

DAILY NEWS DIGEST BY BESI BOARD

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ECONOMY

RBI asks state oil refiners to curb spot dollar buying: Report: RBI has urged state-run oil refiners to curb spot dollar purchases and tap a special credit line for their foreign exchange needs, three sources said, reviving measures used earlier in the Ukraine war to ease pressure on the rupee. A surge in oil prices and heavy foreign portfolio outflows have battered the Indian currency. It has fallen more than 3% to record lows this year, making it Asia's worst-performing major currency. Using the special credit facility would reduce dollar demand from refiners, helping ease pressure on the rupee, two of the sources said. Refiners are major buyers of dollars to pay for oil imports. The state-run refiners have been asked to access the credit line via the State Bank of India, the sources said. SBI is India's largest bank and is state-backed.

(Moneycontrol)

German government halves 2026 growth forecast to 0.5% amid Iran war, source says: The German government has halved its growth forecast for 2026 and has also cut its growth prediction for 2027, while raising its inflation projections, a source told Reuters on Thursday, as the Iran war drives up oil and gas prices. For this year, the government expects 0.5% growth, down from 1.0% previously expected, and 0.9% growth for next year, down from 1.3%, the source said. The downward revision follows a cut by Germany's leading economic institutes, which slashed their joint 2026 growth forecast to 0.6% from 1.3% projected in the previous forecasts and lowered their 2027 forecast to 0.9% from 1.4%.

(Reuters)

Currency in circulation surged 11.9% in FY26, most in five years: Currency in circulation (CIC) surged 11.9 per cent year-on-year by the end of the financial year 2025-26 (FY26) — the highest since the Covid year of 2020-21 — to Rs. 41.68 trillion, due to revival of the cash-driven rural economy and persistent precautionary demand. In absolute terms, CIC grew by Rs. 4.44 trillion in FY26, the highest since the post-demonetisation year of 2017-18. In 2017-18, CIC grew by Rs. 4.94 trillion as the RBI infused cash into the economy after the November 2016 demonetisation exercise rendered 86 per cent of the cash in circulation invalid by withdrawing the then Rs. 500 and Rs. 1,000 banknotes.

(Business Standard)

BANKING & FINANCE



HDFC Bank to invest Rs 1,000 cr in HDFC Life to boost solvency: HDFC Bank is injecting Rs 1,000 crore into HDFC Life Insurance. This investment will increase HDFC Bank's ownership to over 50%. The capital infusion aims to strengthen HDFC Life's financial position. The insurer's solvency ratio is expected to rise significantly. This move prepares HDFC Life for future growth and evolving regulations.

(Economic Times)

Currency policy is costing India: Managing rupee harder in open economy: In the discourse on Indian economic policy, a recurring tension exists between the desire for administrative control and the requirements of a sophisticated market economy. This is currently visible in the exchange rate actions of the Reserve Bank of India (RBI). For months, the RBI has engaged in a strenuous effort to prevent the depreciation of the rupee. In doing so, it appears willing to sacrifice the long-term project of financial sector development. This trade-off is problematic for two reasons: (i) it undermines the institutional foundations of the Indian economy, and (ii) every currency defence turns into interest rate hikes, which is not appropriate at the present moment for the economy. What first needs to be recognised is that the exchange rate is overvalued. A real effective exchange rate of 100 is no longer an appropriate measure of the

equilibrium exchange rate, as much has happened in recent years, especially the deceleration in exports and the withering of net capital inflows. To reestablish balance of payments equilibrium, the exchange rate needs to depreciate.

(Economic Times)

HDFC Bank's governance, financial metrics hold well: InGovern Research: Proxy advisory firm InGovern Research said on Thursday that despite the abrupt resignation of HDFC Bank's former part-time chairman, Atanu Chakraborty—which had sparked concerns around governance at India's largest private sector bank—the bank's governance standards and financial metrics remain strong, and investors have no reason to worry about its financial strength or leadership. "The incident was a governance stress-test at a big bank, not a breakdown. The response matches how global peers and leading banks manage leadership exits: leadership continuity, external review, and clear communication, rather than panic-driven change," the report by InGovern said.

(Business Standard)

RBI to conduct Rs. 2 trillion VRRR to absorb surplus liquidity in system: The Reserve Bank of India will conduct a seven-day variable rate reverse repo (VRRR) on Friday for a notified amount of Rs 2 trillion, "in view of the surplus transient liquidity conditions prevailing", the central bank said. The liquidity surplus in the banking system — as measured by banks parking funds in the RBI's liquidity adjustment facility window — was Rs 5.2 trillion on Wednesday. The surplus has been over Rs 5 trillion for the last few days.

