrictions to attract global capital into manufacturing, startups and deep-tech sectors. Under the revised policy, investment proposals from land-bordering countries (LBCs) in specified sectors will be processed within 60 days, providing greater certainty to companies planning joint ventures or technology collaborations.

(Business Today)

India invokes Essential Commodities Act to prioritise LPG supply for households and CNG: The government has invoked the Essential Commodities Act to regulate the supply of natural gas, prioritising the critical commodity for households and CNG vehicles, as well as for the production of liquefied petroleum gas (LPG) for shipment. The order prioritises the supply of natural gas to the Domestic Piped Natural Gas (D-PNG) supply, Compressed Natural Gas (CNG) for transport, LPG production, Pipeline compressor fuel, and other essential pipeline operational requirements. These sectors “shall be treated as priority allocation and shall be maintained subject to operational availability to hundred per cent. of their average past six month average gas consumption”.

(Business Line)

Finmin seeks Parliamentary approval for ₹1 lakh cr ‘Economic Stabilisation Fund’ to face war-induced volatility: To prepare for unforeseen economic shocks in the context of the war in West Asia, the Finance Ministry on Wednesday sought Parliamentary approval to establish a ₹1 lakh crore ‘Economic Stabilisation Fund’. More than half of the requirement of funds will be met through fresh cash outgo, while the remainder will come from savings, the document related to the second batch of Supplementary Demands for Grants (SDG) showed.

(Business Line)

BANKING & FINANCE



State Bank of India shuns Russian crude oil payments despite US reprieve: SBI is not willing to process payments for Russian oil even after the US government issued a temporary waiver for India’s imports, as the lender is uncertain how long the concession will last, according to people familiar with the matter. The state-owned bank believes that engaging in such business could expose it to risks as it has a sizable loan portfolio in global markets, and also hurt its reputation, said the people who asked not to be identified because the information is private. The lender’s stance underscores how short-term easing of US sanctions is doing little to revive financial channels supporting India’s purchases of Russian crude. SBI had refrained from facilitating any transactions tied to Russian oil imports following US sanctions announced on Russia’s two biggest crude oil producers in October.

(Business Line)

High-level panel may examine bank consolidation: A government-appointed high-level committee on banking for Viksit Bharat could look at issues such as consolidation among lenders and foreign investor voting caps, according to ICRA. "The basic premise is that the government is of the belief that you need large size institutions to cater to the demands," Srinivasan said, adding that India may require bigger banks to support domestic growth rather than relying entirely on foreign funds. He said the panel may examine "consolidation, voting patterns for foreign investors, there are caps today,

and whether you are going to look at conversion of NBFCs into banks or allow them to remain large NBFCs".

(Economic Times)

IDFC First Bank settles Chandigarh fraud claims at ₹645 crore: IDFC First Bank on Tuesday said it has completed the reconciliation of all relevant accounts at its Chandigarh branch and confirmed there are no further discrepancies, bringing partial closure to a fraud incident that rattled investors and markets in late February. In a regulatory filing to stock exchanges, the bank disclosed that it has paid a net principal amount of ₹645 crore to claimants ₹55 crore more than its initial estimate of ₹590 crore. The bank said the incremental payout is linked to additional claims received against the same incident and the same branch, and is not connected to any new incident.

(Economic Times)

US banks eye capital victory as regulators tee up new Basel draft: U.S. President Donald Trump's bank regulators will unveil in coming weeks long-awaited draft rules that could ultimately shrink the amount of cash lenders must set aside to absorb losses, in a major potential victory for the industry. The Federal Reserve and fellow agencies are expected this month to unveil a more industry-friendly draft of the "Basel" rule overhauling how lenders gauge risk, three industry executives said. The agencies also plan to release a related proposal easing an extra capital surcharge levied on the riskiest global systemically important banks, or GSIBs, they said.

(Economic Times)

PSBs mopped up over ₹28,000 cr in 5 years through selling third party financial products: Public sector banks earned over ₹28,600 crore in five years through selling of third party financial products, Finance Ministry's data presented in the Rajya Sabha on Tuesday showed. Such products include insurance (life and non-life), mutual funds, credit cards, demat accounts. This data is critical as Finance Minister Nirmala Sitharaman recently asked the banks once again to focus on core business while saying that they are spending more time on selling insurance than core business

(Business Line)

INDUSTRY OUTLOOK



IndiGo CEO Pieter Elbers resigns with immediate effect; Rahul Bhatia takes interim charge: InterGlobe Aviation Ltd, the parent company of IndiGo, announced that its CEO Pieter Elbers has resigned with immediate effect. This comes months after the carrier faced its worst-ever operational disruption in December that had put its management under intense scrutiny. The Board said it accepted his resignation, which was submitted citing personal reasons, and agreed to waive the notice period requested by him. The decision was taken at a meeting of the Board of Directors held on March 10, where the resignation was formally approved. Elbers, who had been serving as CEO since September 2022, will be relieved of his duties at the end of the same day..

(Business Today)

Tata Consultancy Services wealth erosion tops \$100 billion from peak: In a first for a domestically listed company, the market capitalisation (mcap) of Tata group flagship Tata Consultancy Services (TCS) has fallen by more than \$100 billion from its peak. At its high on January 17, 2022, the information technology (IT) bellwether was valued at \$200.15 billion. At the latest close, its mcap stood at about \$99 billion (₹9.09 trillion), reflecting a sharp erosion in investor wealth. The decline comes amid a cloud of uncertainty hanging over Indian IT services companies as investors assess the potential impact of artificial intelligence (AI) on traditional outsourcing models.

