



MONTHLY
Banking, Financial Services & Insurance (BFSI)
E-Bulletin

THE ASSOCIATED CHAMBERS OF COMMERCE AND INDUSTRY OF INDIA

DEPARTMENT OF BANKING & FINANCIAL SERVICES

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- 2. Review procurement costs:** The material costs for most manufacturing companies could range from 30% to 60% of total costs. The extreme price fluctuations, efficient procurement management and use of technology can result in substantial cost savings. This could include Spend reduction through pricing, vendor management, substituting local procurement with imports and vice versa, e-procurement and

e-tendering, long term agreements vs. spot buying, bulk discounts and so on.

- 3. Review Logistics and Distribution Costs:** The logistics and distribution costs for most manufacturing organizations range from 10% to 30% of the total costs. The review of inbound and outbound freight and warehousing operations, export and import management (goods movement), selection of proper mode of transport, selection of proper fleet for transport, logistics partners, secondary / last mile distribution of goods to end customer and related costs, impact on inventory and so can result in significant cost savings and operational efficiency.
- 4. Leveraging Technology and Automation:** The use of BOTs for automating repetitive processes, data analytics to gain insights, ROBOTs for substitution of manual tasks, digital marketing, e-sales channels and so on has presented unimaginable opportunities for driving down costs and improving operations.

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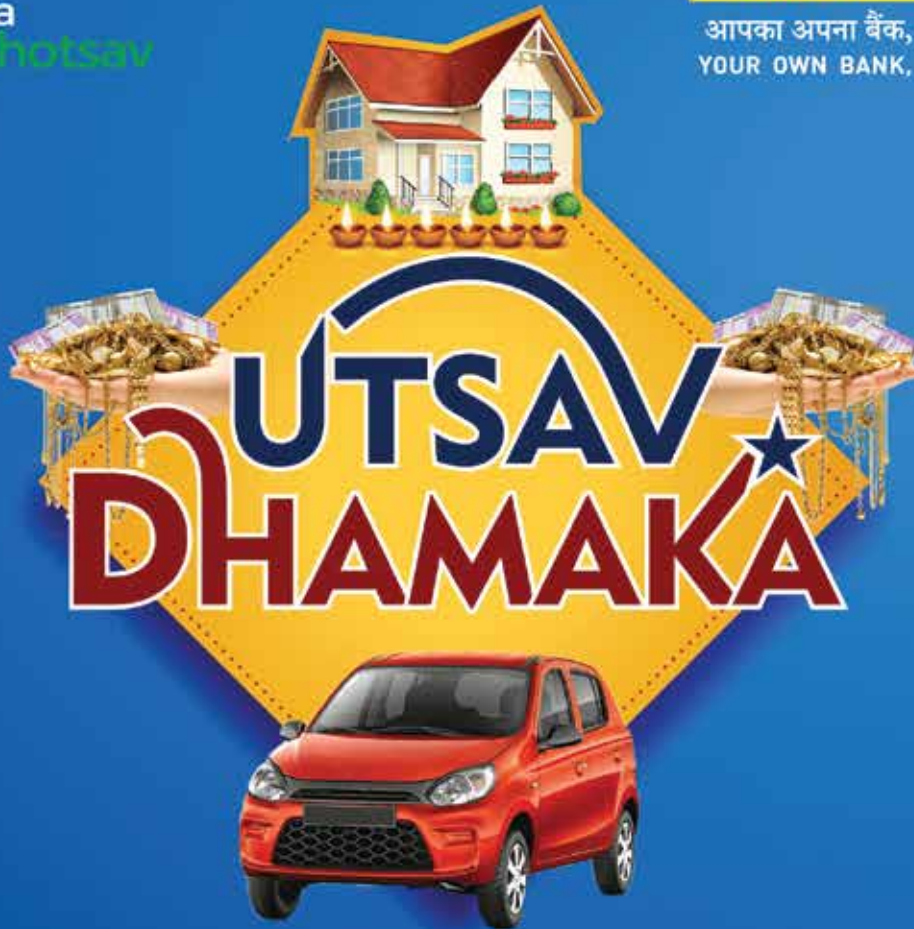


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TOP SPEECHES

Europe as a Common Shield – Protecting the Euro area Economy from Global Shocks

Mr Fabio Panetta , Member of the Executive Board of the European Central Bank, at the European Parliament’s Innovation Day “The EU in the world created by the Ukraine war Brussels, 1 July 2022

Since the outbreak of the pandemic, I have participated in several virtual hearings of the Committee on Economic and Monetary Affairs to discuss the ECB’s work on a digital euro. The digital euro is a key innovation for serving the interests of Europeans in a digital world. It would provide easy, costless and safe access to central bank money for daily digital payments, just as cash does for physical transactions today.

Co-legislators can ensure that the European Union supports modernization and progress in a way that is fully aligned with European values and interests. For the digital euro, they will legislate on key aspects such as the protection of privacy and legal tender status.

Ultimately, this is about protecting our society and guaranteeing that it can continue to enjoy peace, freedom, and prosperity despite the geo-economic disruptions that we are facing with Russia’s aggression against Ukraine, the commodity and energy price shock and the threats to international cooperation and multilateralism.

Two years ago, at the onset of the pandemic, Jacques Delors warned that the “germ” of national divisions was back and that it

posed a mortal danger to the European Union. Following the Russian invasion of Ukraine, EU leaders took a major step towards European integration with the Versailles Declaration of March 2022. To deliver on its strategic objectives – reducing energy dependence, bolstering defence capabilities and building a more robust economic base – we need to continue innovating. 2022 also marks the 30th anniversary of the signing of the Maastricht Treaty.

First, it granted the European Parliament extended powers through the right of co-decision, thereby strengthening the democratic foundations of policymaking in the EU. Since then, the Parliament has consolidated its role in shaping the EU. Second, the Treaty enshrined the decision to form Economic and Monetary Union (EMU) in law. The European Parliament is also EMU’s parliament. And it has been a key promoter of the modernization of our economic architecture in recent years, alongside the ECB and other EU institutions

The pandemic crisis: a paradigm shift

The economic framework introduced by the Treaty had the specific aim of preventing economic policies from jeopardising the

stability of the monetary union as a whole. But this was initially implemented mainly through preventive tools that sought to avoid excessive government spending at national level. The euro area was not prepared to manage large shocks. This weakness was laid bare by the financial crisis. The euro area adopted a flawed policy mix, causing an economic gap to emerge with other major economies.

A new paradigm

The pandemic crisis represented a watershed in the journey of European integration. In spring 2020 European leaders recognized that a strong, common fiscal response to offset the economic damage caused by the pandemic was in the interests of all euro area countries. At the outset, the COVID-19 crisis had a severe impact on the euro area economy and capital markets, bringing inflation into negative territory and threatening financial stability.

Shielding the European economy from global shocks: the role of monetary policy

Clearly, the new economic order created by the war also poses new challenges for monetary policy. Over the past two years, our economy has been hit by an unprecedented sequence of imported supply shocks. These are pushing up inflation and depressing growth. The Russian invasion of Ukraine is now exacerbating each of these individual forces.

Inflation expectations stand at around 2% and wage increases remain moderate. We are closely monitoring these developments. And we need to see how the economy reacts to the tightening in financing conditions and

the deterioration of the global and domestic economic outlook.

Conclusion

The war on our doorstep is a reminder of what we owe to European integration: three-quarters of a century of peace, freedom, and prosperity within our Union, of openness and closer links between our economies. Two in three Europeans see EU membership as a good thing, the highest result since 2007.

Fiscal and economic policies will need to play their part at both European and national level to achieve the necessary transformation of our economies and address concerns of competitiveness and long-term sustainability. Protecting our collective military, energy and economic security requires substantial financing. But it requires first and foremost political investment in a common response to common shocks.

Hence, would like to end by highlighting the importance of your work at the European Parliament. This Parliament is the voice of the European people. It holds us to our European responsibilities. And, in recent crises, it has in many ways been Europe's conscience, unwavering in calling for ambitious responses to the multiple challenges we face.

