

DAILY NEWS DIGEST BY BFSI BOARD

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ECONOMY

India set to become upper middle-income country by 2030 with per capita income touching \$4,000: SBI report: India's economic expansion is accelerating sharply, with SBI Research projecting that the country will reach the \$5-trillion mark in about two years and emerge as the world's third-largest economy by 2028. Tracing the long arc of growth, the report notes, "India achieved \$1 trillion in 60 years," but the pace has quickened dramatically since then. The economy doubled to \$2 trillion by 2014, crossed \$3 trillion in 2021, and reached \$4 trillion in 2025. "India is likely to achieve \$5 trillion in another around 2 years," the report said, underlining how successive milestones are now being hit in shorter intervals. The study also places India high in the global growth league, noting that over the decade ended 2024, the country ranked in the 95th percentile of the worldwide distribution of average real GDP growth, reflecting a strong shift in its relative economic position.

(Moneycontrol)

India, UAE set \$200 billion trade target as ties deepen across defence, energy, space: India and the United Arab Emirates on January 19 agreed to significantly deepen their Comprehensive Strategic Partnership, setting a target to double bilateral trade to \$200 billion by 2032 while expanding cooperation across defence, energy, space, technology and infrastructure. The decisions followed an official visit to India by UAE President Sheikh Mohamed bin Zayed Al Nahyan at the invitation of Prime Minister Narendra Modi. This was the UAE leader's fifth visit to India in the last decade and his third official visit as President.

(Business Today)

IMF upgrades India growth outlook, lifts FY26 forecast to 7.3%: The International Monetary Fund (IMF) on Monday raised its growth forecast for India for the 2025–26 financial year, citing stronger-than-expected momentum in recent quarters, even as it flagged a moderation in the years ahead once cyclical tailwinds fade. In its latest outlook, the global agency revised India's GDP growth estimate for FY26 upward by 0.7 percentage points to 7.3 per cent, reflecting a better-than-anticipated performance in the third quarter and sustained strength heading into the fourth.

(Business Today)

BANKING & FINANCE



PNB Q3 results: Net profit jumps 13% to ₹5,100 crore: Punjab National bank on Monday reported a 13 per cent year-on-year increase in standalone net profit for the December quarter of the Fiscal Year 2025-26 (Q3 of FY26) at Rs 5,100, compared with Rs 4,508 crore in the same quarter a year ago. "Bank aims for an excess of Rs 5,000 crore bottom lines every quarter, PNB MD and CEO Ashok Chandra said during a press conference. The total income increased to Rs 37,253 crore from Rs 34,752 crore a year ago, PNB said in a regulatory filing. Interest income during the quarter also rose to Rs 32,231 crore from Rs 31,340 crore. However, net interest income (NII) fell to Rs 10,533 crore in Q3 FY26 from Rs 11,032 crore in Q3 FY25, a decline of 4.5 per cent. Similarly, net NPAs, or bad loans, slipped to 0.32 per cent from 0.41 per cent at the end of the third quarter of the last fiscal. Despite a fall in the NPA ratio, provision against bad loans increased threefold to Rs 1,341 crore from Rs 318 crore a year ago.

(Business Line)

Over 3.96 Lakh MSME loan applications amounting to more than ₹52,300 crore Sanctioned by PSBs under new Credit Assessment Model based on digital credit underwriting programmes: The Public Sector Banks (PSBs) launched Credit Assessment Model (CAM) based on digital footprints for Micro, Small & Medium Enterprises (MSMEs) in the year 2025. Between 1st April and 31st December, 2025, over 3.96 lakh MSME loan applications amounting to more than ₹52,300 crore have

been sanctioned by the Public Sector Banks (PSBs) under the digital credit underwriting programmes. This credit assessment model leverages the digitally fetched and verifiable data available in the ecosystem and devise automated journeys for MSME Loan appraisal using objective decisioning for all loan applications and model-based limit assessment for both Existing to Bank (ETB) as well as New to Bank (NTB) MSME borrowers.

(PiB)

RBI tightens PSL norms, mandates auditor certification for lenders: The Reserve Bank of India has strengthened priority sector lending compliance, mandating external auditor certificates from intermediaries to prevent double-claiming of loans. This move follows scrutiny of banks for misclassifying agricultural loans. The RBI aims to ensure credit flows to priority sectors by enhancing monitoring and internal controls.

(Economic Times)

Priority sector lending: RBI asks HDFC, ICICI banks to make extra provisions: ICICI Bank and HDFC Bank have been instructed by a regulator to make significant one-time provisions. ICICI Bank must set aside an additional Rs 1,283 crore, while HDFC Bank is required to allocate Rs 500 crore. The regulator has also urged both banks to identify and address shortcomings in their loan portfolios. These adjustments are necessary to ensure compliance with Priority Sector Lending (PSL) norms.

