

DAILY NEWS DIGEST BY BESI BOARD

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ECONOMY

Dollar softens as Middle East ceasefire holds: The U.S. dollar edged down on Tuesday as markets weighed developments in the Iran war, while the yen nudged lower in muted trade after a suspected intervention by Tokyo last week sparked sharp gains. The dollar index, which measures the U.S. currency against six peers, was 0.03% lower at 98.437 after rising 0.3% on Monday. The euro was 0.1% higher at \$1.17005, while sterling was 0.1% higher at \$1.35510.

(Mint)

RBI signals potential shift to lower inflation target and narrower band if macro stability holds: A decade into India's inflation-targeting regime, the Reserve Bank of India (RBI) has opened the door, albeit cautiously, to a possible recalibration of its inflation target and a tighter tolerance band in the next review cycle. "If the growth-inflation mix evolves as it has in the past 10 years—robust growth, and lower and more stable inflation—one could perhaps consider tweaking the level of inflation and the tolerance band a bit," deputy governor Poonam Gupta said in a speech on Tuesday, adding that this could justify a slightly lower inflation target and a slightly narrower tolerance band.

(Mint)

Financial services spearhead surge in outbound FDI, manufacturing slips: The composition of India's outward FDI is shifting even as flows surge, with financial services emerging as the dominant sector and its share rising by 12.31 percentage points between FY21 and FY26. Manufacturing's share, on the other hand, declined by 14.52 percentage points. The rebalancing according to experts, reflects both India's

emergence as a service-led economy and investors' search for deeper, more sophisticated financial systems overseas. The shift comes alongside a sharp increase in overseas deployment, with outward FDI jumping to \$7.06 billion in March, a 156 per cent rise from the previous month and the highest level since at least April 2021. For FY26, outbound FDI climbed to \$46.8 billion, up from \$41.6 billion in FY25.

(Business Standard)

BANKING & FINANCE



RBI proposes 7-year cap on holding non-financial assets: The Reserve Bank of India (RBI) on Tuesday said lenders may classify collateral as specified non-financial assets (SNFAs) only when all other recovery options have been exhausted and hold them for up to seven years. “Regulated entities may, as part of a recovery strategy, acquire ownership of an immovable asset furnished as collateral security,” the central bank said in draft directions on the treatment of SNFAs acquired by banks, adding that a controlled and timely disposal of such assets may enable the lender to maximize net recoveries “while ensuring transparency and prudence in the recovery process”. The regulator has sought comments and feedback on the proposals by 26 May 2026..

(Mint)

Bank LCR dips in Q4 FY26 as deposit growth lags credit expansion; buffers remain above norms: Several banks have reported a further decline in the liquidity coverage ratio (LCR) in the fourth quarter of FY26 amid slowing deposit growth, banks' earnings disclosures showed. For instance, HDFC Bank has cut down LCR to 114% in the March quarter from 116%, Federal Bank has decreased it to 119.9% from 123.9%, while Union Bank of India has decreased its ratio to 113.8% from 123.6% a quarter ago. Among other large private banks, Kotak Mahindra Bank's LCR fell 42 bps to 134.4%, while it stayed flat for ICICI Bank and rose by 1% to 117% for Axis Bank. This is the second straight quarter banks reported a fall in the LCR.

(Financial Express)

Department of Financial Services (DFS) Approves Viability Plan 2.0 for Regional Rural Banks (RRBs): To institutionalize performance monitoring and strengthen governance reforms in RRBs, the Department of Financial Services (DFS) had introduced a three-year Viability Plan covering FY 2021-22 to FY 2024-25. In view of emerging financial sector challenges and the need for continued oversight, DFS has now approved a revised Viability Plan 2.0 for a further period of three years from 2025-26 to 2027-28, aimed at enhancing financial sustainability and long-term competitiveness of RRBs. The Viability Plan 2.0 comprises a defined set of 30 performance parameters anchored around four main key pillars viz. operational excellence, asset quality, profitability, and growth. The key critical metrics across these four pillars include CRAR, credit-deposit ratio, digital adoption, NPA levels, recovery performance, profitability ratios and performance in implementation of Government of India schemes.

(PiB)

Banks record robust 15.9% credit growth in FY26: Finance Ministry: Indian banks saw strong credit growth of 15.9 percent in the 2025-26 fiscal year. This reflects a vibrant economy and high demand for loans. Services, personal loans, agriculture, and industry all contributed to this expansion. The Finance Ministry highlighted India's resilience as the world's fastest-growing major economy amidst global challenges.

(Economic Times)

PNB Q4 result: Profit rises 14.4% to ₹5,225 crore; asset quality improves: PNB on Tuesday reported a 14.4 per cent year-on-year rise in net profit to ₹5,225 crore for the three months ended March 2026, driven by higher interest income. The lender had earned a net profit of ₹4,567 crore in the year-ago period. However, the bank's total income fell to ₹36,319 crore during the quarter under review from ₹36,705 crore a year ago, PNB said in a regulatory filing. On the asset quality front, the bank's gross Non-Performing Assets (NPAs) improved to 2.95 per cent of gross advances as compared to 3.95 per cent by the end of March 2025. Similarly, net NPAs came down to 0.29 per cent from 0.4 per cent.