Source: <https://www.bis.org/review/r220705a.pdf>

Globalisation of Inflation and Conduct of Monetary Policy

Shri Shaktikanta Das, Honorable Governor, Reserve Bank of India,
at the Kautilya Economic Conclave, New Delhi, 9 July 2022

The global economy is going through an extremely uncertain period amidst the simultaneous interplay of various headwinds – a lingering war and enduring COVID; the sharp rise in energy and other commodity prices; strains in global supply chains; and worsening food security. Central banks have begun delivering bigger and quicker policy rate hikes to restore price stability, even as the global economy is struggling to recover fully from the scars inflicted by the COVID-19 pandemic. The sharply tightening financial conditions due to the ongoing monetary policy normalisation on the one hand and the persisting geopolitical tensions on the other pose significant downside risks to near-term global economic prospects.

Globalisation and Inflation

- Globalisation of trade and capital flows had facilitated increased productivity and lower cost of tradeable goods and services.
- Globalisation-led productivity gains contributed to a trend decline of inflation across countries.
- With greater trade and financial integration, the domestic economies get more exposed to global shocks including volatile short-term capital flows.
- The recent upsurge in inflation due to the black swan event, i.e., the war in Europe, on top of another such event, i.e., the Covid-19

pandemic offers a classic example of the globalised nature of current inflation.

- With the origins of this inflation being essentially in the supply side, energy and food prices account for more than 50 per cent of the rise in prices.

Inflation and the Conduct of Monetary Policy in India

- The Gulf War of 1991 – which resulted in a spike in international crude prices and consequent increase in domestic administered prices – was a major episode of imported inflation. In addition, the balance of payments (BoP) crisis of 1991 led to sharp exchange rate devaluation, which translated into increased cost-push pressures on import sensitive products.
- The next major inflation shock was in the post-GFC period when monsoon failure, high increase in MSPs, and escalating global commodity prices triggered inflationary pressures, which were reinforced by demand pull from a quick rebound in domestic growth from monetary and fiscal stimulus measures. Monetary policy normalisation at that time was gradual, given the considerations of economic recovery.
- What followed was a period of low and stable inflation till the COVID shock. The average CPI inflation between September

2016 and February 2020 was 3.9 per cent and was closely aligned with the inflation target of 4 per cent.

The MPC decided to look through the higher inflation print to allow the nascent recovery to get entrenched – both by retaining the accommodative stance of policy and by refraining from hiking the policy rate. Since the inflationary episode lacked any significant demand-pull component, any policy tightening at that juncture would have been detrimental to growth and extracted heavy social costs without being effective in containing inflation pressures.

Taking stock of the evolving developments and with inflation pressures getting generalized, the MPC in its April and June meetings revised the projection of inflation for 2022-23 in two stages to 6.7 per cent.

Concluding Observations

The benefits of globalisation come with certain risks and challenges. Shocks to prices of food, energy, commodities and critical inputs are transmitted across the world through complex supply chains. This was evident during the pandemic, and more so after the conflict in Europe erupted, with global shocks playing a dominant role in domestic inflation dynamics. These global factors present difficult policy trade-offs between price stability and stabilising economic activity, especially when the economy is recuperating from repeated shocks.

The insurance against such inevitable global shocks ultimately is built on sound economic fundamentals, strong institutions and smart policies. Price stability is key to maintaining macroeconomic and financial

14 stability. In a broader sense, inflation is a measure of the trust and confidence that the public repose in the economic institutions of a country. While factors beyond our control may affect inflation in the short run, its trajectory over the medium-term is determined by monetary policy. Therefore, monetary policy must take timely actions to anchor inflation and inflation expectations so as to place the economy on a strong and sustainable growth pedestal. We will continue to calibrate our policies with the overarching goal of preserving and fostering macroeconomic stability. In this endeavour, we will remain flexible in our approach while being cogent and transparent in our communication. If history is any guide, I am optimistic that our actions will usher in a new era of prosperity in the years ahead.

Source: https://rbi.org.in/Scripts/BS_SpeechesView.aspx?id=1317

From Open Banking To Open Finance

Liliana Fratini Passi, CEO, CBI

Over recent years the global payment landscape has changed radically, with consumers increasingly turning to digital solutions. Due to the reduced use of cash, increased knowledge and confidence in digital payments, customer demands have reshaped the banking and payment industry, beyond the regulatory obligations of the PSD2 directive, requiring banks to innovate both in terms of technology and mindset, in order to remain relevant and competitive, against expanding fintech and BigTech operators.

Embracing the technological revolution

Open banking has both fostered digitalization and a cultural awakening towards the benefits of new collaborative ecosystems, in which the interconnectedness of each player can gain and contribute to sustainable, circular economic growth and value creation, through enhanced services, increased frictionless and secure functionality and interoperability.

To this end, and until recently, a short-sighted approach of open banking was adopted in Italy, focusing on regulatory compliance of the PSD2, rather than on the positive value, or the disruptive consequences of innovative technologies to the financial services industry.

The emergence and diffusion of new data sharing models

The international emergence and diffusion of new data sharing models, supported by

innovations such as decentralized transaction validation technologies and biometric identification systems, all point to further disruption in Financial Services, with a distinct possibility and opportunity of open banking transitioning towards open finance.

The agenda therefore moves from connecting application programming interfaces for the purposes of payments, to sharing different-if not all-layers of customers financial data over a shared network that which ultimately lead to greater transparency, competition, and customer choice.

Building upon the advancements in secure data sharing technology that have created digital payment ecosystems, our goal is that of layering shared functionality over a broader set of data, thus connecting products and services, which simultaneously create a new level of openness and permit a wider financial footprint.

It is thus clear that open finance is the next level of disruptive innovation in the financial industry, which banks will necessarily need to endorse to match the position of trust they currently enjoy with that of a competitive player in an increasingly transactional and digital marketplace.

*Source: The Future of Payments 2022 – Finextra
(<https://www.finextra.com/researcharticle/246/the-future-of-payments-2022>)*

The Role of Open Banking in the Fight against Rising Payment Fraud

Siamac Rezaiezadeh, Director of Product Marketing, GoCardless

According to new research by the Merchant Risk Council (MRC), the global cost of payment fraud has increased for a second consecutive year. Mid-sized organizations (those ranging from \$5-50million in revenue) have been hit the hardest, with significant spikes in domestic and international eCommerce orders that transpired to be fraudulent, as well as spikes in the percentage of eCommerce revenue lost to payment fraud globally

GoCardless' own research echoes that of the MRC's findings, with 41% of businesses agreeing that payment fraud is an extremely large problem for their business and a further third saying that fraud is amongst the top threats that they face.

Payments are broken

Despite best efforts, it's clear that the current fraud-fighting methods are not yielding the desired results. What's more, businesses have had to choose from payment solutions that either come at a higher cost, offer a low ROI, or add friction to a customer's checkout experience. Let's take cards as an example; paying by card has become a lot more painful since the implementation of the newly enforced Strong Customer Authentication rules, with the security measures adding friction which we predict will impact customer churn and new payer sign up rates.

Using open banking to re-imagine account verification

Open banking APIs provide a gateway to untapped data. Verified identity information, current and historical bank account balances and transactional behaviour can now be incorporated into risk models to provide much more accurate risk profiling.

The next phase: making fraud prevention intelligent Should businesses use open banking to verify bank details, even in the few cases where fraud is more of an inconvenience than a significant problem? Put simply - yes. It's rare that businesses don't have the ambition to scale and, without the proper payment's strategy in place early, inconveniences grow to become issues. But as the proverb goes, businesses shouldn't put all their eggs in one basket. Yes, bank account verification will ease the current pressures of fraud and demonstrate once again the ever growing value that open banking can provide when utilized correctly.

This type of innovation doesn't happen overnight, but with fraud currently costing the global economy over \$5 trillion each year, it will be worth the wait.

Source: The Future of Payments 2022 – Finextra

(<https://www.finextra.com/researcharticle/246/the-future-of-payments-2022>)

BANKING, FINANCIAL SERVICES & INSURANCE (BFSI) ACTIVITIES IN THE MONTH

ASSOCHAM 3rd National Summit on Trade Finance for Inclusive Growth,
22 July 2022 (New Delhi)

Eminent Panellists :

- Shri Shyam Govindan Partner- Consulting, Deloitte India
- Shri Subhendu Moitra Chief Credit Officer, India Infrastructure Finance Company Ltd.
- Shri Gajendra P Singh (Sr. Vice President & Group Head- Corporate Affairs, JSW Group)
- Shri Shagun Jain (Sr. Vice President- Supply Chain Finance, YUBI)
- Shri Ateesh Kumar Singh (Joint Secretary, Ministry of MSME, GoI) and many other relevant industry stakeholders.

