

The Associated Chambers of Commerce and Industry of India

MONTHLY ROUNDUP

ASSOCHAMVOICE



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State of the Indian Economy

Domestic Indicators

Monthly Review of Accounts of Government of India Up to January 2026

The key highlights of the monthly accounts of the Government of India up to January 2026 state the Government has received INR 27,08,654 crore (79.5% of corresponding BE 2025-26 of Total Receipts). This amount consists of INR 20,94,218 crore Tax Revenue (Net to Centre), INR 5,57,307 crore of Non-Tax Revenue and INR 57,129 crore of Non-Debt Capital Receipts. Total Expenditure incurred by Government of India is INR 36,90,061 crore (74.3% of corresponding BE 2025-26).

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Fiscal Deficit Stood at 63% of Full Year Target for FY26

The Government data showed that the Union Government's fiscal deficit at the end of January stood at 63% of the budget target for FY26. In absolute terms, the value stands at INR 9.8 trillion. For the same period a year ago, the deficit stood at 74.5%. Revenue deficit stood at 37.3%, while the primary deficit stood at -2.4%. Furthermore, INR 11.39 trillion have been transferred to State Governments, which is INR 65,588 crore higher compared to the previous year.

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India's IIP Growth Rate Stands at 4.8% for January 2026

The IIP growth rate for the month of January 2026 is 4.8 percent which was 7.8 percent (Quick Estimate) in the month of December 2025. The growth rates of the three sectors, Mining, Manufacturing and Electricity for the month of January 2026 are 4.3 percent, 4.8 percent and 5.1 percent respectively. Within the manufacturing sector, 14 out of 23 industry groups at NIC 2 digit-level have recorded a positive growth in January 2026 over January 2025. The top three positive contributors for the month of January 2026 are - "Manufacture of basic metals" (13.2%), "Manufacture of motor vehicles, trailers and semi-trailers" (10.9%) and "Manufacture of other non-metallic mineral products" (9.9%).

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The Index of Eight Core Industries (ICI) Stood at 4.0% in January 2026

The combined Index of Eight Core Industries (ICI) increased by 4.0 per cent (provisional) in January 2026 as compared to the Index in January 2025. The production of Cement, Steel, Electricity, Fertilizer and Coal recorded positive growth in January 2026. The cumulative growth rate of ICI during April to January, 2025-26 is 2.8 per cent (provisional) as compared to the corresponding period of last year.

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Retail Inflation Moves To 2.75% for January 2026

Year-on-year inflation rate based on All India Consumer Price Index (CPI) with base year 2024 for the month of January 2026 over January 2025 is 2.75% (Provisional). Corresponding inflation rates for rural and urban are 2.73% and 2.77%, respectively. Year-on-year inflation rate based on All India Consumer Food Price Index (CFPI) for the month of January 2026 over January 2025 is 2.13% (Provisional). Year-on-year Housing inflation rate for the month of January 2026 is 2.05% (Provisional) and the corresponding inflation rates for rural and urban are 2.39% and 1.92%, respectively.

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Wholesale Inflation for January 2026 Stands at 1.81%

The annual rate of inflation based on All India Wholesale Price Index (WPI) number is 1.81% (provisional) for the month of January 2026 (over January 2025). Positive rate of inflation in January 2026 is primarily due to increase in prices of manufacture of basic metals, other manufacturing, non-food articles, food articles and textiles etc. The month over month change in WPI for the month of January 2026 stood at 0.51% as compared to December 2025.

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GST Collection for January 2026 Stood at INR 1.93 Lakh Crore

Goods and Services Tax (GST) collections for the month of January 2026 stood at nearly INR 1.93 lakh crore, an increase of 6.2% year-on-year basis. Central GST collection stood at INR 38,792 crore while State GST collection was INR 47,817 crore. Additionally, for January 2026, Integrated GST collection was INR 1,06,775 lakh crore. The Gross Import Revenue for January 2026 was INR 52,253 crore, out of which IGST accounted for the entire amount.

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Labour Force Participation Rate (LFPR) was 55.9% in January 2026

Labour Force Participation Rate (LFPR) in Current Weekly Status (CWS) among persons of age 15 years and above was 55.9% in January 2026. The overall Unemployment Rate (UR) among persons of age 15 years and above was 5.0% in January 2026. The overall Worker Population Ratio (WPR) in January 2026 was 53.1%. In the age group 15 years and above, urban male and female workforce participation, in January 2026, reached 70.5% and 23%, respectively.

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External Indicators

Total Exports (Merchandise & Services) for January 2026 are Estimated at USD 80.45 Billion

India's total exports (Merchandise and Services combined) for January 2026* is estimated at US\$ 80.45 Billion, registering a positive growth of 13.17 percent vis-à-vis January 2025. Total imports (Merchandise and Services combined) for January 2026* is estimated at US\$ 90.83 Billion, registering a positive growth of 18.76 percent vis-à-vis January 2025. Top 5 export destinations, in terms of change in value, exhibiting positive growth in January 2026 vis a vis January 2025 are U Arab Emts (29.27%), China P Rp (55.65%), Hong Kong (98.72%), Netherland (20.47%) and Italy (32.1%).

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India's Forex Reserves Reach USD 723.608 Billion

India's forex reserves dropped by USD 2.119 billion to reach USD 723.608 billion for the week ending February 20. Foreign currency assets, the largest component of the reserves, declined by USD 1.039 billion to reach USD 572.564 billion. Gold reserves recorded a decline by USD 977 million to USD 127.489 billion. RBI's Special Drawing Rights (SDRs) recorded a USD 84 million decline to USD 18.84 billion, while the reserve position in the International Monetary Fund (IMF) declined by USD 18 million to USD 4.716 billion.

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Outward Foreign Direct Investment Stood at USD 3.4 Billion in January 2026

Outward Foreign Direct Investment declines by nearly 0.8% to USD 3.417 billion in January 2026. Equity component stood at USD 1.52 billion; loan component stood at USD 461.94 million; and guarantees issues stood at USD 1.435 billion.

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Market Movement in February 2026

In February 2026, global and Indian equity markets showed mixed trends. The Nasdaq declined from 23,592 on 2 February to 22,668 by 27 February, touching a low of 22,540 on 5 February. In contrast, the NYSE rose from 22,885 to 23,494, peaking at 23,524 on 26 February. In India, the Sensex eased from 81,666 to 81,287 despite hitting 84,273 on 10 February, while the NIFTY edged up from 25,088 to 25,178. FPI inflows stood at USD 4,167 million, primarily driven by equity investments of USD 2,497 million, followed by USD 593 million under the general debt limit, with marginal flows into equity and debt mutual fund.

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Economic Analysis

New Series of GDP Estimates with Base Year 2022-23

- **Real GDP Growth Rate (Estimated):** 7.6% (FY26)
- **Nominal GDP Growth Rate (Estimated):** 8.6% (FY26)

- **Growth in Second Quarter (FY26):** 8.4%
- **Growth in Third Quarter (FY26):** 7.8%
- **Real GDP Growth FY24 & FY25:** 7.2% & 7.1%

- **Gross Fixed Capital Formation (GFCF) in FY26:** 7.0%+
- **Secondary Sector in FY26:** 9.0%+
- **Tertiary Sector in FY26:** 9.0%+

The new GDP series with base year 2022-23 introduces important methodological and data improvements that enhance accuracy, sectoral representation, and alignment with the evolving structure of the Indian economy. A key reform is the segregation of activities in multi-activity enterprises, improving measurement of the private corporate institutional sector. Greater coverage of the unincorporated sector through annual survey data strengthens estimates of informal economic activity. The adoption of double deflation in agriculture and manufacturing improves real value-added measurement, while the use of volume/single extrapolation refines estimates in other sectors.

Benchmarking methods have also been upgraded, with the Proportional Denton method replacing the earlier Pro-Rata approach, improving quarterly consistency. Updated rates and ratios from recent surveys, along with extensive use of GST and administrative datasets, enhance data reliability. Integration with the Supply and Use Table (SUT) framework reduces discrepancies between production and expenditure estimates.