(Business Standard)

Amfi to approach Sebi over discontinuation of solution schemes: The Association of Mutual Funds in India (Amfi) will make a representation to the Securities and Exchange Board of India (Sebi) regarding the regulator's proposal to discontinue retirement and children's mutual fund (MF) categories, Amfi Chief Executive Venkat Chalasani said on Monday. The representation will highlight the concerns of investors and asset management companies arising from the sudden closure of the two scheme

categories, which together manage over Rs 57,000 crore. These solution-oriented schemes currently comprise 41 funds and have more than 6.2 million folios.

(Business Standard)

Union Cabinet clears amendments to IBC, Companies Act and LLP Act: The Union Cabinet on Tuesday approved changes to the Insolvency and Bankruptcy Code (IBC) suggested by a parliamentary panel, as well as the Companies Act and the Limited Liability Partnership (LLP) Act, according to official sources. Changes to the Companies Act and LLP Act, sources said, focus on easing processes and the compliance burden on businesses. In both Acts, various forms have proposed for rationalisation, alongside more action on decriminalisation for greater ease of doing business. The IBC Bill has proposed changes including a credit-initiated insolvency resolution process and a two-tier approval framework for resolution, besides bringing in provisions for group and cross-border insolvency.

(Business Standard)



REGULATION & DEVELOPMENT

Over ₹4.09 Lakh Crore Disbursed to Farmers under PM-KISAN through 21 Installments since Launch: The PM-KISAN scheme is a central sector scheme launched in February 2019 by the Hon'ble Prime Minister to supplement the financial needs of farmers with cultivable land-holding. Under the scheme, a financial benefit of ₹ 6,000/- per year is transferred in three equal instalments, into the Aadhaar seeded bank accounts of farmers through Direct Benefit Transfer (DBT) mode. Under the PM-KISAN Scheme, cultivable landholding is primary eligibility criteria to receive benefit of the Scheme subject to certain exclusions relating to higher economic status. This information was given by Minister of State for Agriculture and Farmers Welfare, Shri Bhagirath Chaudhary in a written reply in Lok Sabha.

(PiB)

RBI issues new rules on how banks can distribute dividends, links payouts to capital strength: RBI has issued updated prudential norms governing dividend declaration and profit remittance by banks, to ensure payouts remain aligned with capital strength and asset quality. The new directions apply to commercial banks including banking companies, corresponding new banks and State Bank of India, as well as foreign banks operating in India through branch structures. The guidelines lay down detailed eligibility conditions and limits governing how much dividend, banks incorporated in India can distribute to shareholders and how foreign banks can remit profits to their parent entities abroad. The central bank said the move is aimed at ensuring that banks maintain adequate capital buffers and financial stability while distributing profits.

(Economic Times)

RBI caps bank dividend payout at 75% of profit after tax under new norms: RBI on Tuesday said banks incorporated in India can declare dividends based on their capital adequacy levels, with the payout capped at 75 per cent of profit after tax (PAT) for the relevant financial year. The dividend quantum will depend on a bank's Common Equity Tier-1 (CET1) ratio, with higher capital buffers allowing greater payout flexibility, according to the amended guidelines on declaration of dividend by RBI-regulated entities, released on Tuesday. Banks with CET1 ratios just above the regulatory minimum will not be allowed to pay dividends. Those with significantly stronger capital positions may distribute up to 100 per cent of adjusted PAT, subject to the overall 75 per cent cap of PAT.

(Business Standard)

Cabinet approves extension of Jal Jeevan Mission till December 2028: The Union Cabinet on Tuesday approved the extension of Jal Jeevan Mission up to December 2028 with an enhanced outlay of Rs 8.7 lakh crore for the rural drinking water supply project which will now shift focus from infrastructure creation to service delivery. The project was launched by Prime Minister Narendra Modi in 2019 to provide safe and adequate drinking water through tap connections to all households in rural India.

(Business Standard)



FINANCIAL TERMINOLOGY

ESSENTIAL COMMODITIES ACT 1955

- The Centre on Tuesday issued an order under the Essential Commodities Act, 1955, directing the diversion of natural gas to the economy's priority sectors. The move comes a day after the government directed refineries to use their propane, butane, propylene and butene output entirely for LPG production under the same Act.
- The Essential Commodities Act, 1955, empowers the Centre to control the production, supply and distribution of commodities deemed essential, to ensure availability at reasonable prices.
- The Act allows the Centre to add new commodities to the essential list or remove them, depending on prevailing circumstances. In 2020, Parliament amended the law to limit the Centre's powers to impose stockholding limits on certain food items. Under the amendment, stock limits on cereals, pulses, potatoes, onions, edible oilseeds and oils can be imposed only under extraordinary circumstances such as war, famine, natural calamities or a sharp price surge.
- Such limits may be triggered if there is a 100 per cent increase in the retail price of horticultural produce or a 50 per cent increase in the retail price of non-perishable food items compared to the previous 12 months or the average of the last five years, whichever is lower.



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 : 92.0174
INR / 1 GBP : 123.6990
INR / 1 EUR : 106.9960
INR /100 JPY: 58.4000

EQUITY MARKET

Sensex: 78205.98 (+639.82)
NIFTY: 24261.60 (+233.55)
Bnk NIFTY: 56950.80 (+931.00)

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TEAM BFSIB

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

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