Key takeaways:

There are several paths and ways to achieve the target of \$5 trillion economy and trade route will play a key role in achieving that. Much importance has been given to export part of trade, but internal trade also plays an important part in the growth process. The government has undertaken big ticket reforms and expanding the scope of definition. Extension of priority lending status, inclusion of criteria's like turn over and the expansion to include retail and MSME within the definition and the recent approval for international trade settlement in rupees will help boost international trade. says, **Shri Ateesh Kumar Singh**, Joint Secretary, Ministry of MSME, Government of India at an ASSOCHAM Event.

Digitisation and digitalization of trade financing is needed for the growth of the sector and by 2025 the market for trade financing will touch \$200 billion. We will also need to further increase the scope and dimension of trade financing. As of now, MSME's are hesitant to fully adopt e-commerce and are looking at a hybrid model. The government is working to fortify and strengthen the trade system to make it more accessible and enhance availability" the Jt. Secretary said.

"We look forward to working with the industry and request them to come forward with their knowledge and help find solutions to build better inter-operability and improve payment and settlement system. An integrated portal of the finance ministry and ministry of MSME to promote trade financing is in the work and will help streamline the process and help in information dissemination and highlighting available trade potentials" he added.

Shri Shyam Govindan, Partner-Consulting, Deloitte India said Shyam Govindan, Partner, Deloitte India said" India has witnessed steady growth in overall exports over the last few years, albeit inconsistently, however exports did well since April 2021. Particularly in FY22, India contributed to 5 percent of global trade with US\$756.7 billion imports and US\$669.7 billion exports.

He focused on MSMEs being backbone of Indian economy, have been the key beneficiaries of the recent regulatory reforms and technological innovations led by the trade financing players, yet the financing gap persists.

Assocham Deloitte knowledge report “Trade Finance Ecosystem- a path to inclusive and sustainable growth” was released by the Chief guest and dignitaries.

Shri Shubhendu Moitra, Chief Credit Officer, India Infrastructure Finance Company Ltd., shared his insights on facilitating trade finance with trade practice and why a global approach to trade finance is essential. He went on to say, “Pandemic has helped to reshape global production and have multipurpose collaboration to achieve sustainable goals and a focus on the environment.” With the evaluation of digital currencies, a technological shift has created a new challenge for international trade. He stated that we must establish an advisory ecosystem and assist MSMEs in such situations through collaboration and advisory.

Shri Gajendra P Singh, Senior Vice President and Group Head of Corporate Affairs at JSW, India is reliant on imports, and rising

inflation will stifle economic growth; he added, and trade finance has been implemented for a long time, and risks have increased. With the right policy regime, the RBI has facilitated long-term improvements in trade finance. He stated that the government is intervening in the right direction, with numerous engagements with other countries for exports to new foreign markets such as Europe and the United Kingdom.

Shri Shagun Jain, Sr VP, YUBI shared that credit is a fundamental right in business and corporate as it helps to realise the opportunity. He stressed, It is a transformation shift of society so that when it is moved freely, economic development will happen. Capital should be provided to the people who need it for the ecosystem at every price point to avail finance, he added.

Shri S C Aggarwal, Senior Member ASSOCHAM and Chairman and MD, SMC Group gave his vote of thanks and quoted that trade constitute world economy by 90%. There is a dire need of the Funding requirement by SMEs as it has huge potential. Digitalization, tech, ESG funding are the growing trends in Trade Finance, he concluded.



TOP BANKING NEWS

- **RBI to adopt four-tiered regulatory framework for Urban Co-operative Banks**

The Reserve Bank will adopt a four-tiered regulatory framework with differentiated regulatory prescriptions aimed at strengthening the financial soundness of the existing Urban co-operative Banks (UCBs). The banking regulator has prescribed a minimum net worth of Rs 2 crore for Tier-I UCBs operating in single district and Rs 5 crore for all other UCBs (of all tiers). “This is expected to strengthen the financial resilience of the banks and enhance their ability to fund their growth.

Source: https://economictimes.indiatimes.com/industry/banking/finance/banking/rbi-announces-four-tiered-regulatory-framework-and-other-changes-for-urban-co-op-banks/articleshow/92985368.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

- **Yes Bank to partner JC Flowers ARC to sell Rs 48k-crore bad loans**

Private lender Yes Bank said it has signed a term sheet with JC Flowers Asset Reconstruction Co as its JV partner for sale of bad loans worth Rs 48,000 crore. Yes Bank will contribute equity to the ARC, which will initially deal with Yes Bank Rs sourced assets before expanding its ambit.

“The bank has signed a binding term sheet with JC ARC LLC and JC Flowers Asset Reconstruction Private Ltd for strategic partners. Asset Reconstruction Private Ltd for strategic partnership in relation to sale of identified stressed loans of the bank,” Yes Bank said in a regulatory filing.

Source: https://economictimes.indiatimes.com/industry/banking/finance/banking/yes-bank-to-partner-jc-flowers-arc-to-sell-rs-48k-crore-bad-loans/articleshow/92907837.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

- **PFRDA gives nod to HDFC, HDFC Bank merger proposal**

HDFC Bank said it has received pension fund regulator PFRDA nod for the merger proposal of its parent HDFC Ltd with itself. Touted as the biggest transaction in India’s corporate history, HDFC Bank on April 4 agreed to take over the biggest domestic mortgage lender in a deal valued at about USD 40 billion, creating a financial services titan. Pension Fund Regulatory and Development Authority (PFRDA) “has vide its letter dated July 7, 2022 (received by us on July 15, 2022), granted approval for change in status/constitution pursuant to the scheme in accordance with the PFRDA (Point of Presence) Regulations, 2018, subject to the conditions mentioned therein,” HDFC Bank said in a regulatory filing.

Source: https://economictimes.indiatimes.com/industry/banking/finance/banking/pfrda-gives-nod-to-hdfc-hdfc-bank-merger-proposal/articleshow/92907003.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

- **Government plans to start next round of public sector bank mergers**

The government plans to initiate the next round of public sector bank mergers

after analyzing a detailed study that has been commissioned on the outcome of amalgamation in state-run banks, a senior finance ministry official said. The aim is to have 4-5 large banks as large and strong as the country's biggest lender State Bank of India, SBI said the official. Concerned banks have been asked to submit their feedback by month end. We will be holding wider consultations through Indian Banks' Association (IBA) and with other stakeholders before firming up the future strategy," the person said.

Source: https://economictimes.indiatimes.com/industry/banking/finance/banking/government-plans-to-start-next-round-of-public-sector-bank-mergers/articleshow/92860462.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

- **Bank lending to NBFCs surges, smaller companies face higher costs**

Non-Bank Finance Companies (NBFCs) are increasingly turning to banks to meet their funding requirement with the latest data from the Reserve Bank of India (RBI) indicating a 21% year-on-year jump in bank loans to non-bank lenders. Borrowing is shifting to the banking system amid a sharp pullout of funds from debt mutual funds and rising funding costs in capital markets, experts said.

Source: https://economictimes.indiatimes.com/industry/banking/finance/banking/nbfc-to-rely-more-on-funding-from-banks-cost-may-rise-report/articleshow/92856790.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

- **PNB Gets RBI Approval to Invest ₹500 cr in PNB Housing Finance Rights Issue**

Punjab National Bank that the Reserve Bank of India had allowed it to invest ₹500 crore in the upcoming ₹2,500 crore rights issue of PNB Housing Finance. Post rights issue, the holding of the bank would come down below 30% but would be higher than 26% so that the bank retains promoter status, chief executive AK Goel said. The state-owned bank currently holds a 32% stake in the housing finance firm.

Source: https://economictimes.indiatimes.com/industry/banking/finance/banking/pnb-gets-rbi-approval-to-invest-500-cr-in-pnb-housing-finance-rights-issue/articleshow/93220355.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

- **Deposit and lending rates rise for the second consecutive month**

Lending rates rose across all fresh and outstanding loans as also deposits in June following the central bank's second consecutive policy rate hike in June policy statement, latest RBI data indicates. But banks have not raised rates on outstanding loans at the same pace as they did after the May policy rate hike.

