



ICMAI

भारतीय लागत लेखाकार संस्थान

THE INSTITUTE OF
COST ACCOUNTANTS OF INDIA

Statutory Body under an Act of Parliament
(Under the jurisdiction of Ministry of Corporate Affairs)



H.Q: CMA Bhawan, 3, Institutional Area, Lodhi
Road, New Delhi – 110 003

Kolkata Office: CMA Bhawan, 12 Sudder Street,
Kolkata – 700 016

DAILY NEWS DIGEST BY BFSI BOARD

07 October 2026



RBI likely to hike rates for the first time since February 2023 in battle against inflation: After 21 consecutive monetary policy committee (MPC) meetings without a rate hike, the Reserve Bank of India (RBI) is on October 7 expected to raise the repo rate by 25 basis points to 5.5 percent. Elevated crude prices, tighter global financial conditions and a weak rupee are complicating the inflation outlook and will likely drive the hike. With the hike largely priced in, markets will focus on the RBI's guidance on the pace and depth of the tightening cycle, its inflation and growth assessments and strategy to manage surplus liquidity.

(Moneycontrol)

World Bank ups India's growth to 7.1% in FY27: The World Bank on Tuesday raised India's growth forecast for current fiscal by 50 basis points to 7.1 per cent. However, it cautioned that growth during the second half of the current fiscal year is likely to slow down. In its latest India Development Update, the multilateral agency noted that medium-term prospects are strong but also cautioned that "external risks are elevated, including downside risks related to global oil prices, El Nino and stock market corrections that would result in capital flow volatility." Last month, the Asian Development Bank (ADB) and the OECD and other global agencies like S&P and Fitch raised India's FY27 GDP growth projection to around 7 per cent.

(Business Line)

Govt notifies 375 permissible works under VB-G RAM G, expands scope by 41%: The Centre has notified 375 permissible works under the new rural employment framework, with a greater emphasis on livelihood infrastructure, water security and



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disaster preparedness, expanding the list of works by 41 per cent over the previous scheme. The Ministry of Rural Development said the new schedule, under the Viksit Bharat Guarantee for Rozgar and Ajeevika Mission (VB-G RAM G) Gramin Act, 2025, divides the works into four categories -- water security, core rural infrastructure, livelihood-related infrastructure, and special works for extreme weather events and disaster preparedness.

(Business Line)



UPI payments could soon offer a monthly window into India's classrooms and hospitals: India's UPI payments could soon do more than capture how consumers spend. The transaction data could also help the government track activity across the country's schools, colleges, hospitals and clinics, under a proposal by the Ministry of Statistics and Programme Implementation (MoSPI). MoSPI has proposed using UPI transactions classified by merchant category codes as a high-frequency indicator of private and household spending on education and healthcare, as it looks to expand the coverage of its newly introduced Index of Services Production. Education and human health and residential-care activities together account for a little over 10 percent of services-sector gross value added (GVA). Education accounts for 7.2 percent, while health and residential care contribute nearly 3 percent.

(Moneycontrol)

RBI steps on the gas to drain out surplus liquidity; to conduct VRRR auction for Rs.3 lakh cr: RBI is stepping on the gas to drain out surplus liquidity from the banking system. The central bank said it will conduct a one-day Variable Rate Reverse Repo (VRRR) auction to absorb Rs.3 lakh crore on Wednesday. The VRRR auction announcement, coming on the heels of a one-day VRRR auction for Rs.2.50 lakh crore conducted on Tuesday, is significant as it will be conducted on a day when the RBI's rate setting committee is expected to announce a 25 basis points repo rate hike. The rate hike will require tighter liquidity conditions for it to get transmitted in the financial



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system -- money markets and loans and deposits. As on October 5, the banking system had surplus liquidity of Rs.5,30,096 crore, according to the latest RBI data.

(Business Line)

NBFCs log 15.8% credit growth in August 2026 on the back of loans to retail and agri segments: NBFCs reported a strong 15.8 per cent year-on-year (yoy) growth in credit in August 2026 as compared to 10 per cent a year ago, on the back of a robust pick-up in retail loans, especially housing loans, loans against gold jewellery and consumer durables loans, and loans to agriculture and allied activities. While credit to industry grew marginally, credit to services decelerated, according to RBI data on sectoral deployment of credit by NBFCs for August 2026. Retail loans growth accelerated to 22 per cent (yoy) in August 2026 compared to 13.6 per cent a year ago.

(Business Line)

Indian banks set for strong Q2 FY27 earnings on robust credit growth: Indian banks are likely to see a pickup in earnings momentum during the second quarter of FY27, supported by strong credit growth and stable or lower provisioning costs, even as elevated liquidity and a changing deposit mix are expected to keep pressure on net interest margins (NIMs), according to a Systematix Research report. The brokerage expects earnings growth across its banking coverage universe to accelerate to 14.9 per cent year-on-year in Q2 FY27.

(Business Line)

Rupee hits two-month low amid foreign outflows, higher oil prices: The Indian rupee weakened to a two-month low on Tuesday as foreign investors continued to sell. It finally closed at 96.43 against the dollar, down 13 paise from the previous session. Oil prices hovered above \$100 a barrel during the day before retracing to \$98.45. A strengthening dollar index and rising US yields further added to the pressure, weighing on emerging-market currencies. The rupee remains the worst-performing Asian currency this calendar year, falling 7.3%.