(Economic Times)

INDUSTRY OUTLOOK



Kumar Mangalam Birla takes over as Vodafone Idea non-executive chairman:

Vodafone Idea Limited on Tuesday announced a boardroom reshuffle, with Kumar Mangalam Birla appointed as its new non-executive chairman, replacing Ravinder Takkar, who has stepped down from the role and will now serve as non-executive vice chairman. The changes, effective May 5, were approved by the company's board and disclosed under Regulation 30 of the SEBI Listing Regulations, the telecom operator said in a filing to exchanges. Takkar, who had been serving as non-executive chairman, will continue on the board in a re-designated role as vice chairman, ensuring continuity in leadership. Meanwhile, Birla—already a non-executive director on the board—has been elevated to lead the board as chairman.

(Moneycontrol)

Cabinet approves Ship Repair Facility at Vadinar, Gujarat: The Cabinet Committee on Economic Affairs, chaired by the Prime Minister Shri Narendra Modi, today has approved the development of a state-of-the-art Ship Repair Facility at Vadinar, Gujarat, marking a major expansion of the national ship repair ecosystem. The project will be jointly implemented by Deendayal Port Authority (DPA) and Cochin Shipyard Limited (CSL), with a combined investment of Rs.1,570 crore. The project is planned as a brownfield facility with a 650 metres jetty, two large floating dry docks, workshops and associated marine infrastructure. Vadinar's natural deep draft, connectivity to major shipping routes, and proximity to key ports such as Mundra and Kandla make it an optimal location for repair operations, particularly for large commercial and foreign-flagged vessels.

(PiB)

Tata Power's Bhutan hydro project gets \$515 mn World Bank nod: The Bhutan government and the World Bank on Tuesday signed financing agreements worth \$515 million for the 1,125 megawatt Dorjilung Hydroelectric Power Project being developed

by a joint venture between India's largest private sector power company, Tata Power Co. Ltd, and Bhutan's state-run Druk Green Power Corp. Ltd. The project in eastern Bhutan, once completed, is set to generate 4,500 gigawatt-hours (GWh) of clean electricity every year, with 80% of this to be exported to India during the peak summer season, the World Bank said in a statement..

(Mint)



REGULATION & DEVELOPMENT

ECLGS 5.0 approved: Govt to provide credit support to MSMEs, airlines, targets ₹2.55 lakh cr credit flow: The Union Cabinet has approved the Emergency Credit Line Guarantee Scheme (ECLGS) 5.0, aiming to provide fresh liquidity support to businesses impacted by global uncertainties, particularly the ongoing West Asia crisis. The scheme seeks to facilitate an additional credit flow of ₹2.55 lakh crore, including a dedicated ₹5,000 crore window for the airline sector. The latest version of the scheme will offer credit guarantee coverage through the National Credit Guarantee Trustee Company Limited (NCGTC) to banks and financial institutions, enabling them to extend additional working capital to eligible borrowers without increasing their risk exposure. Under ECLGS 5.0, micro, small and medium enterprises (MSMEs) will receive 100% government-backed guarantee on incremental loans, while non-MSMEs and airlines will be covered up to 90%. Eligible borrowers include MSMEs, non-MSMEs, and scheduled passenger airlines that had outstanding credit facilities as of March 31, 2026, provided their accounts were classified as standard. The scheme allows additional credit of up to 20% of the peak working capital utilised during the fourth quarter of FY26, capped at ₹100 crore per borrower. For airlines, the support is significantly higher—up to 100% of their outstanding credit, subject to a cap of ₹1,500 crore per borrower and specific conditions. The guarantee cover will remain co-terminus with the loan tenure, ensuring lenders remain protected throughout the

repayment period. The scheme will apply to all loans sanctioned from the date of notification until March 31, 2027.

(Business Today)

Cabinet approves ₹10/quintal hike in sugarcane price for 2026-27 season: The Cabinet on Tuesday raised the minimum amount that mills are legally bound to pay growers by ₹10 per quintal, the lowest in three years. After this revision, sugar mills will buy sugarcane at the new Fair and Remunerative Price (FRP) of ₹365 per quintal when they open the factories for 2026-27 season from October. “The FRP will be ₹365/quintal for a basic recovery rate of 10.25 per cent,” Union Minister Ashwini Vaishnaw told reporters after the Cabinet Committee on Economic Affairs (CCEA) meeting. The approved FRP is 2.81 per cent higher than the current rate of ₹355 per quintal for 2025-26 season. In 2023-24 season, too, the government had hiked FRP by ₹10 per quintal.

(Business Line)

UIDAI joins hands with NFSU to enhance cybersecurity and digital forensics resilience: The Unique Identification Authority of India (UIDAI) and the National Forensic Sciences University (NFSU) have joined hands to establish a structured, five-year collaboration in the domains of digital forensics, cybersecurity, and advanced technology research. The memorandum of understanding provides an umbrella framework for collaboration and brings together two key national institutions to further strengthen cyber resilience across UIDAI’s digital infrastructure, which underpins India’s digital identity ecosystem.

(PiB)



FINANCIAL TERMINOLOGY

FROTH

- Froth refers to a market condition where an asset's price begins to increase beyond its intrinsic value.
- Froth refers to market conditions preceding an actual market bubble, where asset prices become detached from their underlying intrinsic values as demand for those assets drives their prices to unsustainable levels.
- A frothy market is characterized by overconfident investors that ignore market fundamentals and bid up an asset's price beyond the asset's quantitative worth.
- Two examples of burst bubbles include the dot-com bust of 2001 and the housing crash of 2007-08.



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 : 95.3602
INR / 1 GBP : 129.0020
INR / 1 EUR : 111.4392
INR /100 JPY: 60.6400

EQUITY MARKET

Sensex: 77017.79 (-251.61)
NIFTY: 24032.80 (-86.50)
Bnk NIFTY: 54547.05 (-331.45)

Courses conducted by BFSI Board

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TEAM BFSIB

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

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