Source: https://economictimes.indiatimes.com/industry/banking/finance/banking/deposit-and-lending-rates-rise-for-the-second-consecutive-month/articleshow/93220231.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

- **PNB aims to recover Rs 32,000 cr from bad loans resolution this fiscal**

State-owned Punjab National Bank, Managing Director A K Goel on Friday said

the lender is aiming about Rs 32,000 crore-worth recoveries from the resolution of bad loans in the current fiscal. The recovery in each quarter would be higher than the slippage, he said, adding that the bank's total recovery during the first quarter was Rs 7,057 crore. The slippages were at Rs 6,468 crore during the same period.

Source: https://economictimes.indiatimes.com/industry/banking/finance/banking/pnb-aims-to-recover-rs-32000-cr-from-bad-loans-resolution-this-fiscal/articleshow/93217496.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

- **As credit demand grows in India, banks may soon be scrambling for deposits**

Loan growth in India is at a three-year high and seen inching up further as economic activity gains traction but a much slower growth in deposits could send banks scurrying for funds and prompt deposit rate increases, say analysts and bankers. Deposit growth has floundered as high inflation has resulted in less savings, as would be depositors are choosing to put money into shares and mutual funds in search of better returns, said Madan Sabnavis, chief economist at state-owned lender.

Source: https://economictimes.indiatimes.com/industry/banking/finance/banking/as-credit-demand-grows-in-india-banks-may-soon-be-scrambling-for-deposits/articleshow/93182753.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

- **India well-positioned now to realise its superpower potential, says Citigroup chief Jane Fraser**

India is uniquely positioned to realise the potential of a superpower as the country

has put in place building blocks that can also make it a poster child of global economic growth, said Citigroup chief executive Jane Fraser. The country's intellectual capital, a growing market and the digital payments infrastructure could all combine to help unleash an economic growth rate that other nations can only dream.

Source: https://economictimes.indiatimes.com/industry/banking/finance/banking/india-well-positioned-now-to-realise-its-superpower-potential-says-citigroup-chief-jane-fraser/articleshow/93173247.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

- **Engagement of banks' board-level management on environment issues inadequate: RBI survey**

A Reserve Bank survey has found that engagement of top management in banks on issues concerning climate risk and sustainable finance is "inadequate" and the lenders need to scale up initiatives on environmental matters.

The Intergovernmental Panel on Climate Change (IPCC) Report of August 2021 highlighted the changes being observed in the Earth's climate in every region across the whole climate system.

Source: https://economictimes.indiatimes.com/industry/banking/finance/banking/engagement-of-banks-board-level-management-on-environment-issues-inadequate-rbi-survey/articleshow/93168159.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

- **Risks and returns associated with floating rate mutual funds**

Risk and returns are two sides of the same coin called 'investment'. The risk-return profile of any investment should be appropriately assessed before investing in the same. Here, we discuss the risk and returns associated with floater funds. Before we do so, we need to understand the nuances of these funds. Floater funds leverage the interest rate cycle and aim to enhance their returns during the rising interest rate scenario. These funds are not devoid of risk factors, therefore we must understand the risk factors and invest in an informed manner.

Source: https://economictimes.indiatimes.com/industry/banking/finance/banking/risks-and-returns-associated-with-floating-rate-mutual-funds/articleshow/93188159.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

- **RBI's discussion paper on climate change calls for board approved climate risk management**

Banks and other regulated lenders need to put in place appropriate governance strategy to address climate change risks and risk management structure to effectively manage them from a micro-prudential perspective, a discussion paper by the Reserve Bank of India said. They may identify and simulate plausible and relevant scenarios, factor in the inter-linkages between climate-related risk and other risks and explore resilience to financial losses under a variety of scenarios.

Source: <https://economictimes.indiatimes.com/industry/banking/finance/banking/rbis-discussion-paper-on-climate-change-calls-for-board-approved->

[climate-risk-management/articleshow/93165049.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst](https://economictimes.indiatimes.com/industry/banking/finance/banking/climate-risk-management/articleshow/93165049.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst)

- **Lenders seek clarity from bad bank over invoking guarantees**

In a move that could delay the sale of soured debt to the National Asset Reconstruction Company (NARCL), lenders have decided to transfer bad loans only after clarity emerged on the terms under which government guarantees could be invoked to meet shortfalls in recovery, people aware of the development. NARCL, an integral part of the key bad bank initiative announced by the government in the FY21 budget to help clean up bank books, has yet not acquired a single non-performing loan from lenders.

Source: https://economictimes.indiatimes.com/industry/banking/finance/banking/lenders-seek-clarity-from-bad-bank-over-invoking-guarantees/articleshow/93096540.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

- **Frauds reported by PSBs decline to Rs 3,204 crore in FY22**

The amount involved in fraud cases reported by public sector banks (PSBs) has come down to Rs 3,204 crore in the last fiscal from Rs 28,884 crore in 2017-18, Parliament was informed on Tuesday. As per the RBI data, PSBs reported 5,624 cases of fraud in 2017-18, involving Rs 28,884 crore. The minister said the government, in 2015, issued a framework for banks for timely detection, reporting, and investigation relating to large-value bank frauds involving money in excess of Rs 50 crore.

Source: https://economictimes.indiatimes.com/industry/banking/finance/banking/frauds-reported-by-psbs-decline-to-rs-3204-crore-in-fy22/articleshow/93142820.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

- **IDBI Bank's potential suitors seek clarity on CAG, CVC role**

IDBI Bank's potential suitors have sought clarity on the role of Comptroller and Auditor General of India (CAG) and Central Vigilance Commission (CVC) post-privatization because both institutions have oversight on its operations and are answerable to Parliament, according to people in the know. The bidders have raised concerns about potential investments in the bank being subject to CAG's scrutiny in the future. IDBI Bank also follows CVC guidelines for investigating internal complaints of suspected wrongdoing, which the bidders have raised as a concern.

Source: https://economictimes.indiatimes.com/industry/banking/finance/banking/idbi-banks-potential-suitors-seek-clarity-on-cag-cvc-role/articleshow/93120004.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

- **Lenders seek clarity from bad bank over invoking guarantees**

In a move that could delay the sale of soured debt to the National Asset Reconstruction Company (NARCL), lenders have decided to transfer bad loans only after clarity emerged on the terms under which government guarantees could be invoked to meet shortfalls in recovery, people aware of

the development. The subject has assumed importance because banks have never invoked a government guarantee in the past. Senior bank officials conveyed their reservations on the subject to the NARCL management at a meeting last week

Source: https://economictimes.indiatimes.com/industry/banking/finance/banking/lenders-seek-clarity-from-bad-bank-over-invoking-guarantees/articleshow/93096540.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

- **Unsecured lending picking up amidst falling delinquencies**

Banks are seeing a higher pick-up in unsecured personal loans from rural and semi-urban areas. Significantly the delinquencies in such loans is seen to be minimal adding comfort to the lenders. Borrowers inquiring about personal loans increased by 141 percent for the three month period ending May 2022 compared to 93 percent growth in inquiries for the three month period ended March' 2022, according to data released by credit bureau Transunion Cibil.

Source: https://economictimes.indiatimes.com/industry/banking/finance/banking/unsecured-lending-picking-up-amidst-falling-delinquencies/articleshow/93008938.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

- **SIP' it up to aim to create wealth :**

Systematic Investment Plan (SIP) is a plan in which investors at fixed time intervals (mostly monthly or quarterly) invest a fixed amount of money in mutual funds. This

plan is similar to that of a traditional way of investing except that here your money gets invested into various asset classes such as equity, bonds, gold, etc. as per the asset allocation pattern and investment strategy as specified in Scheme Information Document.

Source: https://economictimes.indiatimes.com/industry/banking/finance/banking/sip-it-up-to-aim-to-create-wealth/articleshow/93205626.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

- **Bad loan ratio of banks likely to fall to 5-5.5% by March 2024, says S&P Global**

S&P Global Ratings on Thursday said non-performing loans of banks are expected to decline to 5-5.5 per cent of the total advances by March 2024. As per the latest Financial Stability Report published by the RBI, the gross non-performing assets (GNPA) declined to a six-year low of 5.9 per cent in March 2022. The small and midsize enterprise sector and low-income households are vulnerable to rising interest rates and high inflation, but it expects these risks to be limited, the agency

Source: https://economictimes.indiatimes.com/industry/banking/finance/banking/bad-loan-ratio-of-banks-likely-to-fall-to-5-5-5-by-march-2024-says-sp-global/articleshow/93032732.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

- **RBI imposes restrictions on Mumbai-based Raigad Sahakari Bank; withdrawals capped at Rs 15,000**

Banking regulator Reserve Bank of India (RBI) today imposed several restrictions on Mumbai-based co-operative bank Raigad Sahakari Bank due to worsening of financial situation of the lender. The restrictions include a withdrawal cap of Rs 15,000 per customer and it will remain in force for a period of six months.

