

DAILY NEWS DIGEST BY BESI BOARD

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ECONOMY

FTA with EU could add \$50 billion to India's trade surplus by FY31: India and the European Union are widely expected to announce the conclusion of talks for a free trade agreement on January 27 that leaders on both sides have described as the “mother of all deals.” A wide-ranging free trade agreement could widen India's trade surplus with the European Union by over \$50 billion by FY31, potentially lifting the bloc's share in India's exports to 22–23 percent from 17.3 percent in FY25, Emkay Global said in a research note on January 25. Even though India accounts for just about 0.8 percent of the EU's export market, the deal is increasingly important for Europe as well, with its trade deficit with India widening sharply to \$15 billion in FY25 from a \$3 billion surplus in FY19, and as the bloc looks to diversify its trade away from an over-reliance on the China plus-one strategy, the note said.

(Moneycontrol)

Government plans Fertilizer Mission to cut imports, subsidies and chemical use: Govt is likely to announce a Mission on Fertilizer in the upcoming Budget. The Mission is aimed at reducing the use of chemical fertilizers and cutting the subsidy bill. Sources said the Mission may also include incentives to promote alternatives, including bio-fertilisers, to reduce current chemical fertilizer imports by at least 20 per cent. “The mission requires a five to ten-year horizon with specific targets. Reducing annual sales by even 6–7 per cent would offset the current rising trend, effectively keeping consumption at its present level,”. Sources said it may be named the “Mission for Self-Reliance in Fertilizer” with a target to cut imports by 20 per cent in five years or 35 per cent over 10 years.

(Business Line)

RBI readies Rs 1.25 lakh crore liquidity bazooka: RBI on Friday announced another set of liquidity measures that will infuse Rs 1.25 lakh crore into the financial system. The measures include a 90-day variable rate repo (VRR) operation amounting Rs 25,000 crore on January 30 and a three-year \$/Rs buy/sell swap auction of \$ 10 billion, which will be held on February 4. It will also purchase government securities worth Rs 1 lakh crore through open market operation (OMOs), across two tranches of Rs 50,000 crore each to be conducted on February 5 and February 12.

(Financial Express)

BANKING & FINANCE



Kotak Mahindra Bank Q3 PAT up 4% to Rs Rs 3,446 crore; NIMs remain flat: Kotak Mahindra Bank's standalone net profit for the quarter ended December was up 4% year-on-year to Rs 3,446 crore on the back of higher income and improvement in asset quality. Since February, when the RBI lifted the ban on Kotak Bank to issue credit cards, the bank has been struggling to grow the book. The credit card book declined by 1% quarter-on-quarter and 11% y-o-y as on December 31. The asset quality ratios of the bank too improved on a sequential basis. The gross NPA ratio stood at 1.30% during the quarter as against 1.39% a quarter ago and the net NPA ratio improved to 0.31%.

(Financial Express)

IndusInd Bank net profit slumps 90%: IndusInd Bank on Friday reported a 90% year-on-year decline in its December quarter net profit to Rs 127.98 crore. Total income stood at Rs 13,080 crore, down 13.7% from the previous year. The bank reported an additional impact of Rs 228.96 crore under 'employees cost' as a results of the New Labour Code. Advances declined 13% YoY to Rs 3.18 lakh crore as on December 31 and deposits fell 4% YoY to Rs 3.94 lakh crore, driven by reduction in bulk deposits, the bank said. The asset quality marginally improved during the quarter.

Gross NPA inched down to 3.56% from 3.60% a quarter ago, while the NNPA ratio remained stable at 1.04%.

(Financial Express)

Bombay HC stays GST demands on co-insurance premiums: The Bombay High Court has granted interim relief to several insurance companies by staying GST demands on co-insurance premiums and ceding commissions, holding that the levy appears to be contrary to CBIC circulars. The stay applies until the next hearing. ICICI Lombard General Insurance, Aditya Birla Health Insurance, SBI General Insurance Company and Tata AIG General Insurance were among the insurers that had approached the court, challenging the orders.

(Economic Times)

India's investor participation booming, leaves readiness gaps: WEF's Matthew Blake: India's fast-expanding markets and growing banking services are drawing domestic investors and savers deeper into the financial system. However, participation is growing faster than investor education and safeguards, creating gaps in readiness, said Matthew Blake, of the World Economic Forum.

(Economic Times)

Value of CDs climbs to ₹5.75 trillion, rates cross 7% for marquee banks: Banks are depending more heavily on the market for certificates of deposit (CDs), whose worth climbed to a record ₹5.75 trillion in the fortnight to January 15, owing to deposit tightness in the system. Deposit growth among banks is lagging credit expansion by roughly 180 basis points. CD rates have hardened, with marquee banks, including HDFC Bank and IndusInd Bank, borrowing at over 7 per cent in one-year paper.