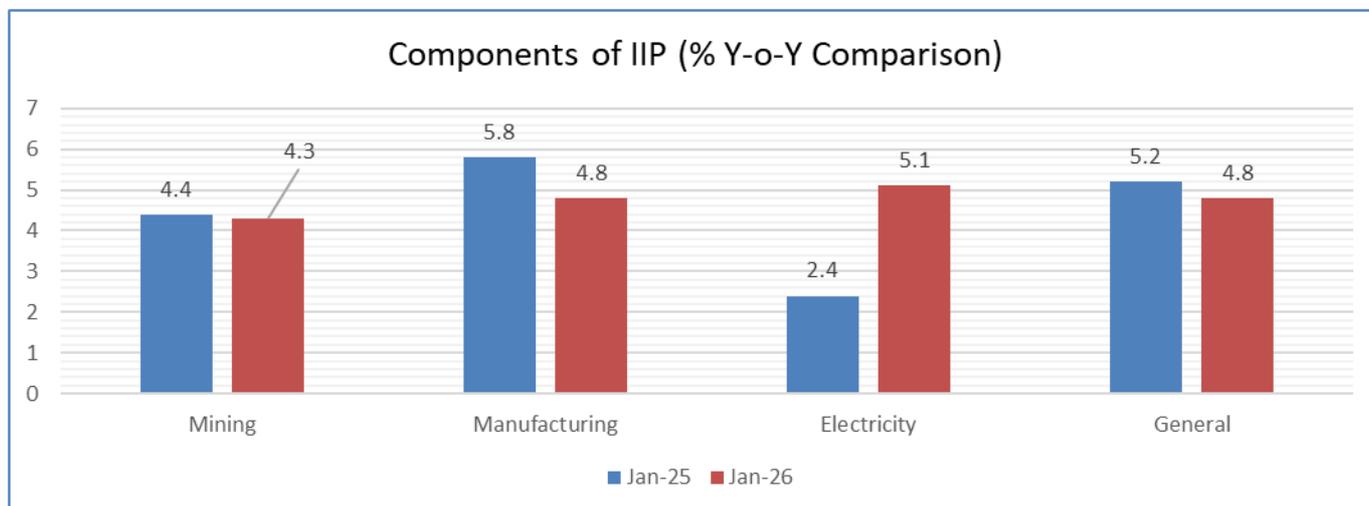
Under the new series, real GDP growth for FY 2025-26 is estimated at 7.6%, with nominal growth at 8.6%. Growth is supported by strong manufacturing performance, robust secondary and tertiary sector expansion, and steady consumption and investment demand. Overall, the revised base year provides a more contemporary and statistically robust picture of economic performance.

Production Scenario (IIP Growth)



(Source: Ministry of Statistics & Programme Implementation (MOSPI), GOI)

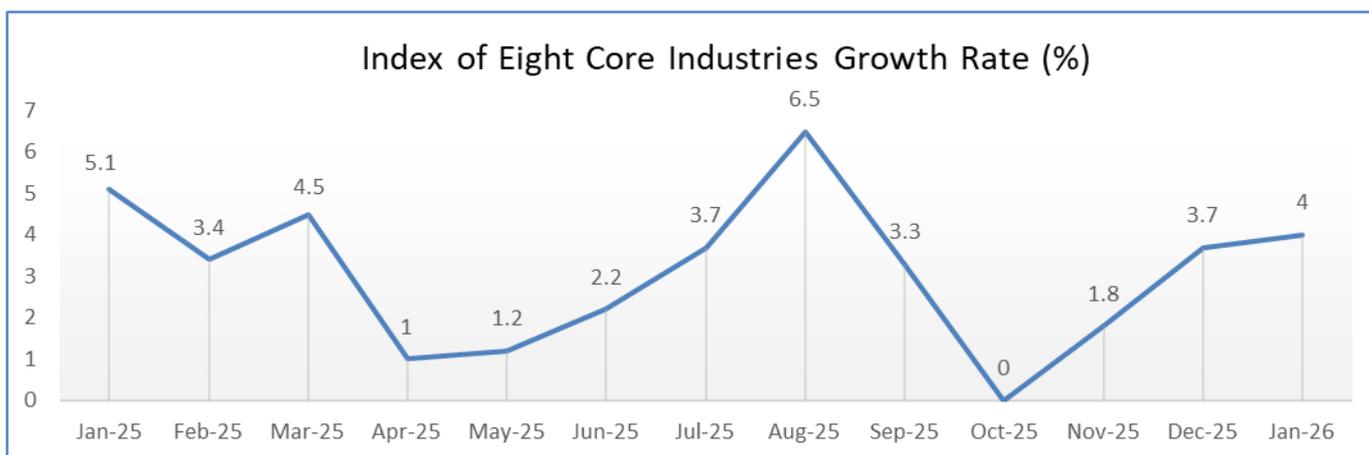
India's IIP growth moderated to 4.8% in January 2026 from a high base of 7.8% in December 2025 and remained above January 2025 levels. The index rose to 169.4, reflecting steady industrial momentum. Sectorally, Electricity (5.1%) led growth, followed by Manufacturing (4.8%) and Mining (4.3%). Within manufacturing, 14 of 23 industry groups expanded, driven by basic metals, motor vehicles, and non-metallic minerals, supported by strong output in steel products, auto components, commercial vehicles, and cement.



(Source: Ministry of Statistics & Programme Implementation (MOSPI), GOI)

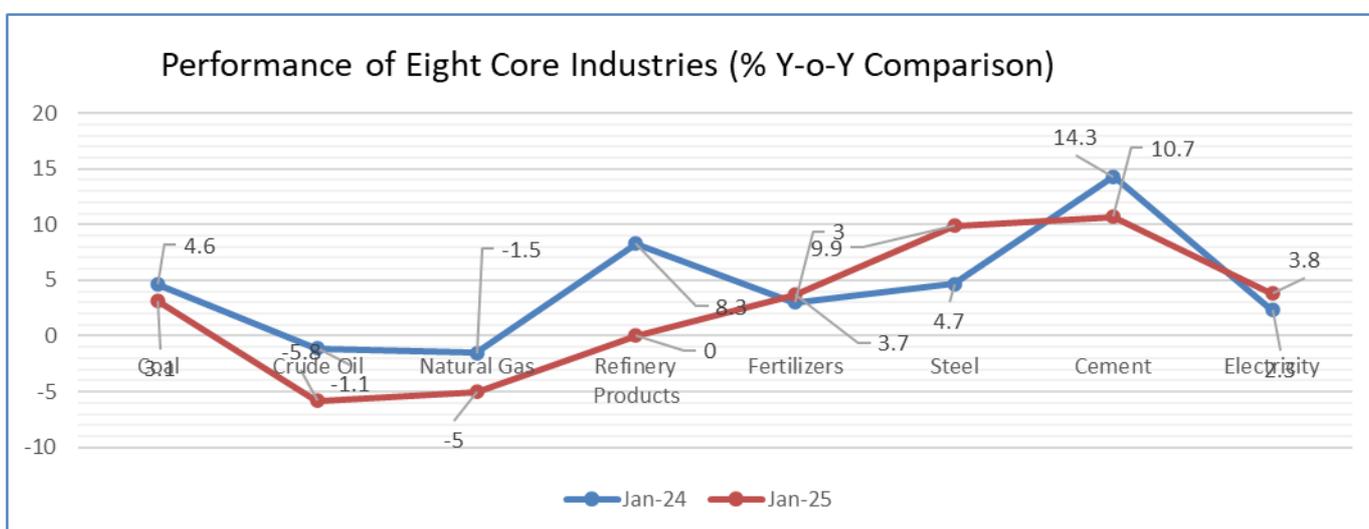
Industrial growth shows mixed trends year-on-year. Mining remained stable at around 4.3-4.4%. Manufacturing moderated from 5.8% in Jan-25 to 4.8% in Jan-26. Electricity recorded a sharp rise from 2.4% to 5.1%, supporting overall IIP growth, which remained broadly steady near 5%.

Production Scenario (Core Infra)



(Source: Ministry of Commerce and Industry, GOI)

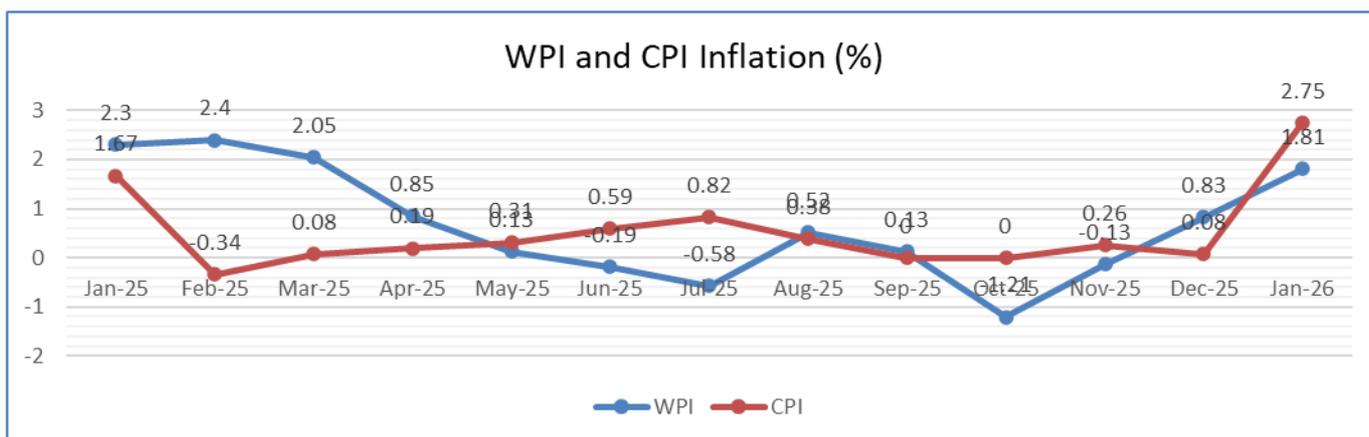
Growth in India's eight core industries accelerated to a four-month high of 4.0% in January 2026, supported by a rebound in coal, fertilizers, steel, cement, and electricity, official data showed. However, expansion was slower than 5.1% in January 2025. Cement and steel outputs rose by 10.7% and 9.9% respectively, while coal, fertilizers, and electricity showed signs of growth. In contrast, crude oil and natural gas contracted sharply while refinery products output remained unchanged. Overall performance reflected demand resilience, government capex support, and construction-sector dynamics during the month.