Source: https://economictimes.indiatimes.com/industry/banking/finance/banking/rbi-imposes-restrictions-on-mumbai-based-raigad-sahakari-bank-withdrawals-capped-at-rs-15000/articleshow/92962784.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

SELECT RBI CIRCULAR'S (JULY 2022)

Circular Number	Date of Issue	Department	Subject	Meant For
RBI/2022-2023/96 DOR.AML. REC.57/14.06.001/ 2022-23	29.7.2022	Department of Regulation	United Nations Security Council Resolutions (UNSCR) 1718 Sanctions Committee on Democratic People's Republic of Korea (DPRK) amends 44 existing entries on its Sanctions List	The Chairpersons/ CEOs of all the Regulated Entities
RBI/2022-2023/95 CO.DPSS.POLC.No.S-760/02-14-003/2022-23	28.7.2022	Department of Payment and Settlement System	Restriction on Storage of Actual Card Data [i.e. Card-on-File (CoF)]	All Payment System Providers and Payment System Participants
RBI/2022-2023/94 CO.DPSS.POLC.No.S-761/02-14-008/2022-23	28.7.2022	Department of Payment and Settlement Systems	Regulation of Payment Aggregators – Timeline for submission of applications for authorisation – Review	All Payment System Providers and Payment System Participants
RBI/2022-2023/93 DOR.CRE. REC.56/13.05.000/ 2022-23	26.7.2022	Department of Regulation	Board approved Loan Policy – Management of Advances - UCBs	All Primary (Urban) Co-operative Banks
RBI/2022-2023/92 FIDD.GSSD.CO.BC. No.09/09.01.003/2022-23	20.7.2022	Financial Inclusion and Development Department	Master Circular – Deendayal Antyodaya Yojana - National Rural Livelihoods Mission (DAY-NRLM)	The Chairman/Managing Director & CEO Public Sector Banks, Private Sector Banks (including Small Finance Banks)
RBI/2022-2023/91 DOR.AML. REC.55/14.06.001/ 2022-23	13.7.2022	Department of Regulation	UNSCR 1718 Sanctions Committee on DPRK amends one Entry on its Sanctions List	The Chairpersons/CEOs of all the Regulated Entities
RBI/2022-2023/90 A.P. (DIR Series) Circular No.10	11.7.2022	Foreign Exchange Department	International Trade Settlement in Indian Rupees (INR)	All Category-I Authorised Dealer Banks
RBI/2022-2023/89 A.P. (DIR Series) Circular No. 09	08.7.2022	Foreign Exchange Department	Asian Clearing Union (ACU) Mechanism – Indo-Sri Lanka trade	All Category-I Authorised Dealer Banks
RBI/2022-2023/88 A. P. (DIR Series) Circular No. 08	07.7.2022	Financial Markets Regulation Department	Overseas foreign currency borrowings of Authorised Dealer Category-I banks	All Authorised Dealer Category-I Banks
RBI/2022-2023/87 A.P. (DIR Series) Circular No.07	07.7.2022	Financial Markets Regulation Department	Investment by Foreign Portfolio Investors (FPI) in Debt - Relaxations	All Authorised Persons
RBI/2022-2023/86 FMRD.FMID. No.04/14.01.006/2022-23	07.7.2022	Financial Markets Regulation Department	'Fully Accessible Route' for Investment by Non-residents in Government Securities – Additional specified securities	All participants in Government Securities market

Circular Number	Date of Issue	Department	Subject	Meant For
RBI/2022-2023/85 FIDD.CO.LBS.BC. No.8/02.08.001/2022-23	07.7.2022	Financial Inclusion and Development Department	Formation of new districts in the State of Andhra Pradesh – Assignment of Lead Bank Responsibility	The Chairman / Managing Director & Chief Executive Officer Lead Banks Concerned
RBI/2022-2023/84 A.P. (DIR Series) Circular No. 06	07.7.2022	Foreign Exchange Department	Exim Bank's Government of India supported Short - Term Line of Credit (STLoC) of USD 55 million to the Government of the Democratic Socialist Republic of Sri Lanka for procurement of urea fertilizer from India	All Category – I Authorised Dealer Banks
RBI/2022-2023/83 DOR.RET. REC.54/12.01.001/ 2022-23	06.7.2022	Department of Regulation	Section 42 of the Reserve Bank of India Act, 1934 and Section 18 and 24 of the Banking Regulation Act, 1949 – FCNR (B)/NRE Term deposits - Exemption from maintenance of CRR/SLR	All Scheduled Commercial Banks (including Regional Rural Banks) Local Area Banks, Small Finance Banks, Payments Banks Primary (Urban) Co-operative Banks (UCBs) State and Central Co-operative Banks (StCBs / CCBs)
RBI/2022-2023/82 DOR. SOG (SPE).REC. No 53/13.03.000/2022-23	06.7.2022	Department of Regulation	Master Direction on Interest Rate on Deposits - Foreign Currency (Non-resident) Accounts (Banks) Scheme [FCNR(B)] and Non-Resident (External) Rupee (NRE) Deposit	All Scheduled Commercial Banks (including Regional Rural Banks) All Small Finance Banks All Local Area Banks All Payment Banks All Primary (Urban) Co-operative Banks/ DCCBs / State Cooperative Banks
RBI/2022-2023/81 DoR.RET. REC.52/12.07.160/ 2022-23	06.7.2022	Department of Regulation	Inclusion of "Unity Small Finance Bank Limited" in the Second Schedule of the Reserve Bank of India Act, 1934	All Banks
RBI/2022-2023/80 CO.DPSS.POLC.No.S- 590/02-14-006/2022-23	04.7.2022	Department of Payment and Settlement Systems	Requirement for obtaining prior approval in case of takeover / acquisition of control of non-bank PSOs and sale / transfer of payment system activity of non-bank PSO	The Chairman / Managing Director / Chief Executive Officer Bank and Non-bank Payment System Operators (PSOs)
RBI/2022-2023/79 DCM(NPD) No.S488/18.00.14/ 2022-23	01.7.2022	Department of Currency Management	Note Sorting Machines - Authentication and Fitness Sorting Parameters	The Chairman/ Managing Director/ Chief Executive Officers All Banks

WEEKLY STATISTICAL SUPPLEMENT – RBI

Weekly Statistical Supplement – Extract					
1. Reserve Bank of India - Liabilities and Assets*					
(₹ Crore)					
Item	2021	2022		Variation	
	Jul. 23	Jul. 15	Jul. 22	Week	Year
	1	2	3	4	5
4 Loans and Advances					
4.1 Central Government	-	-	-	-	-
4.2 State Governments	1181	17760	12688	-5072	11507

* Data are provisional.

2. Foreign Exchange Reserves								
Item	As on July 22, 2022		Variation over					
			Week		End-March 2022		Year	
	₹ Cr.	US\$ Mn.	₹ Cr.	US\$ Mn.	₹ Cr.	US\$ Mn.	₹ Cr.	US\$ Mn.
	1	2	3	4	5	6	7	8
1 Total Reserves	4568803	571560	-6387	-1152	-30016	-35749	19429	-39589
1.1 Foreign Currency Assets	4077817	510136	-8873	-1426	-16748	-30588	-147594	-57492
1.2 Gold	307766	38502	1351	145	-14447	-4050	33201	1617
1.3 SDRs	143587	17963	936	106	535	-928	132081	16417
1.4 Reserve Position in the IMF	39632	4960	199	23	644	-184	1741	-132

* Difference, if any, is due to rounding off

3. Scheduled Commercial Banks - Business in India

(₹ Crore)

Item	Outstanding as on Jul. 15, 2022	Variation over				
		Fortnight	Financial year so far		Year-on-year	
			2021-22	2022-23	2021	2022
	1	2	3	4	5	6
2 Liabilities to Others						
2.1 Aggregate Deposits	16809944	-151266	400795	344631	1493692	1295637
2.1a Growth (per cent)		-0.9	2.7	2.1	10.7	8.4
2.1.1 Demand	1957688	-93629	-13008	-115059	356733	109504
2.1.2 Time	14852256	-57637	413803	459690	1136959	1186133
2.2 Borrowings	292104	-29374	5742	17510	-29199	42337
2.3 Other Demand and Time Liabilities	637778	-20626	-114356	-3070	45178	95526
7 Bank Credit*	12281233	-101850	-71012	389919	659385	1512424
7.1a Growth (per cent)		-0.8	-0.6	3.3	6.5	14.0
7a.1 Food Credit	35928	-1488	24416	-19082	-685	-49742
7a.2 Non-food credit	12245305	-100361	-95428	409001	660070	1562166

*Bank credit growth and related variations for all fortnights since December 3, 2021 are adjusted for past reporting errors by select scheduled commercial banks (SCBs).

