

DAILY NEWS DIGEST BY BESI BOARD

01 July 2026



ECONOMY

India emerges as UK's second biggest FDI investor, creating 12,700 jobs: India has been the second most important foreign direct investor into the UK in 2025-26, helping create thousands of jobs. This position is likely to improve further once the India-UK Comprehensive Economic and Trade Agreement (CETA) comes into force on July 15. The agreement, which provides duty-free access for nearly 99 per cent of Indian exports to the UK and expands market access across 137 services sub-sectors, is expected to encourage companies to establish a stronger presence in each other's markets.

(Business Line)

VB-G RAM G Act to come into force from July 1: The Viksit Bharat -- Guarantee for Rozgar and Ajeevika Mission (Gramin) Act, 2025 will come into force from July 1. The Ministry of Rural Development said the Act provides a statutory guarantee of up to 125 days of wage employment to eligible rural households, compared to the 100 days provided under the existing rural employment framework. The ministry said an interim allocation of Rs 95,692.31 crore has been made to states and Union Territories to ensure a smooth transition, timely wage payments and uninterrupted implementation of works under the new framework.

(Business Standard)

Govt's fiscal deficit up 12-fold in April-May as revenue collections weaken: The government's fiscal deficit widened sharply to Rs 1.62 trillion in April-May, more than 12 times higher than a year ago, as pressure on revenue collections became more pronounced despite the record-high surplus transfer from the Reserve Bank of India

(RBI) in May. At Rs 1.62 trillion, the government's fiscal deficit accounted for 9.6 per cent of the Budget Estimate (BE) of Rs 16.96 trillion, data released by the Controller General of Accounts on Tuesday showed. In April-May 2025, the fiscal deficit was only 0.8 per cent of the BE..

(Business Standard)

BANKING & FINANCE



HDFC Mid Cap Fund joins the Rs 1 lakh crore club: HDFC Mid Cap Fund has crossed Rs 1 lakh crore in assets under management (AUM), becoming one of the largest actively managed mutual funds in the country. The milestone comes nearly 19 years after the fund was launched in June 2007 and highlights how investor interest in equity mutual funds has grown over the years. According to HDFC AMC, the fund has delivered a compound annual growth rate (CAGR) of 17.13 percent since inception, outperforming its benchmark return of 15.04 percent over the same period. The scheme has been managed by Chirag Setalvad since its launch. With this milestone, HDFC Mid Cap Fund joins a small group of mutual funds with assets of Rs 1 lakh crore or more.

(Moneycontrol)

Kotak Mahindra Bank to buy Deutsche Bank's India retail, wealth business for Rs 282 crore: Kotak Mahindra Bank Ltd will acquire Deutsche Bank's retail banking, affluent private banking and wealth management business in India for Rs 282 crore, the lender said on June 30. The business being acquired comprises about Rs 29,000 crore in loans, Rs 16,000 crore in deposits and Rs 10,500 crore in assets under management. It serves around 1.5 lakh customers and has a team of about 1,000 employees. The acquisition is expected to close by September 2027, subject to regulatory approvals, including from the Competition Commission of India, and other customary conditions, the release said.

(Moneycontrol)

PFRDA to launch NPS Swasthya with top-up health insurance through insurer tie-ups: Health insurance companies will soon be able to offer top-up health cover to National Pension System (NPS) subscribers through partnerships with the Pension Fund Regulatory and Development Authority (PFRDA). PFRDA Chairperson S. Ramann said the insurance regulator is set to roll out NPS Swasthya product in the next 60-70 days, Moneycontrol reported on Tuesday. The regulator's board has already approved the product and it will soon issue a circular detailing its standard operating procedure (SOP).

(Mint)

Irdai has granted two general insurance licences since 100% FDI: Chairman: The Insurance Regulatory and Development Authority of India (Irdai) has granted two new general insurance licences since the government allowed 100% foreign direct investment (FDI) in the sector in December, Chairman Ajay Seth said on Tuesday. “After the sector was opened up for 100% FDI, we have already given two licences on the general insurance side. One was approved yesterday,” Seth said at an event in Mumbai on Tuesday, without naming the insurers.