(Source: Ministry of Commerce and Industry, GOI)

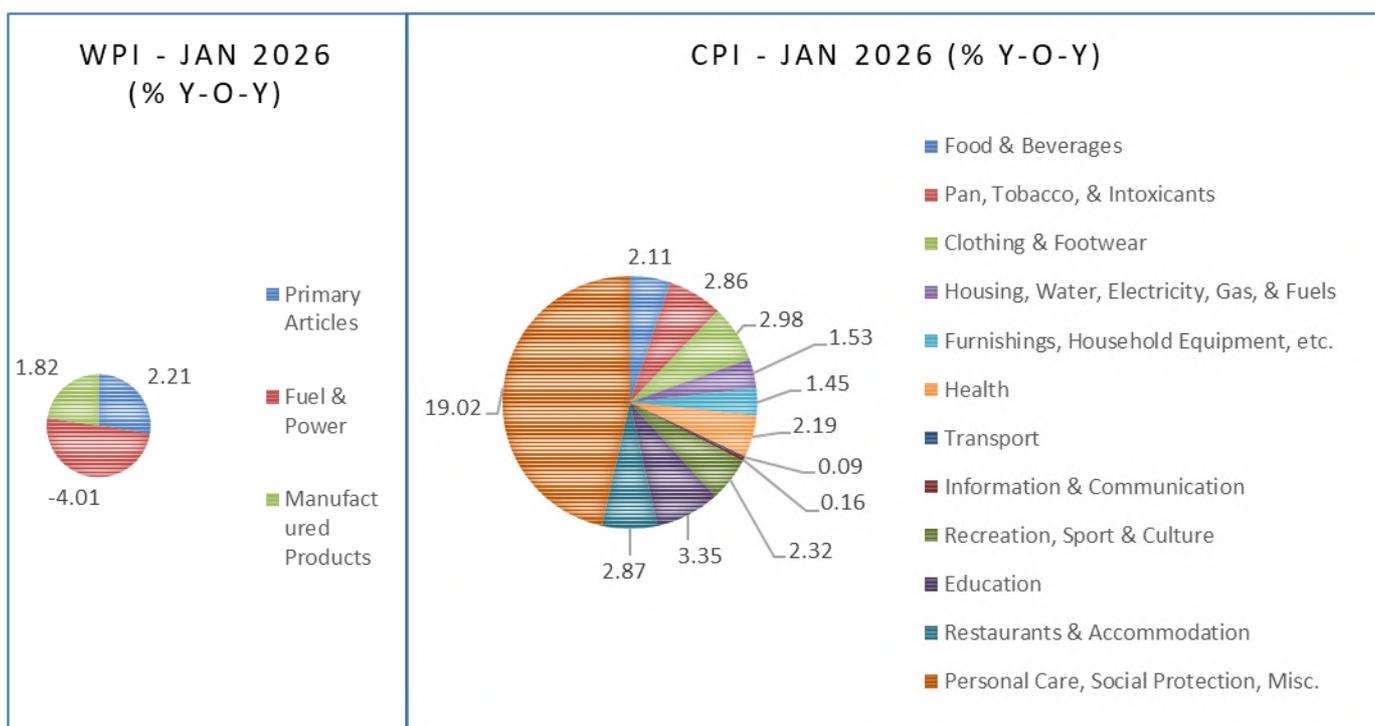
India's eight core industries showed a mixed performance in Jan-25 compared to Jan-24. Cement-led growth in both periods, though declining from 14.3% to 10.7%. Coal and Electricity maintained modest positive growth. Notably, Steel surged to 9.9% in Jan-25, significantly outperforming Jan-24's 4.7%. Fertilizer, at 3.7%, also performed well compared to previous year's 3.0%. Conversely, Crude Oil and Natural Gas remained in contraction, with Natural Gas deepening to -5%. Refinery Products stood flat. Overall, Jan-25 reflects a more balanced, broad-based recovery across sectors.

Inflation Trends (WPI & CPI)



(Source: MOSPI and Office of Economic Advisor, GOI)

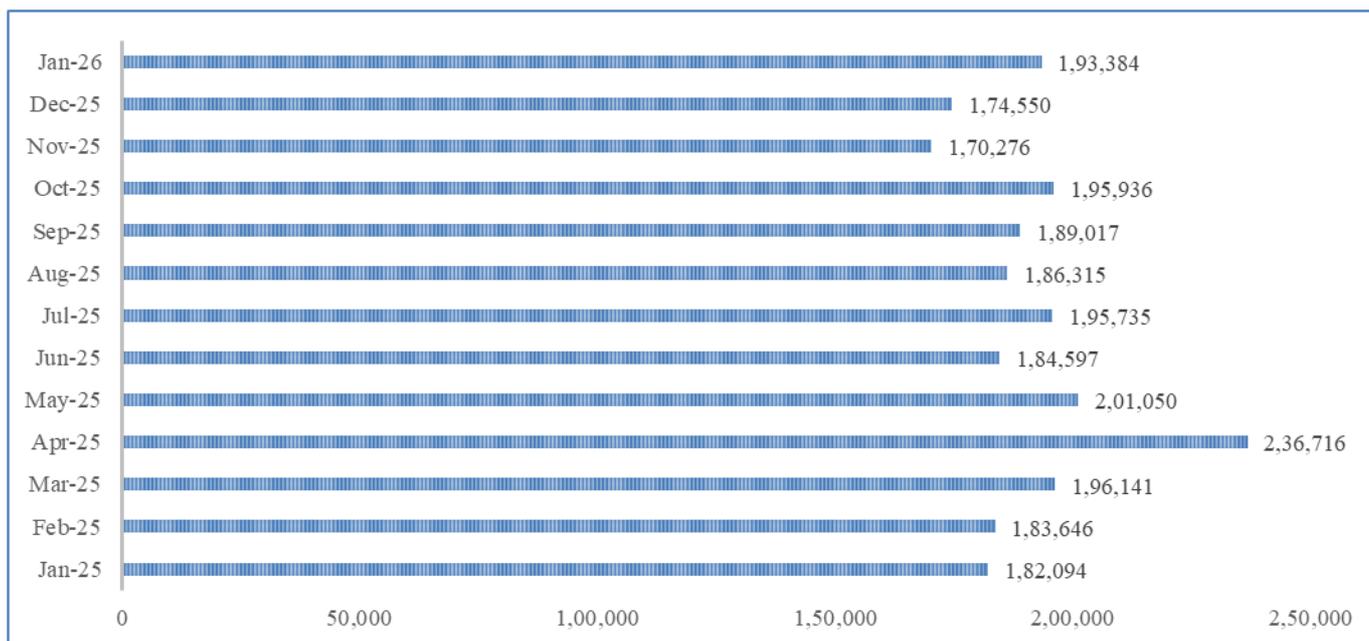
WPI inflation remained volatile during 2025, starting high at 2.3% in January, moderating through mid-year, and briefly turning negative in October (-1.21%) before rebounding sharply to 1.81% in January 2026. CPI inflation showed relatively milder fluctuations, staying mostly below 1% for much of the year, before rising significantly to 2.75% in January 2026. The late-year uptick in both indices suggests renewed price pressures, possibly from food and core segments. Notably, the CPI base year has been updated to 2024, improving alignment with current consumption patterns and price structures.



(Source: MOSPI and Office of Economic Advisor, GOI)

In January 2026, WPI inflation was driven by Primary Articles (2.21%) and Manufactured Products (1.82%), while Fuel & Power contracted sharply (-4.01%), moderating overall wholesale inflation. CPI inflation was broad-based, with a sharp rise in Personal Care (19.02%) and steady increases across housing, clothing, and services, indicating strengthening consumer-side price pressures.