4. Money Stock: Components and Sources

(₹ Crore)

Item	Outstanding as on		Variation over									
	2022	Fortnight	Financial Year so far		Year-on-Year				Year-on-Year			
	Mar. 31	Jul. 15	Amount	%	2021-22		2022-23		2021		2022	
					Amount	%	Amount	%	Amount	%	Amount	%
	1	2	3	4	5	6	7	8	9	10	11	12
M3	20493729	20910947	-129669	-0.6	531811	2.8	417218	2.0	1885608	10.8	1534558	7.9
1 Components (1.1.+1.2+1.3+1.4)												
1.1 Currency with the Public	3035689	3105242	23147	0.8	122794	4.5	69553	2.3	294371	11.4	230619	8.0
1.2 Demand Depos- its with Banks	2212992	2096920	-94083	-4.3	-11000	-0.6	-116072	-5.2	371593	23.0	112800	5.7
1.3 Time Deposits with Banks	15186605	15651592	-56858	-0.4	417453	3.0	464988	3.1	1209004	9.1	1183861	8.2
1.4 'Other' Deposits with Reserve Bank	58444	57192	-1875	-3.2	2564	5.4	-1252	-2.1	10640	27.1	7277	14.6
2 Sources (2.1+2.2+2.3+2.4- 2.5)												
2.1 Net Bank Credit to Government	6477629	6420322	18545	0.3	198626	3.4	-57307	-0.9	549803	10.0	371322	6.1
2.1.1 Reserve Bank	1450596	1130936	-11793	-1.0	-1909		-319660		20743		33160	
2.1.2 Other Banks	5027033	5289386	30337	0.6	200536	4.2	262353	5.2	529060	12.0	338162	6.8
2.2 Bank Credit to Commercial Sector	12616520	13028047	-102892	-0.8	-75970	-0.7	411527	3.3	714782	6.6	1545238	13.5
2.2.1 Reserve Bank	16571	33079	-12		924		16509		-2194		23446	
2.2.2 Other Banks	12599950	12994968	-102880	-0.8	-76894	-0.7	395018	3.1	716976	6.6	1521791	13.3

5. Liquidity Operations By RBI

(₹ Crore)

Date	Liquidity Adjustment Facility						Standing Liquidity Facilities	OMO (Outright)		Net Injection (+)/ Absorption (-) (1+3+5+7+9-2-4-6-8)
	Repo	Reverse Repo	Variable Rate Repo	Variable Rate Reverse Repo	MSF	SDF		Sale	Purchase	
	1	2	3	4	5	6		7	8	
Jul. 18, 2022	-	-	-	-	83	88341	-	-	-	-88258
Jul. 19, 2022	-	-	-	-	1175	88597	-	80	-	-87502
Jul. 20, 2022	-	-	-	-	890	73537	-	825	-	-73472
Jul. 21, 2022	-	-	-	-	3661	50435	698	750	-	-46826
Jul. 22, 2022	-	-	-	-	15456	49796	95	-	-	-34245
Jul. 23, 2022	-	-	-	-	129	4592	-	-	-	-4463
Jul. 24, 2022	-	-	-	-	60	3960	-	-	-	-3900

SDF: Standing Deposit Facility; MSF: Marginal Standing Facility.

TOP NON-BANKING FINANCE COMPANIES & MICRO FINANCE INSTITUTIONS NEWS

- **Adani-backed NBFC plans Rs 1,500 crore-IPO as soon as 2024**

A non-bank lender backed by Gautam Adani, Asia's richest person, is planning to raise at least Rs 1,500 crore (\$188 million) in an initial public offering in Mumbai that could take place as early as 2024. Adani Capital's first-time share sale will offer about a 10% stake in the shadow bank and target a valuation of around \$2 billion, Managing Director and Chief Executive Officer Gaurav Gupta said. A small player in the country's finance sector despite sharing a chairman with one of India's biggest conglomerates, Adani Capital is looking to capture more of the market for loans from 30,000 rupees to 3 million rupees using technology.

Source: https://economictimes.indiatimes.com/markets/ipos/fpos/adani-backed-nbfc-plans-rs-1500-crore-ipo-as-soon-as-2024/articleshow/93185177.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

- **MSMEs bounce back with normalising repayments: SIDBI MD Sivasubramanian Ramann**

Small Industries Development Bank of India (SIDBI), the biggest lender in the vital SME segment, believes the damage to the financial system would be a lot less than expected with revival in the post-Covid economy as data from government guaranteed loans showed no spike in defaults. SIDBI Chairman & Managing

Director Sivasubramanian Ramann tells ET that the lender is leveraging the technology platforms from NSEL portal to GST network to cut its loan disbursement time period to just a third, reducing uncertainties for the borrower.

Source: https://economictimes.indiatimes.com/small-biz/sme-sector/msmes-bounce-back-with-normalising-repayments-sidbi-md-sivasubramanian-ramann/articleshow/92881202.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

- **Sticky micro loans at Rs 32,000 crore, but profitability for NBFC-MFIs may improve**

The size of extremely sticky microfinance loans, which remained unpaid even after 90 days of their due dates, stood at nearly Rs 32,000 crore, which is about 11% of the sectoral gross loan portfolio of Rs 2.87 lakh crore at the end of March, data released by CRIF High Mark showed. The high level of sticky loans has shortened the odds on more future write-off by lenders. Write-offs increased to 4.8% at the end of March from 4.4% of the total portfolio three months prior to that, according to the CRIF data

Source: https://economictimes.indiatimes.com/industry/banking/finance/sticky-micro-loans-at-rs-32000-crore-but-profitability-for-nbfc-mfis-may-improve/articleshow/92856981.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

MFIs' gross loan portfolio rises to Rs 2.9 lakh crore at March-end: Report The Gross Loan Portfolio (GLP) of microfinance industry grew by 10.2 per cent to nearly Rs 2.9 lakh crore at the end of March, says a report. The same stood at Rs 2.6 lakh crore in the year-ago period. Banks continue to dominate the microfinance market with portfolio share of 37.7 per cent. This is followed by NBFC-MFIs with a share of 33.3 per cent and Small Finance Banks (SFBs) at 17.1 per cent, as of March 2022, according to a quarterly report released by CRIF High Mark, a credit information bureau.

Source: https://economictimes.indiatimes.com/industry/banking/finance/mfis-gross-loan-portfolio-rises-to-rs-2-9-lakh-crore-at-march-end-report/articleshow/92852854.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

- **NCLT orders liquidator of steel cos to admit TVS Motor's claim**

Shares supplied by the promoter in an official capacity as security for a loan makes the lender a secured creditor ruled the bankruptcy court in a petition filed by two-wheeler maker TVS Motor Company Ltd against the liquidator of Mumbai-based Kalisma Steel Ltd. The automaker had extended the said financial assistance at the agreed rate of annual 12% interest. Kalisma Steel agreed to repay the money in five tranches. Also, the promoters of Kalisma Steel had provided shares of ₹2 crore as the security deposit. An email query to TVS Motors was unanswered till press time.