(Business Standard)

INDUSTRY OUTLOOK



DoT allocates spectrum for vehicle-to-vehicle communication: The Department of Telecommunications (DoT) has allocated 30 GHz radio frequency for development of vehicle-to-vehicle (V2V) communication systems that will be deployed on four-wheelers in phases, Road Transport and Highways Minister Nitin Gadkari said on Friday. Vehicle -to-vehicle communication systems are presently available in select countries. This system will allow vehicles to communicate with each other using radio signals on their own without going into any other wireless communication network.

(Business Standard)

World Bank sanctions \$ 815 million loan for Tata Power's Bhutan project: The World Bank sanctioned long-term financing of \$ 815 million for the 1,125 MW Dorjilung Hydropower Project (DHPL) in Bhutan. DHPL is a special purpose vehicle (SPV) jointly owned by Bhutan's Druk Green Power Corporation which owns 60% and Tata Power which owns 40%.The project will be Bhutan's largest hydropower project to be developed under a public-private partnership (PPP) model and is expected to generate more than 4,500 GWh of clean electricity annually.

(Financial Express)

Fourth Industrial Revolution: WEF to launch 5 new global centres, one in India: The World Economic Forum on Friday announced its decision to establish five new Centres for the Fourth Industrial Revolution (C4IR) across different parts of the world, including one in India's Andhra Pradesh. With this move, India will now host three WEF-linked Fourth Industrial Revolution centres, adding Andhra Pradesh to the existing centres in Mumbai and Telangana. Besides Andhra Pradesh, the other new centres will be in France, the UK and the UAE. Launched by WEF in 2017, the Fourth Industrial Revolution Network (FIRN) is designed as a global platform for multi-stakeholder collaboration.

(Financial Express)



REGULATION & DEVELOPMENT

PFRDA constitutes Committee for Strategic Asset Allocation and Risk Governance (SAARG): The PFRDA has constituted a committee of Investment Experts for Strategic Asset Allocation and Risk Governance (SAARG) to review, recommend and modernize the investment framework under the NPS. SAARG has been tasked with undertaking a comprehensive review of the existing NPS investment guidelines benchmarking them with leading global pension systems and the evolving Indian investment ecosystem. The objective is to strengthen the investment architecture of NPS to support long-term retirement wealth creation, enhance diversification, improve risk management practices and expand subscriber choice. SAARG shall be chaired by Shri Narayan Ramachandran, former Country Head and CEO of Morgan Stanley India, and comprises eminent experts from the fields of capital markets, asset management and securities law. The committee shall have a time of 9 months examine and submit its report to PFRDA with its recommendations.

(PiB)

Padma Awards 2026: Dharmendra, Uday Kotak, Rohit Sharma honoured: The Ministry of Home Affairs on January 25 announced the Padma Awards list for 2026. The Padma Awards, among India's highest civilian honours, are announced every year on the eve of Republic Day. They are conferred in three categories: Padma Vibhushan for exceptional and distinguished service; Padma Bhushan for distinguished service of a higher order; and Padma Shri for distinguished service in any field of activity. The Ministry announced 131 Padma awards for 2026, including five Padma Vibhushan, 13 Padma Bhushan and 113 Padma Shri which include two cases in which the award for two individuals is counted as one. Former Kerala chief minister and veteran communist leader V S Achuthanandan and actor Dharmendra have been awarded the second-highest civilian honour, the Padma Vibhushan, posthumously for 2026. Playback singer Alka Yagnik, former Uttarakhand chief minister Bhagat Singh Koshyari, actor Mammooty and banker Uday Kotak are among those awarded the Padma Bhushan.

(Business Standard)

World Bank clears ₹5,700 crore aid for Haryana's Jal Sanrakshit project: The World Bank has approved technical and financial assistance of Rs 5,700 crore under the 'Jal Sanrakshit Haryana Project', with the objective of making the state self-reliant in the water sector. The funds will be utilised for large-scale works in the canal sector, he said on Saturday. According to an official statement, Saini said that out of a total of 1,570 canals in the state, 892 canals have been restored over the past 20 years, and the restoration of the remaining 678 canals is proposed to be completed in the next five years.

(Business Standard)



RISK AVERSE

- Risk averse refers to investors who avoid more risk than necessary in their investments. They prefer conservative, less aggressive investments that are less likely to lose value. So they focus on preservation of capital and some growth in value, even if it means they receive a lower return.
- Risk-averse investors prefer liquidity and favor municipal and corporate bonds, CDs, and savings accounts. Risk aversion is the opposite of risk seeking. Generally, the return on a low-risk investment will match, or slightly exceed, the level of inflation over time. A high-risk investment may gain or lose a bundle of money.



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 : 91.6195
INR / 1 GBP : 123.6246
INR / 1 EUR : 107.6211
INR /100 JPY: 57.7500

EQUITY MARKET

Sensex: 81537.70 (-769.67)
NIFTY: 25048.65 (-241.25)
Bnk NIFTY: 58473.10 (-727.00)

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TEAM BFSIB

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The Institute of Cost Accountants of India (ICMAI)**

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