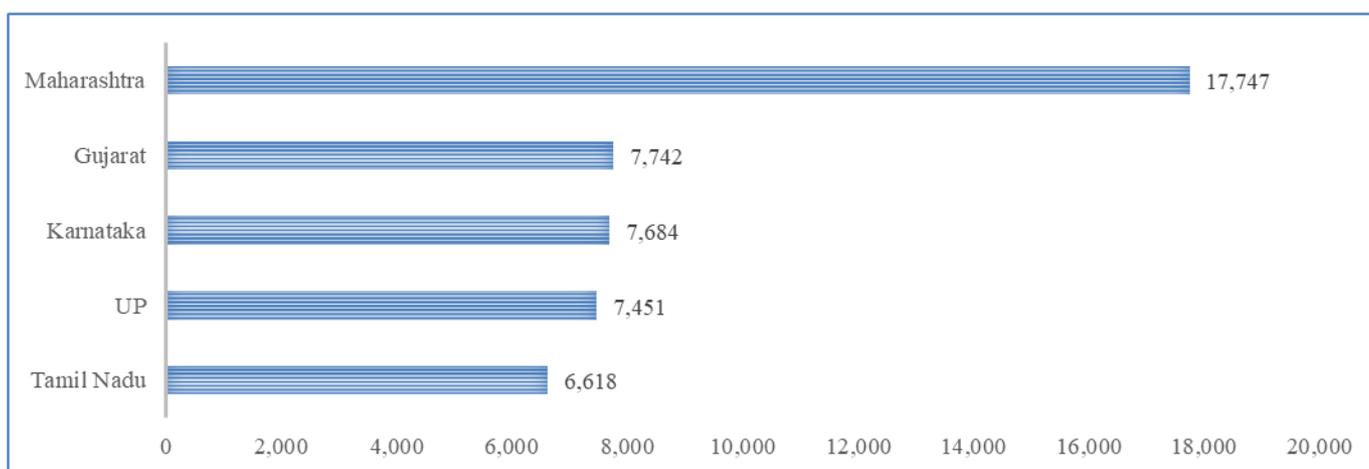
GST Revenue Collection (in INR crores)



(Source: Ministry of Finance, GOI)

GST collections for January 2026 rose to Rs.1,93,384 crore, compared to Rs.1,74,550 crore in December and Rs.1,82,094 crore in January 2025, marking 6.2% YoY growth. Domestic transactions increased 4.8%, while imports grew 10.1%. After refunds of Rs.22,665 crore, net collections stood at Rs.1,70,719 crore, up 7.6% YoY. The sustained rise reflects stable consumption, improved compliance, and continued economic momentum at the start of the year.

Top 5 States for Post-Settlement SGST Collection in January 2026 (in INR crores)



(Source: Ministry of Finance, GOI)

Maharashtra led the country with the highest GST revenue collections, totalling INR 17,747 crores, followed by Gujarat and Karnataka. Uttar Pradesh and Tamil Nadu rounded out the top five. These states have emerged as the largest contributors to GST revenues, reflecting their strong economic activities and business environments. Total State GST collection stood almost at INR 91,731 crore.

RBI Monetary Policy Update (February 2026)

Policy Rates	
Policy Repo Rate	5.25%
Standing Deposit Facility Rate	5.00%
Marginal Standing Facility Rate	5.50%
Bank Rate	5.50%
Fixed Reverse Repo Rate	3.35%
Reserve Ratios	
CRR (Cash Reserve Ratio)	3.00%
SLR (Statutory Liquidity Ratio)	18.00%

The Monetary Policy Committee (MPC), at its February 4-6, 2026 meeting, decided unanimously to keep the policy repo rate unchanged at 5.25 per cent, while retaining a neutral stance. Here are the key highlights:

- The standing deposit facility remains at 5.00 per cent and the marginal standing facility and Bank Rate at 5.50 per cent.
- The decision reflects a balanced macroeconomic outlook. Real GDP growth for 2025-26 is estimated at 7.4 per cent, supported by strong private consumption and investment, resilient services, steady agriculture and a revival in manufacturing.
- Growth projections for the first half of 2026-27 have been revised slightly upward.
- Headline CPI inflation remained subdued at the end of 2025, with full-year inflation projected at 2.1 per cent. While inflation is expected to edge closer to the 4 per cent target in early 2026-27, underlying pressures remain contained, excluding precious metals.
- The Committee assessed that the current rate setting appropriately balances growth support with price stability amid global uncertainties.

BFSI Article

Overview of Union Budget 2026: Impact and Opportunities for India's MSME Sector

A Growth-Oriented Budget for a 'Viksit Bharat'

The Union Budget 2026 has been presented in the midst of global economic uncertainty due to tariffs, changing global economic alliances and heightened need for self-reliance. The Budget has reiterated the government's commitment to roll out the new Income Tax Act 2025 with effect from 1 April 2026 (financial year 2026-27) which will replace the Income-tax Act, 1961 earmarking the beginning of a new tax era. The draft Rules and Forms are expected to be notified shortly. This will now result in a relatively simpler codified income-tax law due to removal of obsolete provisions, rationalization of tax deduction provisions, continuation of the substantive tax framework, removal on certain inconsistencies and other reforms.

The Budget has a clear focus on entrepreneurship and innovation and has made key announcements for India's Micro, Small, and Medium Enterprises (MSMEs).

Reforming the Business Environment: Tax and Compliance Simplification

A central pillar of the budget's ecosystem approach is improving the 'Ease of Doing Business' through fundamental reforms. For MSMEs, which are often disproportionately affected by regulatory burdens, these changes to the tax and compliance framework are as critical as direct financial support, freeing up resources for growth and innovation.

Direct Tax Proposals under the New Income Tax Act, 2025

The introduction of the new Income Tax Act, 2025, brings several reforms designed to simplify processes and reduce the compliance burden on small businesses.

- **Simplified Rules and Forms:** A core objective of the new Act is to redesign tax forms so that ordinary citizens and small business owners can comply with their obligations without significant difficulty, reducing reliance on expensive professional services for routine filings.
- **Integration of Assessment & Penalty Proceedings:** The proposal to issue a common order for both tax assessment and any resulting penalty will streamline the dispute resolution process. By reducing the multiplicity of proceedings, this measure will save MSMEs valuable time and resources. However, this may also result in higher incidence of levy of penalties which at present is deferred until the disputed issues are decided by the first appellate authorities in most cases.

- **Reduction in upfront tax payment in case of Appeals:** At present, the tax authorities generally require a deposit of 20% of the tax amount in case appeals. This is proposed to be reduced to 10% of the tax amount.
- **Rationalization of Penalties:** The budget significantly reduces the uncertainty associated with tax compliance. The conversion of certain penalties for technical defaults into fixed fees and the decriminalization of minor offenses will create a more trust-based and less adversarial tax environment for small business owners.
- **Updated Returns Post-Reassessment:** The facility to update tax returns even after reassessment proceedings have begun is a key step towards reducing litigation. It provides businesses an opportunity to voluntarily comply and correct errors, thereby avoiding protracted legal disputes.

Indirect Direct Tax Proposals and Trade Facilitation

The budget introduces key proposals to ease indirect tax compliance and facilitate trade, directly benefiting MSMEs engaged in domestic and international commerce.

Unlocking Global Markets for E-commerce

- In a landmark reform, the budget announces the **complete removal of the current value cap of Rs.10,00,000 per consignment on courier exports**. This single change dismantles a major barrier to scale for countless small businesses, artisans, and direct-to-consumer start-ups that rely on e-commerce platforms to access global markets. By eliminating this cap, the government is enabling micro-entrepreneurs to fulfill larger international orders seamlessly, fostering a new wave of 'Made in India' exports driven by the digital economy.
- **SEZ Reforms:** A special one-time measure will allow eligible manufacturing units in Special Economic Zones (SEZs) to sell to the Domestic Tariff Area (DTA) at concessional duty rates. This provides a crucial buffer for MSMEs in SEZs that may be facing global trade disruptions, allowing them to tap into the domestic market more effectively.
- **Customs Process Simplification:** The collective impact of moving towards trust-based systems, creating a single digital window for approvals, and enabling self-declarations for customs warehousing will be transformative. For MSME importers and exporters, these reforms promise to significantly reduce transaction delays and lower compliance costs. These targeted reforms complete the strategic triad of capital, markets, and ease of doing business, positioning the MSME sector for a new growth trajectory.

The Budget creates four clear pathways for MSME growth:

1. **De-risking Growth Capital:** A dual-fund strategy fuels both high-potential scale-ups through targeted equity and grassroots entrepreneurship through continued access to risk capital.

2. Systemic Resolution of Cash Flow Delays: Comprehensive enhancements to the TReDS platform offer a structural solution to the endemic problem of delayed payments, unlocking critical working capital.

3. Reduced Compliance and Litigation Burden: Tax simplification and penalty rationalization under the new Income Tax Act will allow MSMEs to redirect resources from administrative tasks to core business activities like innovation and expansion.

4. Integration into National Growth Sectors: Large-scale public investment in manufacturing, infrastructure, and rural value chains opens unprecedented demand channels, embedding MSMEs as indispensable partners in the nation's growth.

The government is attempting to improve the MSME ecosystem by attempting to solve problems of delayed payments and complex compliance while simultaneously building new pathways to growth through supply chain integration and global e-commerce.

Astute Consulting Group

Tel.: +91 22 6121 4444

Email: emails@astuteconsulting.com

BFSI News

Bankers Welcome RBI Regulatory Measures; Say Rate Status Quo on Expected Lines

Mumbai, Bankers said the status quo in policy rates by the Reserve Bank was along expected lines, and welcomed the regulatory and developmental policies announced by Governor Sanjay Malhotra. State Bank of India's chairman C S Setty, who also chairs the industry lobby grouping Indian Banks Association, said the "status quo on policy rates was widely anticipated". The proposed reforms including enhanced customer protection and digital payment safeguards to review of lead bank scheme and revamp of the Kisan Credit Card framework will help the system, he added.

