

DAILY NEWS DIGEST BY BESI BOARD

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ECONOMY

India-UK trade pact takes effect, promising tariff cuts and services boost: India and Britain's comprehensive trade pact took effect on Wednesday, cutting tariffs on thousands of goods and widening access for services firms and professionals in both markets. The India-UK Comprehensive Economic and Trade Agreement gives Indian exporters immediate duty-free access to most British tariff lines, benefiting labour-intensive sectors such as textiles, leather, footwear, marine products, gems and jewellery, and processed foods. Britain gains wider access to one of the world's fastest-growing major economies, with phased tariff cuts and quotas for sectors such as automobiles, and openings in procurement, financial services, education, insurance and professional services.

(Business Line)

India posts \$2 bn current account deficit in May as trade gap widens: India recorded a current account deficit of \$2 billion in May 2026 as imports exceeded merchandise exports, according to preliminary balance of payments (BoP) data released by the Reserve Bank of India (RBI) on Wednesday. The current account had recorded a surplus of \$0.7 billion in May 2025. In the April-May period of FY27, India's current account surplus stood at \$2.8 billion, reversing a deficit of \$4.1 billion in the corresponding period of the previous year, mainly due to higher net transfers. In May, the merchandise trade deficit widened to \$27.9 billion from \$22.6 billion a year ago. Exports rose to \$46.1 billion from \$38.7 billion, while imports increased to \$74 billion from \$61.3 billion in the same period last year.

(Business Standard)

Fed's Warsh says AI-driven price pressures may not prove inflationary: Federal Reserve Chairman Kevin Warsh said higher prices driven by the build-out of artificial intelligence (AI) infrastructure are not necessarily inflationary. In an exchange with lawmakers on the impact of the AI boom, Warsh said policymakers will debate how inflationary that proves to be, and he acknowledged the investments were already raising the prices of computer chips. “I don’t view a one-time change in prices as necessarily being inflationary because there’s a supply response,” Warsh said Wednesday in response to a question during his testimony before the Senate Banking Committee. “In that way, this is different from a foreign conflict and what it might do, which tends to reduce the supply side of the economy.”.

(Business Standard)

BANKING & FINANCE



Union Bank profit climbs 30% on NII growth: Union Bank of India on Wednesday reported a 29.6% year-on-year rise in its net profit to Rs 5,332 crore for the quarter ended June, aided by a strong growth in net interest income (NII) and improved asset quality. “We have improved our credit growth and asset quality, which have led to higher profits during the quarter. We are bringing down high-cost deposits and making efforts to boost lower-priced CASA (current account savings account) deposits,” Managing Director and CEO Asheesh Pandey said. The NII rose 10.1% YoY to Rs 10,037 while the net interest margin (NIM) improved to 2.80% from 2.76% in the year-ago period. The asset quality improved with the gross non-performing assets (NPA) declining to 2.65% from 3.52% a year ago and 2.82% in the previous quarter.

(Financial Express)

RBI’s governance revamp raises the bar for bank boards, say experts: RBI has proposed easing the approval process for institutional investors looking to acquire shares in commercial banks, a move aimed at reducing regulatory friction for mutual funds, insurance companies and pension funds while maintaining oversight over significant shareholdings. In a draft amendment to its Reserve Bank of India

(Commercial Banks – Acquisition and Holding of Shares or Voting Rights) Directions, 2025, the central bank has proposed introducing a one-time approval mechanism for eligible institutional investors making subsequent acquisitions of major shareholding in the same banking company.

(Financial Express)

RBI rewrites bank board playbook from October 1: The Reserve Bank of India (RBI) on Tuesday overhauled the framework governing matters to be placed before bank boards, replacing the existing seven-theme structure with a principle-based approach aimed at allowing directors to spend more time on strategic priorities and risk oversight. The revised directions will come into effect from October 1, with the central bank extending the implementation timeline by a month following feedback from stakeholders. The draft guidelines were issued on April 8. Under the earlier framework, board agendas had to be structured around seven broad themes — business strategy, risk, compliance, financial reporting and integrity, customer protection, financial inclusion, and human resources.

(Financial Express)

RBI eases stake purchase norms in banking companies by mutual fund houses, insurers and pension funds: The Reserve Bank of India (RBI) proposed today that while AMC, insurance companies and pension funds will be required to get an approval from RBI for initial acquisition of major shareholdings, all subsequent stake purchases could be made with a one-time approval. Once received, this approval will be valid unless it is revoked by the RBI. Currently, any AMC, insurance company or pension fund is required to get an approval from RBI for an initial stake purchase of five per cent or more in a bank or any subsequent stake purchase if its aggregate shareholding in the bank falls below five per cent at any point of time. Once the one-time approval is obtained, these entities will also be required to report any increase or decrease in the stake above or below five per cent to RBI and the concerned banking company within one day of such an event.

(Financial Express)

SBI appoints Sunil Agrawal as chief financial officer: State Bank of India has appointed Sunil Agrawal as its new Chief Financial Officer. Agrawal previously served as the Chief Financial Officer for LIC, the nation's largest life insurer. He brings twenty-

seven years of extensive experience in financial services and strategic planning. His expertise includes financial planning, capital management, and regulatory engagement.