(Financial Express)

BoB, Mizuho Bank forge partnership to enhance collaboration in M&A financing: Bank of Baroda has joined forces with Japan's Mizuho Bank to boost their capabilities in mergers and acquisitions financing. This collaboration leverages Mizuho's global reach and structured finance expertise with BoB's strong Indian market presence and corporate ties. The partnership aims to enhance joint origination, structuring, and syndication of acquisition financing, alongside M&A advisory and risk distribution, promising a significant boost for cross-border deals.

(Economic Times)

RBI revises Certificate of Registration surrender norms for NBFCs: RBI on Tuesday revised the application form and indicative checklist for NBFCs, including housing finance companies (HFCs), seeking voluntary surrender of their Certificate of Registration (CoR), following changes to the regulatory framework for Unregistered Type I NBFCs. The central bank said NBFCs and HFCs intending to surrender their registration should submit the revised application form along with the prescribed documents through its PRAVAAH portal. The changes follow the RBI's amendment

directions issued on 29 April 2026. The RBI had announced in September last year that the application form and checklist for voluntary surrender of registration would be made available on the PRAVAAH portal. The latest revision incorporates changes arising from the new regulatory framework for Unregistered Type I NBFCs.

(Business Standard)

INDUSTRY OUTLOOK



Finance Ministry clears Rs.1.25-lakh crore for India Semiconductor Mission 2.0:

The Ministry of Finance has approved a Budget proposal of approximately Rs.1.25 lakh crore for the India Semiconductor Mission 2.0 (ISM 2.0). This funding supports the expansion of domestic chip-making facilities and aims to attract global companies, reinforcing India's status as a premier global semiconductor hub. According to top officials, the Department of Expenditure under the Ministry of Finance has approved the proposal. This new allocation marks a significant increase over the Rs.76,000 crore budget previously earmarked for ISM 1.0.

(Business Line)

Govt extends zero-duty window for 40 petrochemicals till July 15: The government on Tuesday extended the nil customs duty on imports of 40 critical petrochemical products by 15 days to July 15, seeking to prevent supply disruptions and ease cost pressures on downstream industries as conditions linked to the West Asia crisis gradually normalise. The full duty exemption, introduced on April 2, was due to expire on June 30. The finance ministry said the measure had been provided as temporary and targeted relief to maintain adequate domestic availability after Indian petroleum companies were asked to prioritise LPG production.

(Financial Express)

RBI flags nascent stress in micro enterprises; retail loans need monitoring: Asset quality is holding up in the MSME segment, but there are nascent signs of stress visible in micro enterprises, and the retail loan segment needs close monitoring, the Reserve Bank of India's Financial Stability Report has noted. "In the MSME segment, while some nascent stress is visible in micro enterprises, the overall gross NPA ratio

has shown improvement,” the report said, stressing that overall asset quality remains benign amid above-average loan growth in the MSME and retail segments. Household debt continued to rise, reaching 45.5 per cent of GDP at the end of September 2025. The increase was driven mainly by non-housing retail loans, which accounted for 58.4 per cent of total household borrowings as of March 2026. Borrowings for consumption purposes constituted nearly half of household debt, followed by loans for productive purposes, while loans for asset creation grew at a slower pace.

(Business Standard)



REGULATION & DEVELOPMENT

Performance-linked mutual fund fee framework in place, but industry yet to adopt it: Market regulator SEBI has already put in place an enabling framework that allows mutual funds to charge performance-linked fees, but the provision has remained largely unused by the industry, a senior official said on Tuesday. Speaking at Moneycontrol Mutual Fund Summit in Mumbai, SEBI Executive Director Manoj Kumar said the regulator considers the move one of the most significant reforms in the mutual fund space, even though it has received little attention from market participants. "We have created an enabling provision for a performance-based incentive structure. Mutual funds are governed by the Total Expense Ratio (TER) limits, but we have provided an enabling clause where, if you perform, you can earn. However, neither the industry nor other stakeholders have spoken much about it," Kumar said.