State-run Indian Bank's managing director and chief executive Binod Kumar said Malhotra's emphasis on pre-emptive and proactive liquidity management to ensure adequate system liquidity is a positive step and will help sustain credit flows. "Initiatives to bolster MSMEs, financial inclusion, loan recovery, and digital payments reinforce the ecosystem, while the proposed fraud framework, focus on improving customer centricity and grievance redressal across the banking system, will enhance trust of the customers and service quality," he added.

Indian Overseas Bank's managing director and chief executive, Ajay Kumar Srivastava said the decision to maintain the policy rate while continuing with a neutral stance reflects a balanced approach amid evolving global and domestic conditions. "We also welcome the RBI's continued emphasis on strengthening the financial ecosystem through customer protection, improved liquidity management, and enhanced credit flow to MSMEs, alongside steps to deepen financial markets," he added.

Among the foreign banks, Standard Chartered Bank's chief executive for India and South Asia, P D Singh, said the emphasis on enhancing financial inclusion through an increase in loan limits to MSMEs, supporting NBFCs, REITs (through Bank funding) and UCBs, further development of the corporate bond market and encouraging foreign flows are all measures that will help add further depth to the market. In the non-bank finance companies (NBFC) space, Tata Capital's MD and CEO Rajiv Sabharwal welcomed the policy stability and targeted regulatory measures, saying it will provide a supportive environment for NBFCs to sustain credit momentum and contribute to inclusive economic growth.

The supply chain finance-focused CapitalXB's executive director Ajitabh Bharti was, however, not enthused by the RBI decision. "We are disappointed RBI held the repo rate steady despite inflation hitting multi-year lows. This conservative stance ignores the real pain point: high borrowing costs choking Indian entrepreneurs and micro, small and medium enterprises (MSMEs)," Bharti said.

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Amended Insurance Laws Kick In From February 5

Most provisions of Sabka Bima Sabki Raksha Act to come into force; industry sees 100% FDI reform as catalyst for capital, governance and inclusion The government has notified February 5, 2026, as the date for enforcement of most provisions of the Sabka Bima Sabki Raksha (amendment of insurance laws) Act, 2025, formally operationalising a major reform package for India's insurance sector.

A gazette notification by the finance ministry on February 3 that all provisions of the Act, except Section 25, will come into force from February 5. The regulations include governance, capital participation (including 100 percent FDI), policyholder protection measures and institutional oversight, which would will become operational immediately, while Section 25 has been kept out of the first phase of implementation.

Section 25, according to industry practitioners, relates to strengthened governance and conflict-of-interest rules, including restrictions on common directorships and overlapping control across insurers, banks and investment companies. Its exclusion indicates that this specific governance provision would be implemented later, likely rule-making, regulatory clarifications and operational frameworks are put in place by the government and the regulator.

“The implementation of the amended insurance laws permitting 100 percent FDI represents a major step forward for India's insurance sector, offering long-term clarity and reinforcing confidence among global and domestic stakeholders,” said Hanut Mehta, CEO and co-founder of Bimapay Finsure. “More than just higher capital participation, the reforms focus on strengthening governance, enhancing transparency, and prioritising policyholder interests across the ecosystem.”

Mehta pointed to structural safeguards embedded in the reforms, including the creation of a dedicated policyholder education fund, alignment with the Digital Personal Data Protection (DPDP) Act for data protection, and a more consultative regulatory approach. “These measures signal a clear shift towards a consumer-centric and trust-based market, which will be essential in sustaining credibility as global participation increases,” he said.

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Select RBI Circulars

RBI Circulars February - 2026				
Circular Number	Date Of Issue	Department	Subject	Meant For
RBI/DoR/2025-2026/224 DoR.GOV.REC.No.414/18.10.008/2025-26	26.2.2026	Department of Regulation	Reserve Bank of India (Non-Banking Financial Companies – Miscellaneous) Amendment Directions, 2026	–
RBI/2025-2026/223 A.P. (DIR Series) Circular No. 23	18.2.2026	Foreign Exchange Department	Reporting under Foreign Exchange Management Act, 1999 – Returns pertaining to External Commercial Borrowing (ECB)	All Authorised Persons
RBI/2025-2026/222 CO.FMRD.MIOD.No.8/11.01.057/2025-26	18.2.2026	Financial Markets Regulation Department	Unique Transaction Identifier for OTC Derivative Transactions	All eligible market participants
RBI/2025-2026/221 A.P. (DIR Series) Circular No. 22	16.2.2026	Foreign Exchange Department	Foreign Exchange Management (Borrowing and Lending) (First Amendment) Regulations, 2026	All Authorised Dealer Category I Banks
RBI/2025-2026/220 FIDD.CO.LBS.BC.No.13/02.08.001/2025-26	16.2.2026	Financial Inclusion and Development Department	Formation of new district in the State of Haryana – Assignment of Lead Bank Responsibility	The Chairman / Managing Director & Chief Executive Officer Lead Banks Concerned
RBI/2025-2026/219 DOR.CRE.REC.410/21.04.018/2025-26	13.2.2026	Department of Regulation	Reserve Bank of India (Small Finance Banks – Financial Statements: Presentation and Disclosures) – Second Amendment Directions, 2026	–
RBI/2025-2026/218 DOR.CRE.REC.409/21-01-002/2025-26	13.2.2026	Department of Regulation	Reserve Bank of India (Small Finance Banks - Prudential Norms on Capital Adequacy) Second Amendment Directions, 2026	–

<u>RBI/2025-2026/217</u> <u>DOR.CRE.REC.408/07-03-002/2025-26</u>	<u>13.2.2026</u>	<u>Department of Regulation</u>	<u>Reserve Bank of India (Small Finance Banks - Concentration Risk Management) Amendment Directions, 2026</u>	-
<u>RBI/2025-2026/216</u> <u>DOR.CRE.REC.407/07-01-002/2025-26</u>	<u>13.2.2026</u>	<u>Department of Regulation</u>	<u>Reserve Bank of India (Small Finance Banks – Credit Facilities) Amendment Directions, 2026</u>	-
<u>RBI/2025-2026/215</u> <u>DOR.CRE.REC.406/24-01-041/2025-26</u>	<u>13.2.2026</u>	<u>Department of Regulation</u>	<u>Reserve Bank of India (Commercial Banks – Undertaking of Financial Services) – Amendment Directions, 2026</u>	-
<u>RBI/2025-2026/214</u> <u>DOR.CRE.REC.405/21.04.018/2025-26</u>	<u>13.2.2026</u>	<u>Department of Regulation</u>	<u>Reserve Bank of India (Commercial Banks – Financial Statements: Presentation and Disclosures) – Third Amendment Directions, 2026</u>	-
<u>RBI/2025-2026/213</u> <u>DOR.CRE.REC.404/21-01-002/2025-26</u>	<u>13.2.2026</u>	<u>Department of Regulation</u>	<u>Reserve Bank of India (Commercial Banks - Prudential Norms on Capital Adequacy) Second Amendment Directions, 2026</u>	-
<u>RBI/2025-2026/212</u> <u>DOR.CRE.REC.403/07-03-001/2025-26</u>	<u>13.2.2026</u>	<u>Department of Regulation</u>	<u>Reserve Bank of India (Commercial Banks - Concentration Risk Management) Amendment Directions, 2026</u>	-

RBI/2025-2026/211 DOR.CRE.REC.402/07-01-001/2025-26	13.2.2026	Department of Regulation	Reserve Bank of India (Commercial Banks – Credit Facilities) Amendment Directions, 2026	–
RBI/2025-2026/210 DOR.STR.REC.413/21-07-001/2025-26	13.2.2026	Department of Regulation	Reserve Bank of India (Non-Banking Financial Companies – Income Recognition, Asset Classification and Provisioning) Amendment Directions, 2026	–
RBI/2025-2026/209 DOR.STR.REC.412/21-07-001/2025-26	13.2.2026	Department of Regulation	Reserve Bank of India (Non-Banking Financial Companies – Credit Facilities) Amendment Directions, 2026	–
RBI/2025-2026/208 DOR.STR.REC.411/21-04-048/2025-26	13.2.2026	Department of Regulation	Reserve Bank of India (Rural Co-operative Banks – Income Recognition, Asset Classification and Provisioning) Amendment Directions, 2026	–
RBI/2025-2026/207 CO.CEPD.PRS.No.S1121/13-01-008/2025-2026	11.2.2026	Customer Service Department	Strengthening of Grievance Redress Mechanism in Banks – Review	All Scheduled Commercial Banks (excluding Regional Rural Banks)
RBI/2025-2026/206 FIDD.MSME & NFS.BC.No.12/06.02.31/2025-26	09.2.2026	Financial Inclusion and Development Department	Lending to Micro, Small & Medium Enterprises (MSME) Sector (Amendment) Directions, 2026	–
RBI/2025-2026/205 A.P. (DIR Series) Circular No. 21	06.2.2026	Financial Markets Regulation Department	Voluntary Retention Route – Imparting predictability and increasing ease of doing business	All Authorised Dealer Category-I banks
RBI/2025-2026/204 DoR.CO.SOG(Leg) No.401/09.08.024/2025-26	03.2.2026	Department of Regulation	All Agency Banks to remain open for public on March 31, 2026 (Tuesday)	All Agency Banks

