

DAILY NEWS DIGEST BY BFSI BOARD

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ECONOMY

India to remain fastest growing economy at 6.6% in FY27, says World Bank: India is expected to remain the world's fastest-growing major economy in financial year 2026-27, although growth is projected to ease to 6.6 per cent from 7.7 per cent in the previous fiscal year amid higher energy prices and rising input costs, according to the World Bank's latest Global Economic Prospects report. "Growth in India is projected to moderate to 6.6 per cent in fiscal year 2026/27 (April 2026 to March 2027), reflecting a slowdown in private demand growth owing to higher energy prices and other input costs," the World Bank said in the report. The multilateral lender expects India's growth to recover to 7.2 per cent in fiscal year 2027-28, supported by stronger domestic demand and an improvement in exports. Forecasts published in the report show India growing at 7.7 per cent in FY26, 6.6 per cent in FY27, and 7.2 per cent in FY28.

(Business Today)

Govt mulls expanding India's fuel availability to cover three months of demand from 60 days currently: Public sector oil companies may be asked to build additional crude stockpiles after geopolitical situation stabilises; move aimed at strengthening India's energy security amid volatile global markets. At the moment, Indian government has said that India has fuel availability for 60 days. However, this is not indicative of strategic petroleum reserves and includes refined fuel in storage with OMCs and product in pipelines or in transit for supply across the country. A medium-term plan to expand India's emergency fuel availability to cover up to three months of demand is under consideration with the government, a senior official said. This proposal is part of a larger strategy in the works to reassess the country's energy security framework following recent geopolitical disruptions and volatility in global

crude markets. India imports nearly 89 percent of its oil needs, making it highly vulnerable to global supply shocks and swings in crude prices.

(Moneycontrol)

India's allocation in global emerging markets hits 5-year low: Citi: In its latest report, Citi Research said India's allocation in Global Emerging Market (GEM) funds is currently at a five-year low. The brokerage noted that India's weight in the global emerging market index has declined from around 20% in mid-2024 to about 11%, while global portfolios remain close to a 20-year high underweight position on Indian equities. According to Citi, foreign investor sentiment towards India remains subdued amid persistent geopolitical uncertainty and the associated macroeconomic challenges. The brokerage also highlighted concerns that India is not a significant participant in the global AI infrastructure buildout, making it important to monitor the medium- to long-term implications for employment, wages and consumption.

(Financial Express)

BANKING & FINANCE



Banks seek clarity on leveraging FCNR deposits through foreign branches: Indian lenders have sought clarity from the Reserve Bank of India (RBI) on whether domestic banks can leverage the foreign currency non-resident bank [FCNR(B)] deposit scheme by extending loans to depositors through their overseas branches, bankers said. This follows the RBI's decision to allow depositors to borrow from foreign banks for placing FCNR(B) deposits with Indian banks, while permitting Indian banks to issue letters of credit (LoCs) to support such borrowings. "It remains unclear whether the guidelines permit overseas branches of Indian banks to provide leverage to their own customers. The current rules do not explicitly address that scenario, and further clarification is needed," said a senior executive at a large private-sector bank.

(Financial Express)

Bank credit grows over 17% in May, extending double-digit rise for 9th month in a row: Bank credit saw a strong 17.44 percent growth in May. This marks the ninth straight month of double-digit expansion. Demand for loans from individuals and businesses remains high. Credit growth has consistently stayed above 13 percent since January. The Reserve Bank data shows a sustained upward trend in lending. On May 15, credit growth was seen at 16.06 per cent, indicating a sharp pickup by month-end.

(Economic Times)

Eight public sector banks add 13,223 employees in FY26; SBI leads hiring spree: Eight of the 12 public sector banks added 13,223 employees in FY26, taking their combined workforce to over 6.28 lakh, with State Bank of India (SBI) accounting for the bulk of the hiring. Analysis of data compiled by PTI from banks' annual reports shows that the total employee strength of the eight public sector banks stood at 6,28,203 at the end of March 31, 2026, compared with 6,14,980 in FY25, marking an increase of 13,223 employees.

(Economic Times)

84% of Indian banking leaders report rising fraud losses, AI-driven threats emerge as major concern: As artificial intelligence increasingly reshapes the financial sector, Indian banks are facing a sharp rise in fraud-related challenges, with 84 per cent of banking leaders reporting higher fraud losses over the past year, according to a survey report by BioCatch. The survey, which covered 1,440 fraud-management, anti-money laundering (AML), and risk and compliance leaders across 25 countries, found that India has emerged as one of the most concerned and heavily impacted markets when it comes to financial fraud and AI-enabled threats. It stated "84 per cent of respondents recognize AI agents as the industry's greatest exploitable vulnerability in the next year"

(Economic Times)

RBI issues draft CCR framework aligned with global standards: RBI has issued draft guidelines for computing banks' counterparty credit risk (CCR) from derivative transactions and capital requirements for bank exposures to central counterparties to bring it in line with international standards. In draft guidelines the central bank has clarified on the scope of CCR across both banking and trading book exposures and

how banks can treat multiple margin agreements and multiple netting sets in line with regulatory developments.