(Business Standard)

INDUSTRY OUTLOOK



Taiwan market capitalisation tops \$4 trillion on AI boom, overtakes UK: Taiwan overtook the UK in stock market value as the island's tech firms regained favor amid hopes for further de-escalation in the Iran war. Taiwan's market capitalisation rose to \$4.14 trillion as of Wednesday, making it the world's seventh largest, according to data

compiled by Bloomberg that show the combined value of companies with a primary listing on the island. The UK's market was valued at around \$4.09 trillion.

(Business Standard)

Small and midcaps rebound to pre-West Asia war levels, shows data: Small and midcap stocks staged a sharper recovery from recent lows, with indices tracking these segments back at pre-war levels. The Nifty Smallcap 100 index ended on Tuesday at 17,309, up nearly 15 per cent from its recent low of 15,099 on February 23. Similarly, the Nifty Midcap 100 has gained about 12 per cent. Both indices have returned to levels seen before the US-Iran conflict, which rattled investor sentiment and triggered a sharp selloff. While the benchmark Nifty 50 has recovered strongly, it still trades about 4 per cent below its pre-war levels. Experts attribute the faster rebound in the relatively attractive valuations and sharper corrections earlier.

(Business Standard)



REGULATION & DEVELOPMENT

SEBI extends not-for-profit registration validity for Social Stock Exchanges: The Securities and Exchange Board of India (SEBI) has relaxed key norms for the Social Stock Exchange (SSE), extending the registration validity for not-for-profit organisations (NPOs) and lowering the minimum subscription requirement for Zero Coupon Zero Principal (ZCZP) instruments. In a bid to promote SSEs and facilitate ease of fundraising by NPOs, SEBI has allowed them to remain registered on the SSE for up to three years without raising funds, compared with the earlier two-year limit. "It is being specified that a NPO may register on a SSE and not raise funds through it for a period of two years from the date of registration. Such a period of two years may be further extended by one additional year subject to approval by the SSE," the regulator said in a circular on Wednesday.

(Business Line)

IBBI proposes rules for out-of-court resolution in bankruptcy cases: The Insolvency and Bankruptcy Board of India (IBBI) has come out with a discussion paper on creditor-initiated insolvency resolution process (CIIRP), a new out-of-court mechanism introduced in the recently-passed IBC Amendment Act 2026. The document provides an orderly and efficient procedure for creditors to initiate their own claims against insolvent companies. It also sets out rules for various stakeholders who will be involved in the CIIRP. The paper has introduced a significant number of new components to conduct the CIIRP, including the mandate to obtain approval of 51% creditors (by value) to initiate the process. The paper also provides a timeline of 150 days – that can be extended for another 45 days with the approval of 66% creditors – for the adjudicating authority to approve the resolution plan. This is shorter than the statutory limit of 330 days provided to approve a resolution plan under the conventional insolvency framework.

(Financial Express)

Government Constitutes AI Governance and Economic Group (AIGEG) to Lead India's National AI Governance Strategy: The Ministry of Electronics and Information Technology (MeitY), Government of India, has constituted the AI Governance and Economic Group (AIGEG), a high-level inter-ministerial body that will serve as India's central institutional mechanism for AI governance policy development and coordination. The Guidelines recommend the establishment of an inter-ministerial body to steer a whole-of-government approach to AI governance, with a view to align the actions of ministries, departments, regulators and advisory bodies around a coherent national strategy. The AIGEG will be chaired by the Minister of Electronics and Information Technology, Railways and Information & Broadcasting, Shri Ashwini Vaishnaw.

(PiB)



FINANCIAL TERMINOLOGY

DEPRESSION

- A depression is a severe and prolonged downturn in economic activity. A depression may be defined as an extreme recession that lasts three or more years or that leads to a decline in real gross domestic product (GDP) of at least 10% in a given year.
- Depressions are far less common than milder recessions. Both tend to be accompanied by relatively high unemployment and relatively low inflation.
- Two major factors characterize a depression. Consumer confidence falls dramatically as people begin to worry about their job security and pull back on spending. And investments decrease as businesses and individuals stop investing, whether that means building a new factory, developing a new product, or buying stocks.



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 : 93.3370

INR / 1 GBP : 126.6340

INR / 1 EUR : 110.1041

INR /100 JPY: 58.7400

EQUITY MARKET

Sensex: 77988.68 (-122.56)

NIFTY: 24196.75 (-34.55)

Bnk NIFTY: 56086.40 (-215.55)

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TEAM BFSIB

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

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