India's International Trade

Trade Performance January 2026

Highlights

- India's total trade clocked a growth of 6.36 per cent in FY 2025-26 (April-January), estimated to reach USD 1544 billion (approx.) in April-January 2026 as against USD 1452 billion in April-January 2025.
- Total exports rose by 6.15 per cent and imports by 6.54 per cent during April-January 2026 over April-January 2025.
- In the month of January, merchandise exports rose by 0.61% whereas merchandise imports rose profoundly by 19 per cent during the month of January 2026.
- Consequently, Merchandise trade deficit reach USD 35 billion, rising by around 48 per cent in January 2026 over January 2025.
- Services exports rose by around 26 per cent, reaching USD 40 billion and imports by 17 per cent, reaching USD 20 billion in January 2026 over January 2025.
- Trade surplus in services sector financed deficit in merchandise trade by 70 per cent.
- Forex reserves rose from USD 724 billion in January 2025 to USD 631 billion in January 2026.
- Rupee plunged to its lowest levels to reach 90.80 per USD in January 2026.
- India's rank as an exporter (merchandise) in the world has fallen from 17th to 18th in 2024, with share in world exports remaining the same.
- India remained 8th largest exporter of commercial services in 2024.

Overall January 2026

India's total trade (Merchandise and Services combined) for January 2026 is estimated at USD 171, rising by around 16 per cent over January 2025. The total exports, too, rose by 13 per cent and imports rose by 19 per cent. This led to widening of trade deficit by over 92 per cent in January 2026 over January 2025.

India's Trade (US\$ Bn)		
	Jan-25	Jan-26
Total exports	71.09	80.46
Total Imports	76.48	90.84
Total Trade	147.57	171.30
Trade Balance	-5.39	-10.38

Source: Press Release, Feb 2025, Ministry of Commerce and Industry

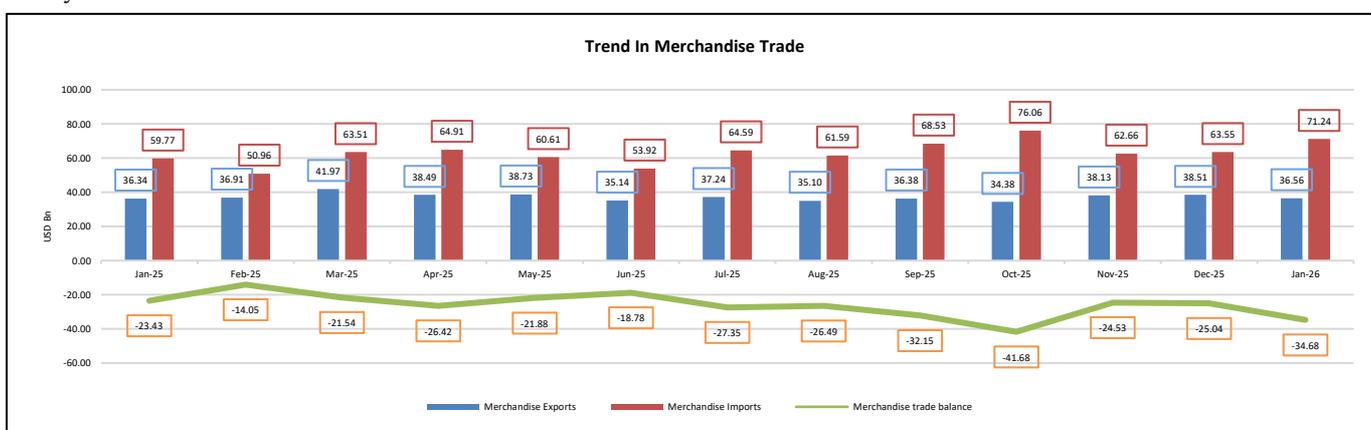
Merchandise Trade January 2026

Merchandise exports, at USD 36.56 billion rose marginally by around 0.6% in January 2026 over January 2025. Exports this month continue to recovering for falls over past few months. China (55.65%), UAE (29.27%), Netherland (20.47%), and Germany (9.55%) remain the top destinations for exports.

Major commodities including Petroleum Products (8.55%), Engineering Goods (10.37%) and Drugs & Pharmaceuticals (0.96%) experienced positive growth during the period under consideration.

Merchandise imports rose profoundly by around 19 per cent. This rise is attributed to increase in imports of Gold (349.22%), Silver (127%), Non-ferrous metals (32.46%), Machinery, electrical & non-electrical (14.88%), Vegetable Oils (14.61%), Electronic goods (9.14%), Artificial resins, plastic materials, etc. (8.05%) and Metaliferrous ores & other minerals (7.20%).

Subsequently, trade deficit remained at USD 35 Billion, increasing by nearly 48% over its level in January last year.

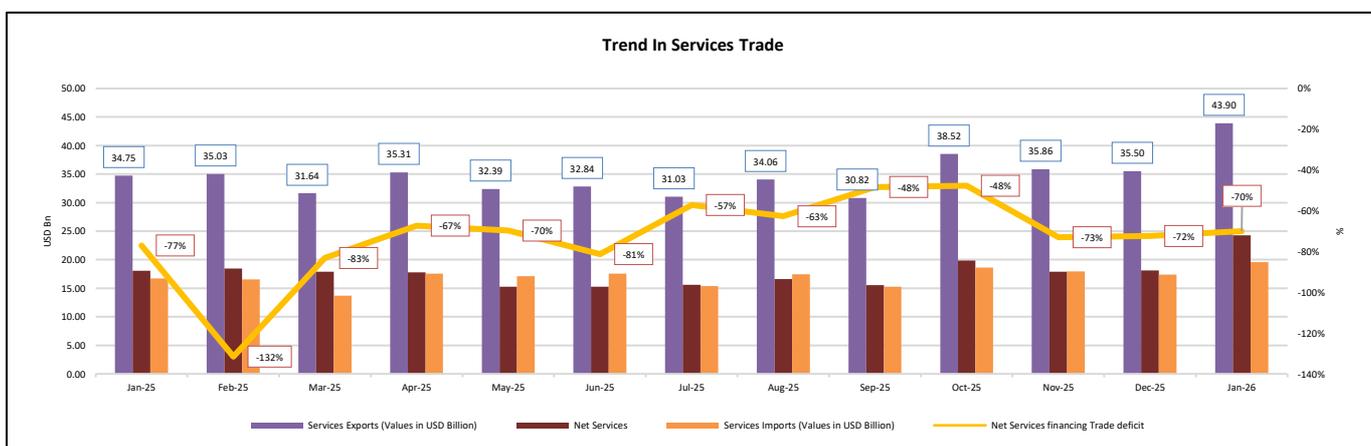


(Source: Ministry of Commerce and Industry)

Services Trade January 2026

India's service exports rose by around 26 per cent in January 2026 over January 2025. At the same time, services imports also rose by around 17 per cent. Consequently, Services trade surplus rose by around 35 per cent during the same period, touching a level of USD 24 billion.

With merchandise trade deficit of USD 35 billion in January 2026, the country ended up with a cumulative trade deficit (or net exports) of USD 10 billion. Consequently, the net services trade deficit financing ratio reached 70% in January 2026.



(Source: Reserve Bank of India)

Trade Performance April-January 2026

Overall April-January 2026

Cumulative trade for April-January 2026 was recorded at USD 1544 billion, registering a growth of 6 percent (approx.) as compared to April-January 2025. The total exports and imports (merchandise plus services) for April-January 2026 experienced a growth of 6.15 per cent and 6.54 per cent over April-January 2025. Consequently, trade balance rose by around 9.41 per cent during the same period.

India's Trade (US\$ Bn)		
	Apr-Jan 2025	Apr-Jan 2026
Total exports	679.03	720.76
Total Imports	772.85	823.41
Total Trade	1451.88	1544.17
Trade Balance	-93.82	-102.65

Source: Press Release, Feb 2026, Ministry of Commerce and Industry

Merchandise Trade April-January 2026

The merchandise exports figures for FY 2024-25 rose by around 2.20%, standing at USD 366.63 billion in April-January 2026.

Merchandise imports rose by around 7.21% during April-January 2026 over April-January 2025.

This led to widening of cumulative trade deficit to USD 283 billion, a growth of over 14% in April-January 2026 over the corresponding period last year.