Source: [https://economictimes.indiatimes.com/industry/auto/auto-news/nclt-](https://economictimes.indiatimes.com/industry/auto/auto-news/nclt-orders-liquidator-of-steel-cos-to-admit-tvs-motors-claim/articleshow/92757139.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst)

[orders-liquidator-of-steel-cos-to-admit-tvs-motors-claim/articleshow/92757139.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst](https://economictimes.indiatimes.com/industry/auto/auto-news/nclt-orders-liquidator-of-steel-cos-to-admit-tvs-motors-claim/articleshow/92757139.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst)

- **NIIF to bring new investors on debt platform**

National Investment and Infrastructure Fund (NIIF), India's first infrastructure-focused fund, plans to bring more investors on to its non-bank financing platform. The NIIF debt platform consists of NIIF Infrastructure Finance (NBFC-IDF) and Aseem Infrastructure Finance (NBFC-IFC) and together they have now reached a loan book of about Rs 23,000 crore, said Prakash Rao, executive director and chief investment officer - indirect investments, NIIF.

Source: https://economictimes.indiatimes.com/news/economy/infrastructure/niif-to-bring-new-investors-on-debt-platform/articleshow/92709305.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

- **REC, CEEW ink pact to work on improving discoms' operational, financial sustainability**

State-owned REC Ltd said that it has signed an agreement with Council on Energy, Environment and Water (CEEW) to collaborate on activities to improve the operational and financial sustainability of discoms. The Memorandum of Understanding (MoU) was signed in the presence of R Lakshmanan, Executive Director - REC Ltd, and Arunabha Ghosh, CEO at CEEW, REC. In addition to providing research and evaluation support, CEEW will collaborate with REC to conduct primary

and secondary research to help discoms in their efforts to deploy smart meters. CEEW's research will also help to leverage smart metering infrastructure for improved service delivery and ensure a positive consumer experience.

Source: https://economictimes.indiatimes.com/industry/energy/rec-ceew-ink-pact-to-work-on-improving-discoms-operational-financial-sustainability/articleshow/92731111.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

- **Fintech companies, NBFCs funded by Chinese money generated Rs 950-cr slush funds in India**

A number of fintech companies and NBFCs “backed by” Chinese funds have generated proceeds of crime worth more than Rs 940 crore by indulging in predatory lending activities and violating RBI guidelines while operating in India. The federal probe agency has mounted a crackdown on such companies who, it said, were “operating based on instructions from Chinese, Hong Kong persons” as they inked agreements with a clutch of domestic non-banking financial companies (NBFCs) to enter into the business of providing illegal “instant personal loans” to gullible public of the country, a money laundering investigation found.

Source: https://economictimes.indiatimes.com/industry/banking/finance/fintech-cos-nbfc-funded-by-chinese-money-generated-rs-950-cr-slush-funds-in-india-ed/articleshow/92707187.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

- **NBFC account aggregator Finvu AA raises \$2.5 million from Varanium Nexgen Fund**

Others Finvu AA, a consent-based account aggregator, has raised \$2.5 million in funding from Varanium Nexgen Fund, IIFL, DMI Sparkle Fund, and others. The future of financial services will dramatically change with the AA ecosystem as new use cases are being developed. Excited to get support from our investors who believe in this.

Source: https://economictimes.indiatimes.com/tech/funding/nbfc-account-aggregator-finvu-aa-raises-2-5-million-from-varanium-nexgen-fund-others/articleshow/92694914.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

- **MyShubhLife aims to disburse Rs 550 crore worth of loans by the next financial year**

Digital lending and full-stack financial service platform, MyShubhLife, announced that it aims to disburse Rs 550 crore worth of loans amid signs of economic recovery and pent-up demand among the salaried professionals, gig workers and small merchants. Equipped with an AI/ML led credit model algorithm built by its Datasciences Centre of Excellence (CoE), MyShubhLife aims to reach a disbursal target of Rs 250 crore by this financial year and Rs 550 crore in the next.

Source: https://economictimes.indiatimes.com/small-biz/sme-sector/myshubhlife-aims-to-disburse-rs-550-crore-worth-of-loans-by-the-next-financial-year/articleshow/92676670.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

TOP INSURANCE NEWS

- **PMFBY helped insurance companies, caused losses to farmers: Ex-CM Hooda**

Addressing a press conference here, Hooda said the farmers have struggled to get compensation money for their damaged crops and the insurance companies have earned a profit of ₹40,000 crore in just 5 years. The Congress opposes the decision of the government to increase the premium of crop insurance of paddy, cotton, bajra, maize and this move was done further to benefit the companies. A Congress committee constituted under my leadership during the Udaipur Chintan Shivir had recommended handing over crop insurance to government companies.

Source: <https://www.hindustantimes.com/cities/chandigarh-news/pmfby-helped-insurance-companies-caused-losses-to-farmers-ex-cm-hooda-101658693919728.html>

- **Corporate Radar: Clean Science to turn ex-dividend; HDFC, Sun Pharma Q1 results; Biocon, DRL AGMs & more**

Shares of ABM Knowledgeware (Rs 1.25 per share), MRF (Rs 144 per share), Praj Industries (Rs 2.7 per share), Hawkins Cookers (Rs 60 per share) and TCI Express (Rs 2 per share) had announced final dividend. The stocks went ex-dividend

Source: https://economictimes.indiatimes.com/markets/stocks/news/corporate-radar-clean-science-to-turn-ex-dividend-hdfc-sun-pharma-q1-results-biocon-drl-agms-more/articleshow/93200239.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

- **Credit Suisse bullish on insurance stocks; JP Morgan maintains overweight on RIL**

Credit Suisse has initiated its coverage on ICICI Lombard General Insurance with an outperform rating and a target price of Rs 1,400 as it believes execution on growth and retail health franchise scale-up will drive stock re-rating. The brokerage said that delayed ROE recovery warrants a discount to the long-term multiple. It values the company at 32x 24-month forward earnings to arrive at the target. Foreign brokerage JP Morgan kept its 'overweight' stance on Reliance Industries intact with a target of Rs 3,170.

Source: https://economictimes.indiatimes.com/markets/stocks/news/credit-suisse-bullish-on-insurance-stocks-jp-morgan-maintains-overweight-on-ril/articleshow/9271864.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

- **Experts deliberate on the need for health insurance to secure your today and tomorrow**

The Covid-19 pandemic brought about significant changes in people's behaviour towards protecting health. To analyse the shift in public awareness about healthcare, Economictimes.com and HDFC Ergo conducted an exclusive session on Health insurance for today and tomorrow. The virtual session emphasised on the importance of health insurance and created awareness around how people can live a safe and healthy life in post-Covid times.

Source: https://economictimes.indiatimes.com/wealth/insure/life-insurance/experts-deliberate-on-the-need-for-health-insurance-to-secure-your-today-and-tomorrow/articleshow/93216130.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

- **Irdai changes key rules for insurers**

The Insurance Regulatory and Development Authority (Irdai) has made important changes to rules governing sales, investments and commissions charged by insurance companies as part of the ongoing deregulation agenda. The changes were passed at the regulator's board meeting earlier this week and are likely to be implemented by the end of the quarter, two people familiar with the decisions said. The regulator has also decided to allow insurance companies to tap fund raising options, like through the debt market, without prior approval from the Irdai.

Source: https://economictimes.indiatimes.com/industry/banking/finance/insure/irdai-changes-key-rules-for-insurers/articleshow/93195878.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

- **IRDAI gives insurers freedom to empanel hospitals for cashless treatment**

Insurance regulator IRDAI on Wednesday allowed general insurers to choose network providers or hospitals that meet their standards, thus easing norms for expanding cashless facilities in the country. The Insurance Regulatory and Development Authority of India (IRDAI) has modified the 'Guidelines on Standardisation in

Health Insurance' to give effect to the new norms. Earlier, only those network providers which were registered in the Hospital Registry ROHINI maintained by Insurance Information Bureau (IIB) could be empanelled by the insurers.

Source: https://economictimes.indiatimes.com/industry/banking/finance/insure/irdai-gives-insurers-freedom-to-empanel-hospitals-for-cashless-treatment/articleshow/93012120.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

- **Irdai allows innovative add-ons, floater policy for vehicle insurance**

India's insurance regulator has permitted general insurers to introduce innovative add-on policies for own damage of vehicles, depending on the usage and driving history of owners. The Concept of Motor Insurance is constantly evolving. The advent of technology has created a relentless pace for the insurance fraternity to rise up to interesting yet challenging demands of the millennials. The general insurance sector needs to keep pace with and adapt to the changing needs of the policyholders," Irdai said in a statement.