(Financial Express)

Banks cannot cut interest on court-ordered FDs arbitrarily: Delhi HC: The Delhi High Court has ruled that banks cannot arbitrarily lower the interest payable on a fixed deposit created under a court direction. Any such reduction must be supported by a valid basis, the High Court said. A Division Bench of Justices Avneesh Jhingan and



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Shail Jain rejected an appeal filed by NatWest Markets PLC against an order directing it to pay higher interest on a Rs.5.89 crore fixed deposit maintained in connection with an ongoing arbitration dispute involving Hero Exports.

(Business Standard)



Cabinet clears Rs.10,000 crore SME fund to help Indian companies scale, compete globally: The Union Cabinet on Tuesday approved a Rs.10,000-crore government commitment to set up an SME Growth Fund aimed at providing long-term equity capital to small and medium enterprises and helping create a new generation of Indian companies capable of competing globally. The fund, announced as part of the Union Budget 2026-27, will make direct equity investments in SMEs with viable businesses and the potential to scale. The government said the initiative is intended to address a gap in growth-stage equity funding for SMEs. A majority of the SME Growth Fund's allocation will go towards small and medium manufacturing-focused enter

(Business Today)

Cabinet approves Integrated Transport & Logistics Authority for greater efficiency: The Union Cabinet on Tuesday approved the setting up of a special purpose vehicle (SPV) — Integrated Transport & Logistics Authority (ITLA) - to strengthen research, planning, appraisal, monitoring and impact assessment of transportation and logistics. “The approval seeks to address the long-standing challenges arising from fragmented planning and implementation across multiple transport-related Ministries and agencies,” per a statement issued by the government.

(Business Line)

Insurance brokers oppose IRDAI commission caps, warn of 60-70% revenue hit: Insurance brokers in India are opposing commission cap proposals from the Insurance Regulatory and Development Authority of India. They warn that these changes could reduce their revenue significantly and threaten many jobs. The Insurance Brokers Association of India seeks more time to provide feedback and opposes hard caps



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without proper assessments. Proposed changes aim to lower distribution costs and improve policyholder value, according to the regulator.

(Economic Times)



GST state-centre panel proposes 3% IGST on gold, silver and platinum imports by banks: The GST Fitment Committee has recommended withdrawing the IGST exemption available to banks and nominated agencies on imports of gold, silver and platinum, a move that would bring such imports under a 3% IGST levy. The exemption was introduced for gold in 2017, following a recommendation of the GST Council, as a trade facilitation measure for banks and nominated agencies importing the precious metals. It was subsequently extended to imports of silver and platinum. At present, the import of gold is a restricted activity and is permitted through specified channels, including banks and nominated agencies notified by the Directorate General of Foreign Trade (DGFT), qualified jewellers through the India International Bullion Exchange (IIBX), and eligible India-UAE Tariff Rate Quota holders through IIBX.

(Business Today)

Centre plans faceless assessment for GST payers, to begin with assesseees under central formulations: The Finance Ministry is launching a faceless GST assessment system, initially targeting taxpayers under central formulations. Industry experts anticipate significant benefits for multi-State enterprises, exporters and large manufacturers. “We plan to introduce a faceless assessment scheme in few months under GST. Initially, we would like to bring assesseees under central formations under the scheme. Later, it could be offered to States as optional,” a top government official said here on Tuesday. A faceless assessment scheme is already in place for Income Tax and Custom Duty assesseees.

(Business Line)



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Finmin asks pvt banks to increase participation in govt's financial inclusion schemes: The Finance Ministry on Tuesday asked private sector banks to step up participation in financial inclusion schemes, including PMMY and Stand Up India. Financial Services Secretary Sanjay Lohiya urged banks to support the upcoming saturation campaign, expand digital outreach, improve loan processing, strengthen insurance claim awareness and address grievances.

(Economic Times)



FINANCIAL TERMINOLOGY

HERSTATT RISK

- Herstatt risk arises when a bank pays the currency it has sold but does not receive the currency it has purchased because its counterparty fails. The exposure can involve the full principal amount, making it much larger than a loss caused merely by exchange-rate movements.
- Differences in settlement timings across countries can increase this exposure. Payment-versus-payment arrangements reduce the risk by ensuring that the final transfer of one currency occurs only if the other currency is also transferred.



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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 : 96.4348

INR / 1 GBP : 127.3756

INR / 1 EUR : 108.0729

INR /100 JPY: 60.9600

EQUITY MARKET

Sensex: 73067.81 (+685.34)

NIFTY: 22776.10 (+220.35)

Bnk NIFTY: 55128.40 (+414.30)



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



Publications by BFSI Board

- ◆ Handbook on Aide Memoire on Infrastructure Financing (3rd enlarged revised edition)
- ◆ Aide Memoire on Lending to MSME Sector (including restructuring of MSME Credit)
- ◆ BFSI Chronicle (quarterly issue of BFSIB)
- ◆ 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
- ◆ Expected Credit Loss (ECL) Framework - A Practical Handbook for Indian Banks
- ◆ Handbook on Restructuring of Bank Loans



For details, please visit the BFSIB portal on the ICMAI website.

CMA Harshad S. Deshpande, Chairman
Banking, Financial Services & Insurance Board (BFSIB)
The Institute of Cost Accountants of India (ICMAI)

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