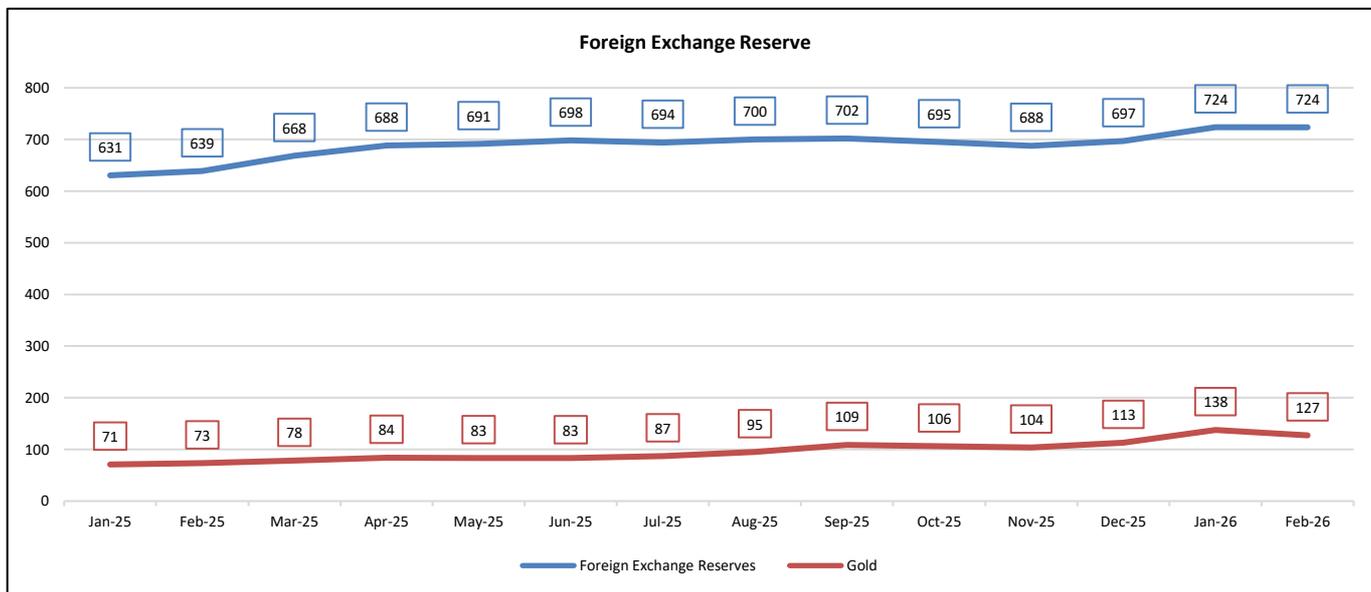
Services Trade April-January 2026

Services exports for the period April-January 2026 rose by around 11 per cent, reaching USD 354 billion (approx.) from USD 320 billion during corresponding period last year. At the same time, services imports rose around 4.1 per cent, reaching USD 174 billion (approx.) from USD 167 billion during corresponding period last year.

This led to widening of services trade surplus to USD 181 billion in April-January 2026 from USD 154 billion in April-January 2025, representing a growth of around 18%.

Foreign Exchange Reserves

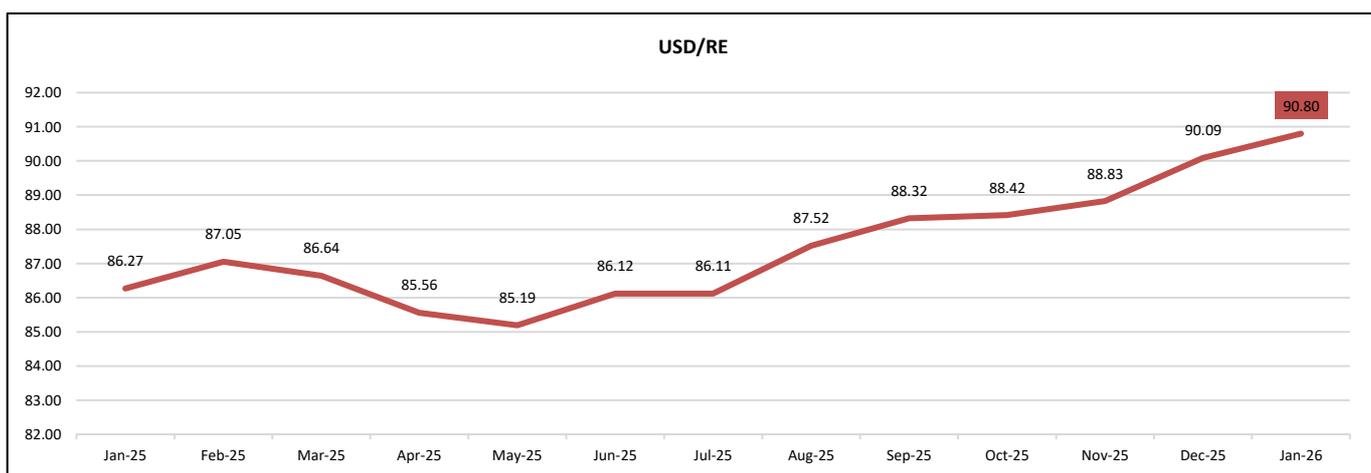
India's forex reserves dropped by USD 2.119 billion to reach USD 723.608 billion for the week ending February 20. Foreign currency assets, the largest component of the reserves, declined by USD 1.039 billion to reach USD 572.564 billion.



(Source: Reserve Bank of India)

Exchange Rate

In January 2026 rupee depreciated to an all-time high of 90.80 per USD since April 2023. Over January 2025, the depreciation of rupee has been of around 6 per cent.



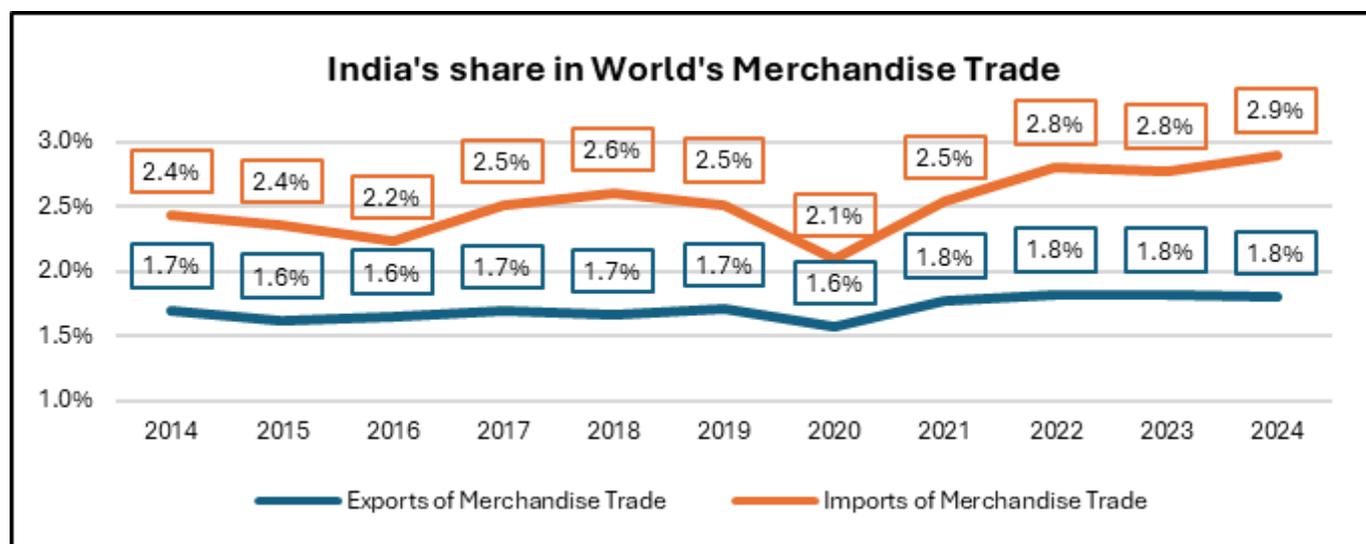
(Source: Reserve Bank of India)

(Note: Exchange Rate for December 2025 is the average of daily exchange rate available at <https://www.rbi.org.in/scripts/ReferenceRateArchive.aspx>)

Global Rankings 2024

India is the 18th largest exporter and 9th largest importer of goods.