(Economic Times)

INDUSTRY OUTLOOK



PLI scheme attracts Rs 2.4 lakh crore in investments till March 2026: The flagship Production Linked Incentive (PLI) scheme attracted investments worth Rs 2.4 lakh crore by the end of FY26, with the highest inflows recorded in sectors such as solar PV modules, pharmaceutical drugs and automobiles and auto components. According to data obtained by Business Today through a RTI request, 892 applications had been approved under the PLI scheme as of March 2026. By the end of FY26, the scheme had generated production and sales worth Rs 22.66 lakh crore and contributed Rs 14.15 lakh crore in value addition. The PLI scheme was launched in April 2020 as part of the Centre's Make in India programme to promote domestic manufacturing. With an initial outlay of Rs 1.91 lakh crore, the scheme has been implemented across 14 key sectors, including large-scale electronics manufacturing, IT hardware, pharmaceuticals, bulk drugs and medical devices, among others.

(Business Today)

TCS partners with Anthropic to accelerate enterprise AI adoption with Claude: Tata Consultancy Services (TCS) today announced a global partnership with Anthropic AI to scale enterprise AI adoption by providing early access to Claude models through a Business Unit. Noting that in regulated industries, most AI initiatives stall at the pilot stage, TCS will bring Claude models to enterprises that demand accuracy, deep integration, resilience and strong governance.

(Business Line)

Citi cuts Nifty target to 26,000 on geopolitical risks, AI concerns: Global brokerage Citi has lowered its target for the Nifty 50 index to 26,000 from 27,000, citing persistent geopolitical tensions, risks to corporate earnings growth, and concerns about India's position in the global artificial intelligence (AI) ecosystem. The Nifty 50 index last

closed at 23,162, implying a 12 per cent upside from current levels. Citi has rolled forward its valuation framework to March 2028 earnings and now values the benchmark index at 18 times forward earnings.

(Business Standard)



REGULATION & DEVELOPMENT

SEBI proposes uniform price-band mechanism for stocks listed on multiple exchanges: SEB proposed a uniform mechanism to determine price bands and pre-open session base prices for stocks listed on multiple exchanges, to address instances of significant price divergence in illiquid securities. The regulator has proposed that where a stock trades on only one exchange on a given day, the other exchange should use the closing price of the exchange where trading occurred to determine the next day's price band and the base price for the pre-open call auction session. Further, where a stock trades on two or more exchanges but remains inactive on one or more of them, the non-trading exchange would use the closing price of the exchange with the highest trading volume for that stock to determine the subsequent day's price band and pre-open base price.

(Business Line)

Supreme Court introduces compensation for homemaker accident deaths: The Supreme Court on Thursday recognised "loss of domestic care" as a separate head of compensation in motor accident cases involving the death of a homemaker, holding that the economic value of domestic and caregiving work performed by women has long been undervalued. To address this gap, a Bench of Justice Sanjay Karol and Justice NK Singh directed that in cases involving the death of a homemaker, tribunals and courts should award a composite sum under the new head of "loss of domestic care". The amount has been fixed at Rs.30,000 per month, subject to a cumulative 10 per cent increase every three years. The Bench delivered the ruling while enhancing compensation in a 2001 accident case from Haryana.

(Business Standard)



FINANCIAL TERMINOLOGY

X-EFFICIENCY

- X-efficiency refers to the degree of efficiency maintained by firms under conditions of imperfect competition. Efficiency in this context means a company getting the maximum outputs from its inputs, including employee productivity and manufacturing efficiency.
- In a highly competitive market, firms are forced to be as efficient as possible to ensure strong profits and continued existence. This is not true in situations of imperfect competition, such as with a monopoly or duopoly.
- When calculating x-efficiency, a data point is usually selected to represent an industry and then it is modeled using regression-analysis. For example, a bank might be judged by total costs divided by total assets to get a single data point for a firm. Then, the data points for all the banks would be compared using regression analysis to identify the most x-efficient and where the majority fall.



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 : 95.7205

INR / 1 GBP : 128.0491

INR / 1 EUR : 110.5017

INR /100 JPY: 59.6100

EQUITY MARKET

Sensex: 73832.55 (-150.63)

NIFTY: 23161.60 (-53.35)

Bnk NIFTY: 55176.75 (+76.45)

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TEAM BFSIB

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