(Economic Times)

INDUSTRY OUTLOOK



India doubles down on mobile manufacturing; Cabinet approves Rs 62,500 crore mobile PLI 2.0: The Union Cabinet has approved a new Rs 62,500 crore Mobile Phone Manufacturing Scheme (MPMS). This replaced the earlier PLI scheme for electronics manufacturing, which officially ended on March 31, 2026. The scheme will help India to move beyond assembling and manufacturing smartphones and build its own smartphone brands and design phones within India. And develop homegrown technology and intellectual property (IP). The programme will be in effect for five financial years, beginning in 2026-27 and ending in 2030-31.

(Business Today)

IFSCA proposes direct listing framework in GIFT City, offering firms an IPO-free route to public markets: Companies looking to go public without raising fresh capital could soon have a formal route to list in GIFT City, with the International Financial Services Centres Authority (IFSCA) proposing a regulatory framework for the direct listing of equity shares and convertible securities without an initial public offering (IPO). In a consultation paper released on July 13, the regulator proposed detailed eligibility norms, disclosure requirements and pricing mechanisms for companies seeking to list on recognised stock exchanges in the International Financial Services Centre (IFSC) without undertaking a public offer.

(Business Line)

Banks courting corporate clients for merger and acquisition financing: Leading domestic lenders have begun approaching their big corporate clients, including conglomerates, to position themselves for merger and acquisition (M&A) financing,

after the Reserve Bank of India's (RBI's) norms allowing banks to fund such transactions came into effect on July 1. State-owned lenders are exploring tieups with foreign banks, while private-sector peers are banking on existing corporate relationships to participate in M&A financing as deals materialise.

(Business Standard)



REGULATION & DEVELOPMENT

Income Tax Act 2025: New presumptive tax rules may raise tax burden for small businesses, professionals: The Income Tax Act, 2025 has retained the basic framework of presumptive taxation but introduced a significant change that could increase the tax burden for many small businesses and professionals. While the turnover limits and presumptive income rates remain largely unchanged, the new law consolidates the provisions into a single section and bars taxpayers from claiming losses, allowances and several deductions against presumptive income. Under the Income Tax Act, 1961, presumptive taxation was governed by three separate provisions, Section 44AD for eligible businesses, Section 44ADA for specified professionals and Section 44AE for transporters. These prescribed fixed presumptive income rates of 6 percent/8 percent for businesses, 50 percent for professionals and vehicle-based income for transport operators. The turnover limit for businesses was Rs 2 crore, extendable to Rs 3 crore where cash transactions did not exceed 5 percent. Income Tax Act, 2025 unifies presumptive taxation under Section 58 but bars all loss set-offs and deductions against presumptive income, tightening compliance while raising the tax burden on small taxpayers with commission income or brought-forward losses. The new provision could result in higher tax liability because presumptive income can no longer be reduced through various losses and deductions.

(Moneycontrol)

NPS PRIDE-Disha launched: New PFRDA tool lets subscribers compare SIP-like pension fund returns: PFRDA) has launched NPS PRIDE-Disha (Pension Fund Returns for Informed Decision & Empowerment), a digital decision-support tool that

allows National Pension System (NPS) subscribers to compare the historical performance of pension funds using SIP-style return calculations instead of relying only on traditional lump-sum return metrics. The new tool is designed to help subscribers make better investment decisions while choosing or switching pension funds. PFRDA has also directed all Central Recordkeeping Agencies (CRAs) to make the PRIDE-Disha link available on subscriber login portals and nodal office interfaces during the pension fund and scheme selection process.

(Business Today)

Sebi tightens code of conduct for board members on conflict of interest: Sebi has overhauled its governance framework for board members, introducing a detailed code on conflict of interest that significantly tightens rules on disclosures, recusals, and non-permitted investments. The new code shows a shift from broad ethical guidelines to a more prescriptive, compliance-driven regime in comparison to the 5-page code put in place in 2008. The revised code explicitly bars whole-time members (WTMs) and their families from making fresh investments in non-permitted instruments during their tenure, while also mandating detailed disclosures of such holdings. Board members will not be permitted to have investments in equity, any instrument convertible into equity, or trading in derivatives of equity or commodities.

(Business Standard)



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FINANCIAL TERMINOLOGY

KNOWLEDGE ECONOMY

- The knowledge economy is an economy of products and services produced with human capital, knowledge, skills, and intellectual property, rather than physical assets such as land and physical labor.
- It refers to the ability to capitalize on scientific discoveries and applied research.
- The knowledge economy represents a large share of the activity in most highly developed economies.
- A significant component of its value might be intangible assets, such as the value of its workers' knowledge or of intellectual property such as patents and proprietary procedures.



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 : 96.2219
INR / 1 GBP : 129.0746
INR / 1 EUR : 110.0798
INR /100 JPY: 59.3300

EQUITY MARKET

Sensex: 77185.43 (+130.49)
NIFTY: 24078.50 (+26.45)
Bnk NIFTY: 57757.85 (+295.55)

Courses conducted by BFSI Board

- ❖ Certificate Course on Concurrent Audit of Banks
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- ❖ Aide Memoire on lending to MSME Sector (including restructuring of MSME Credit).
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- ❖ 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)**

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