India's share in world's exports and imports of goods has remained stable over the years

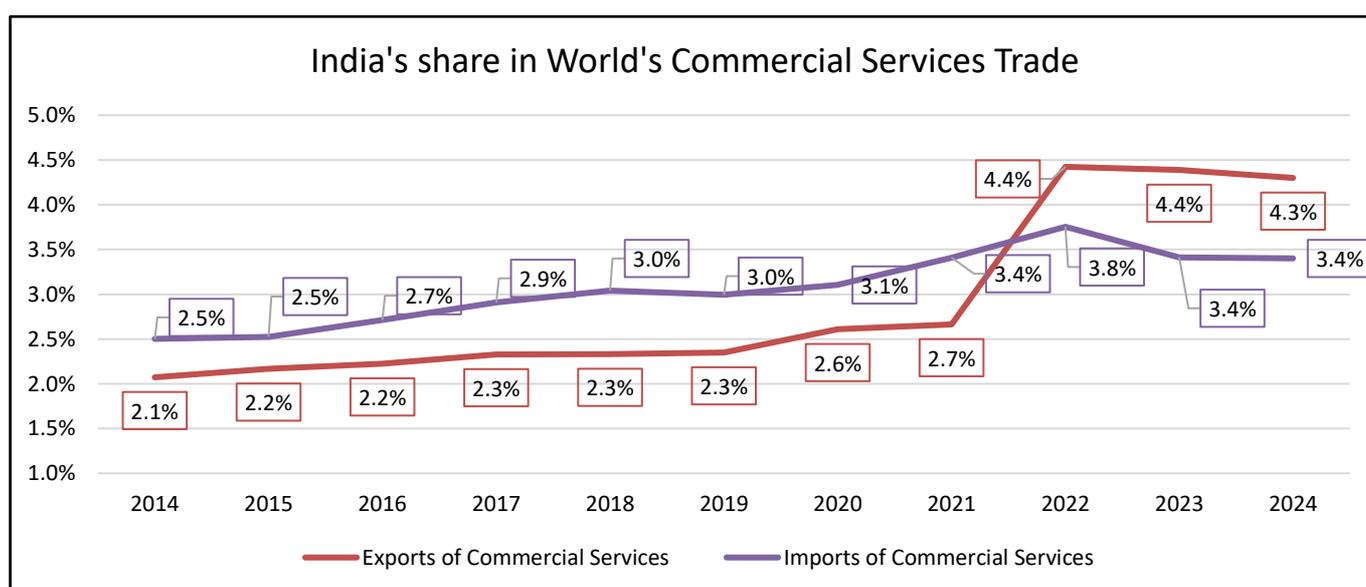


(Source: Global Trade Outlook and Statistics, April 2025, World Trade Organisation (WTO))

India is the 8th largest exporter and 9th largest importer of commercial services

India's share in world's exports of commercial services has risen sharply post 2021. Services exports correlate with various factors such as global demand, economic conditions, infrastructure quality, and human capital, among others. However, it has remained more or less stable since past 3 years.

The country's share in world imports of commercial services has fallen recently after reaching a decadal high in 2022 and remained stable since then.



(Source: Global Trade Outlook and Statistics, April 2025, World Trade Organisation (WTO))

Policy Updates

Finance

Union Budget 2026-27 Presented

The Union Budget 2026-27, presented by Finance Minister Ms. Nirmala Sitharaman on February 1, 2026, estimates total expenditure at Rs 53.47 lakh crore, up 7.7% over the revised 2025-26 figures. Receipts (excluding borrowings) are projected at Rs 36.52 lakh crore, reflecting 7.2% growth. Nominal GDP growth is pegged at 10%. The fiscal deficit is targeted at 4.3% of GDP and revenue deficit at 1.5%. Tax rates remain unchanged, with a cloud services tax holiday, higher STT on derivatives, and key policy pushes in banking, FDI reform, semiconductors, industrial clusters, and biopharma.

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RBI Releases Draft Revised Master Direction on Credit Derivatives

The RBI released a draft regulatory framework to enable the introduction of total return swaps (TRS) on corporate bonds and credit default swaps (CDS). RBI's draft regulatory framework specifies eligible participants and instruments in the credit derivatives market, operational guidelines for trading, settlement, and hedging, roles and obligations of various market participants, customer protection and reporting requirements, prudential requirements, and penalties for violations.

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RBI Invites Comments on Amendments Related to Lending to REITs and InvITs

The Reserve Bank of India (RBI) released draft directions for lending to Real Estate Investment Trusts (REITs). So far, commercial banks were not permitted to lend to these entities. It is now proposed to permit commercial banks to extend finance to REITs, subject to certain safeguards. The existing guidelines in respect of lending to Infrastructure Investment Trusts (InvITs) are also being harmonised for parity with safeguards proposed for lending to REITs.

[\(Read More\)](#)

RBI Issues Amendment Directions on Capital Market Exposure

RBI released amended capital market exposure (CME) guidelines for commercial banks. CME of banks include investment in securities, lending against securities and lending to capital market intermediaries (CMI) such as stock brokers. The guidelines aim to enable banks to finance acquisitions by Indian stockbrokersd enhance the limit for lending by banks against shares, and units of REITs and InvITs while removing the regulatory ceiling on lending against listed debt securities. The guidelines also aim to introduce a more principle-based framework for lending to CMIs. Provision are related to acquisition financing, lending against securities, loans to CMIs, and CME ceilings.

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SEBI Releases Consultation Paper on Ease of Doing Business for REITs and InvITs

The Securities and Exchange Board of India (SEBI) released a consultation paper proposing measures to enhance ease of doing business for REITs and InvITs. The proposals include: Continuing investment in special purpose vehicles (SPVs) post concession period; Expanding the scope of investment in liquid mutual fund schemes by REITs and InvITs; Alignment of investment conditions for private and public InvITs; and Expanding the scope of permitted use of fresh borrowings for InvITs.

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Labour & Employment

Parliament Passes the Industrial Relations Code (Amendment) Bill, 2026

The Parliament passed the Industrial Relations Code (Amendment) Bill, 2026. The Bill was introduced in Lok Sabha on February 11, 2026. It amends the Industrial Relations Code, 2020. The Code provides for matters such as recognition of trade unions, notice periods for strikes and lockouts, and resolution of industrial disputes. The 2020 Code replaces three Acts and the Bill clarifies that these three Acts stand repealed from November 21, 2025.

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Comments Invited on Draft Regulations under the Occupational Safety, Health, And Working Conditions Code, 2020

The Ministry of Labour and Employment invited comments on draft Regulations under the Occupational Safety, Health, and Working Conditions Code, 2020. These Regulations specify requirements regarding occupational safety and working conditions for workers in: (i) metalliferous mines and (ii) docks. Key features are related to metalliferous mines and dock workers.

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Draft Amendments to the Mineral (Auction) Rules, 2015 Released for Public Consultation

The Ministry of Mines has released draft amendments to the Mineral Auction Rules, 2015. The Rules are formulated under the Mines and Minerals (Development and Regulation) Act, 1957. The draft rules propose partial execution of mining and composite leases to speed the operationalisation of mines. Key proposals include: Forest Area Exclusion, Part lease execution, Revised upfront payments, and Online portal.

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Electronics & IT

AI Impact Summit 2026

The AI Impact Summit 2026 concluded with the adoption of the New Delhi Declaration on AI Impact. The declaration has been endorsed by 91 countries and international organisations, including India, China, UK, and USA. It seeks to strengthen international cooperation through voluntary and non-binding initiatives. These include: (i) promoting affordable access to foundational AI resources, (ii) developing Global AI Impact Commons, a platform to scale and replicate AI use cases globally, (iii) facilitating collaboration among scientists globally through International Network of AI for Science Institutions, (iv) promoting vocational and training ecosystems to increase AI literacy, and (v) developing energy-efficient AI systems. Furthermore, India formally joined the Pax Silica coalition on the sidelines of the AI Impact Summit.

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Rules Notified under the Offshore Areas Mineral (Development and Regulation) Act

The Ministry of Mines has notified the Offshore Areas Mineral (Prevention of Illegal Mining and Transportation) Rules, 2026. The Rules have been framed under the Offshore Areas Mineral (Development and Regulation) Act, 2002. The Act regulates mining in maritime zones of India. The Rules will apply to all minerals in offshore areas except mineral oils and hydrocarbons. Key features include: electronic monitoring, registration, export of offshore minerals, dispatch and transportation, and inspection and seizure.

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Transport

Scheme Launched for Cashless Treatment of Road Accident Victims

The Ministry of Road Transport and Highways launched the PM RAHAT scheme (Road Accident Victim Hospitalisation and Assured Treatment). Under this scheme, every eligible road accident victim on any category of road will be entitled to cashless treatment up to Rs 1.5 lakh, for up to seven days from the date of accident. Stabilisation treatment will be covered for up to 24 hours in non-life-threatening cases, and up to 48 hours in life-threatening cases. Reimbursement to hospitals will be made from the Motor Vehicle Accident Fund. If the offending vehicle is insured, payment will be drawn from contributions made by insurance companies.

[\(Read More\)](#)

Pharmaceuticals

Comments Invited on Draft Amendments to the New Drugs and Clinical Trials Rules, 2019

The Ministry of Health and Family Welfare released draft amendments to the New Drugs and Clinical Trials Rules, 2019 for public feedback. The Rules specify the mechanism for approval of new drugs and for conduct of clinical research. The proposed amendments require a manufacturer to inform the Drugs Controller, India if there is a change in an imported or a manufactured drug product. This includes changes in the manufacturing process, packaging, shelf life, or testing of the drug. In case of any major or moderate quality change, they must obtain prior approval from the Drugs Controller, India.

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Corporate Office

ASSOCHAM

4th Floor, YMCA Cultural Centre and Library Building, 01, Jai Singh Road,
New Delhi - 110001

Phone: 46550555(Hunting Line) Email: assochem@nic.in

Website: <https://www.assochem.org>

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