(Economic Times)

Govt announces interest subvention scheme for export credit under EPM: The government has announced an interest subvention scheme for pre- and post-shipment export credit under the Export Promotion Mission (EPM), titled Niryat Prothsahan, the RBI said in a notification on Monday. “In terms of the above instructions, eligible lending institutions shall extend the benefit of interest subvention to eligible exporters strictly in accordance with the provisions of the scheme, and subject to compliance with the extant regulatory instructions issued by the Reserve Bank,” the notification said.

(Business Standard)

INDUSTRY OUTLOOK



Budget 2026-27 may unveil SEZ reforms to boost exports and domestic sales:

The government is considering announcing a SEZ reforms package as part of Budget 2026-27 to boost manufacturing competitiveness and help exporters better leverage the domestic market as they grapple with global uncertainties and US tariffs, sources said. Discussions between the Commerce and Revenue Departments are currently ongoing with a focus on proposed flexibilities such as easier domestic market access, the introduction of reverse job-work, and allowing INR payments for services provided by SEZs to domestic units, a source tracking the matter told businessline.

(Business Line)

India Launches Responsible Nations Index to Promote Ethical Governance and Global Responsibility: India has launched the Responsible Nations Index (RNI) at the Dr. Ambedkar International Centre, New Delhi, under the aegis of the World Intellectual Foundation (WIF). The Index introduces a comprehensive global framework for assessing nations on parameters such as ethical governance, social well-being, environmental stewardship, and global responsibility, going beyond conventional indicators of power and economic prosperity. The Responsible Nations Index is the outcome of a three-year academic and policy research initiative led by the World Intellectual Foundation, with key scholarly contributions from Jawaharlal Nehru University and Indian Institute of Management Mumbai.

(PiB)

India ranks sixth in Asia manufacturing index 2026, needs sharper push: India needs to up the ante after ranking sixth among 11 Asian countries in the newly released Asia Manufacturing Index (AMI) 2026, which measures the relative competitiveness of major manufacturing economies across eight key pillars and 43 sub-parameters. In its third year, the Index — released by Dezan Shira & Associates, a pan-Asian market entry advisory firm headquartered in Hong Kong — places India behind key Asian competitors in the global manufacturing race. Malaysia has moved

up to second place for the first time in 2026, replacing Vietnam, which has slipped to third. Among developed economies, Singapore has climbed one rank to fourth, overtaking South Korea, which has dropped to fifth. These shifts, the study says, reflect intensifying regional competition.

(Business Standard)



REGULATION & DEVELOPMENT

India's rabi crop acreage rises 2.8% as wheat, pulses sowing gets over: With a coverage of 8 lakh hectares (lh) in the past week, the overall acreage of rabi crops reached 652.33 lh as of January 16, which is 2.8 per cent higher than 631.45 lh a year ago. As wheat, chana, masur, and mustard acreage has been completed, the weather from now until harvesting (in March) will play a critical role in determining a bumper output, as winter crops have limitations for withstanding higher temperatures. The government has fixed a target of 171.14 mt of foodgrains, which include 119 mt of wheat, 15.86 mt of rice, 16.57 mt of pulses, 3.17 mt of nutri cereals, 14.5 mt of maize and 2.05 mt of barley, as well as 15.07 mt of oilseeds (including 13.9 mt of mustard) for the 2025-26 Rabi season.

(Business Line)

RBI floats linking BRICS' digital currencies to ease cross-border payments: RBI has proposed that BRICS countries link their official digital currencies to make cross-border trade and tourism payments easier, two sources said, which could reduce reliance on the US dollar as geopolitical tensions rise. The RBI has recommended to the government that a proposal connecting the central bank digital currencies (CBDCs) be included on the agenda for the 2026 BRICS summit, the sources said. India will host the summit, which will be held later this year. If the recommendation is accepted, a proposal to link the digital currencies of BRICS members would be put forward for the first time.

(Business Line)

Legal experts back Sebi's bid to regulate unlisted share market: The Securities and Exchange Board of India (Sebi) Chairman, Tuhin Kanta Pandey's recent statement that the market watchdog is in talks with the Ministry of Corporate Affairs to see whether the unlisted share market should be regulated is a subject that has been debated for quite some time. Legal experts believe that the main focus must be on clarifying and broadening the regulator's jurisdiction through legislative amendments. "If the government opts to regulate unlisted securities, introducing a new regulator is unlikely since the roles and oversight of Sebi and the Ministry of Corporate Affairs can be extended through legislative amendments,"

(Financial Express)



FALLEN ANGLE

- A fallen angel is a term used in finance to describe a bond that initially had an investment-grade rating but has been downgraded to junk status because of the issuer's declining financial health. These bonds typically offer higher yields because they are considered riskier due to the issuer's financial troubles.
- Funds like VanEck Vectors Fallen Angel ETF invest in these bonds, providing diversified exposure.
- Contrarian investors may see opportunities in fallen angels if recovery prospects are favorable.



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 : 90.9705

INR / 1 GBP : 121.8841

INR / 1 EUR : 105.7769

INR /100 JPY: 57.6400

EQUITY MARKET

Sensex: 83246.18 (-324.17)

NIFTY: 25585.50 (-108.85)

Bnk NIFTY: 59891.35 (-203.80)

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

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