(Moneycontrol)

Govt keeps small savings interest rates unchanged for July-September quarter: The government has kept interest rates on all small savings schemes unchanged for the July-September 2026 quarter (Q2 FY27), extending the status quo for another quarter. The rates will remain the same as those notified for the April-June 2026 quarter. The Senior Citizen Savings Scheme (SCSS) and Sukanya Samriddhi Yojana (SSY) continue to offer the highest interest rate of 8.2% per annum among major small

savings schemes. The National Savings Certificate (NSC) offers 7.7%, while the Public Provident Fund (PPF) continues at 7.1% per annum. The Post Office Monthly Income Scheme (POMIS) will continue to offer 7.4%, while the Kisan Vikas Patra (KVP) carries an interest rate of 7.5%, with the investment maturing in 115 months.

(Business Today)

India launches FCRA 2.0 to tighten surveillance on foreign funds with wrong intentions: Union Home Minister has launched the FCRA 2.0 Portal on June 30. Foreign Contribution (Regulation) Act, 2010 regulates the acceptance and utilisation of foreign contributions or foreign hospitality by certain individuals or associations, or companies, and prohibits the acceptance and utilisation of foreign contributions or foreign hospitality for any activities detrimental to the national interest. The FCRA 2.0 Portal has been developed to simplify compliance under the Foreign Contribution (Regulation) Act and to strengthen the monitoring and enforcement mechanism. All major processes related to applications, renewals, annual returns, and other services have now been made fully digital (end-to-end). At present, around 14,500 active FCRA organisations are working across the country. Every year, approximately 15,000 to 20,000 applications and about 17,000 annual returns are received.

(Financial Express)



**FINANCIAL
TERMINOLOGY**

OPTIMAL CAPITAL STRUCTURE

- The optimal capital structure of a firm is the best mix of debt and equity financing that maximizes a company's market value while minimizing its cost of capital. In theory, debt financing offers the lowest cost of capital due to its tax deductibility.
- However, too much debt increases the financial risk to shareholders and the return on equity that they require. Thus, companies have to find the optimal point at which the marginal benefit of debt equals the marginal cost.
- An optimal capital structure is the best mix of debt and equity financing that maximizes a company's market value while minimizing its cost of capital.
- Minimizing the weighted average cost of capital (WACC) is one way to optimize for the lowest cost mix of financing.



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 : 94.5975
INR / 1 GBP : 125.1333
INR / 1 EUR : 107.7169
INR /100 JPY: 58.2700

EQUITY MARKET

Sensex: 76478.67 (-249.70)
NIFTY: 23865.75 (-80.50)
Bnk NIFTY: 57542.90 (-184.45)

Courses conducted by BFSI Board

- ❖ Certificate Course on Concurrent Audit of Banks
- ❖ Certificate Course on Credit Management of Banks
- ❖ Certificate Course on Investment Management
- ❖ Certificate Course on General Insurance.
- ❖ Advance Certificate Course on FinTech
- ❖ Certificate Course on Project Financing
- ❖ Certificate Course on Cost Control Strategies in the Banking Sector.
- ❖ Certificate Course on Treasury, Foreign Exchange and International Banking

For details please visit BFSIB portal of the ICMAI website

Publications by BFSI

- ❖ 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 2nd 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

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

Disclaimer: Information published in the Daily News Digest are taken from publicly available sources and believed to be accurate. BFSI Board of ICMAI takes no responsibility for the accuracy and reliability of information published in the Daily News Digest. No part of this Daily News Digest may be reproduced, stored in a retrieval system, or transmitted in any form or by any means - electronic, mechanical, photocopying, recording, or otherwise without the permission of BFSIB of ICMAI. For Restricted Circulation only. A Compilation of News in this regard from Secondary Sources.