Source: https://economictimes.indiatimes.com/industry/banking/finance/insure/irdai-permits-general-insurers-to-issue-sophisticated-add-ons-for-motor-insurance/articleshow/92698334.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

- **Covid has transformed the entire insurance ecosystem: Shanai Ghosh, ED & CEO, Edelweiss General Insurance (EGI) Digital**

First insurance providers are trying to transform the market with promises of customer behaviour based products, real time app based claims processing and faster claims settlement. One such digital insurer in the non-life segment is 2018 founded Edelweiss General Insurance (EGI). The most impactful outcome of Covid has been the acceleration of digital claims. The entire process, right from claims intimation, to processing to settlement is now becoming completely digital, bringing in a lot of ease and convenience to all stakeholders.

Source: https://economictimes.indiatimes.com/industry/banking/finance/insure/covid-has-transformed-the-entire-insurance-ecosystem-shanai-ghosh-ed-ceo-edelweiss-general-insurance-egi/articleshow/92674966.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

- **Life insurers' new business premium rises 4 pc to Rs 31,255 crore in June**

Life insurance companies witnessed a modest increase of 4.15 per cent in their

collective new business premium at Rs 31,254.55 crore in June, data from Irdai showed on Thursday. The 24 life insurance companies had collected premiums worth Rs 30,009.48 crore in same month a year ago. State-owned LIC-- the largest life insurer of the country -- however, witnessed a decline of 5.29 per cent in the new business premium in June 2022 at Rs 20,643.67 crore, as against Rs 21,796.28 crore in the year-ago month, according to the Insurance Regulatory and Development Authority of India (Irdai) data.

Source: https://economictimes.indiatimes.com/industry/banking/finance/insure/life-insurers-new-business-premium-rises-4-pc-to-rs-31255-crore-in-june/articleshow/92729705.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

TOP CORPORATE BOND MARKET NEWS

- **Former Sebi chief bats for unified G-Secs, corporate bond market**

The government securities (G-Secs) market and corporate bond market are presently separated and follow different regulatory regimes. “Unifying these two markets would enable seamless transmission of pricing information from G-Secs to corporate bonds. It would lead to removal of artificial segmentation of investors,” he said Friday, while addressing the 4th International Conference on Financial Markets & Corporate Finance at IIT Mumbai.

Source: <https://indianexpress.com/article/business/economy/former-sebi-chief-bats-for-unified-g-secs-corporate-bond-market-8018325/>

- **Bond yields fall as U.S. peers dip; rupee strengthens slightly**

Indian bond yields on Monday tracked a slide in their U.S. peers and the rupee inched higher amid a modest rise in other Asian currencies, although the gains were capped by losses in the domestic share market. The benchmark 10-year bond yield was at 7.37% by 0527 GMT, compared with its close of 7.41% on Friday. 10-year Treasury note yield ended the week near its lowest since late-May after weak data on Friday added to worries about the global economy and traders reassessed the Federal Reserve’s ability to raise rates much further.

Source: https://economictimes.indiatimes.com/markets/bonds/bond-yields-fall-as-u-s-peers-dip-rupee-strengthens-slightly/articleshow/93103768.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

- **Foreign holdings of yuan bonds stood at \$3.57 trillion yuan at end-June: PBOC**

Foreign holdings of yuan bonds traded on China’s interbank bond market totalled 3.57 trillion yuan (\$527.54 billion) at end-June, down from 3.66 trillion yuan a month earlier, the People’s Bank of China (PBOC) Out of the total holdings, overseas investors held 2.32 trillion yuan worth of Chinese government bonds at the end of last month, while holdings of quasi-sovereign policy bank bonds stood at 0.86 trillion yuan. (\$1 = 6.7673 Chinese yuan)

Source: https://economictimes.indiatimes.com/markets/bonds/foreign-holdings-of-yuan-bonds-stood-at-3-57-trillion-yuan-at-end-june-pboc/articleshow/93044505.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

- **SEBI proposes regulations for online bond platforms**

The Securities and Exchange Board of India (Sebi) has proposed to bring online bond platforms that are selling listed debt securities under its regulatory framework. For privately placed debt securities, it is mandatory to be made through Electronic Book Provider (EBP) platform, for issuers who are in existence for three years and more and where the issue size is of ₹100 crore or more. At present, debt securities can be issued either through a public issuance or on private placement basis. A public issue of debt securities is made through the online system of the stock exchange and depositories.

Source: https://economictimes.indiatimes.com/markets/bonds/sebi-proposes-regulations-for-online-bond-platforms/articleshow/93040287.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

- **Benchmark 10-year bond yield at two-month low tracking U.S. peers**

India's benchmark 10-year bond yield dropped to its lowest in over two months on Friday, tracking the drop in their U.S. counterparts, and on expectations that the Reserve Bank of India (RBI) may not raise rates by 50 basis points next week. U.S. Treasury yields fell overnight after data showed the economy contracted again in the second quarter, suggesting that the Federal Reserve may not need to be so aggressive to cool inflation.

Source: https://economictimes.indiatimes.com/markets/bonds/benchmark-10-year-bond-yield-at-two-month-low-tracking-u-s-peers/articleshow/93201752.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

- **Foreigners dump Asian bonds in June on rising U.S. yields**

Overseas investors disposed of a combined net total of \$5.08 billion in Indonesian, Thai, Malaysian, South Korean and Indian bonds last month, marking the biggest monthly outflow since March, regulatory data and bond market associations showed. The emerging Asia bonds were hit by a surge in U.S. yields and a jump in the U.S. dollar, making the riskier assets less attractive. As major central banks are looking to hike their interest rates in their efforts to combat

soaring inflation levels, further outflows can be expected from the regional markets, analysts.

Source: https://economictimes.indiatimes.com/markets/bonds/foreigners-dump-asian-bonds-in-june-on-rising-u-s-yields/articleshow/92955017.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

- **Treasury market's main battleground has shifted into next year**

The principal fault lines in the US bond market have re-located. An emerging consensus that the Federal Reserve will finish raising interest rates this year has investors grappling with what happens after that. However, the main battleground has shifted to how long the overnight benchmark might remain at its peak level and how much, if at all, it will decline next year -- questions that depend on how the economy copes with a policy rate that's expected to reach 3.5%, from its current range of 1.50%-1.75%. This week's decline in 10-year yields to levels more than 20 basis points lower than two-year yields signal pessimism on that front.

Source: https://economictimes.indiatimes.com/markets/bonds/treasury-markets-main-battleground-has-shifted-into-next-year/articleshow/92931912.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

- **Indian bonds will suffer most in Asia in a US recession scenario**

US recession risks are reverberating across the emerging Asian debt complex and nowhere is this more apparent than in Indian sovereign bonds. Indian bonds have declined in tandem with a slide in the rupee.

The currency is now hovering close to a record low against the dollar as elevated commodity prices stoke inflation and boost the subsidy bill. The options market is pricing in a 64% chance that the rupee will weaken to 82 per greenback in the next six months from around 79.6 now.

Source: https://economictimes.indiatimes.com/markets/bonds/indian-bonds-will-suffer-most-in-asia-in-a-us-recession-scenario/articleshow/92868083.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

- **Continuum Green Energy raises \$350 m via offshore bonds**

Morgan Stanley Infrastructure Partners-backed Continuum Green Energy raised \$350 million by selling floating rate bonds to international investors. Those floating bonds were priced after adding a fixed mark-up over the Secured Overnight Financing Rate (SOFR), which will keep changing periodically. The proceeds will be used for refinancing and expansions both. The international debt capital markets continue to remain volatile on account of rising interest rates and geopolitical tensions,” said Sameer Gupta, Head India DCM at Deutsche Bank. Adverse market conditions notwithstanding, capital remains available for strong credit and the right structures

Source: https://economictimes.indiatimes.com/markets/bonds/continuum-green-raises-350-million-via-floating-rate-bonds-offshore/articleshow/92857757.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

- **Bonds beat FD return in rising rates regime**

According to financial advisers, banks, flush with funds, are reluctant to hike FD rates while bond yields being market driven are giving much higher returns in a rising interest rate scenario. At a time when inflation is hurting people at every level, a slightly higher return on fixed income assets could cushion people who depend on such incomes from higher expenses due to rising inflation, financial advisers

Source: https://economictimes.indiatimes.com/markets/bonds/bonds-beat-fd-return-in-rising-rates-regime/articleshow/92792187.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

- **Bond holders look to recession for salvation after vicious first half**

Treasury holders reeling from the most brutal first half on record is starting to bet that a worsening economy will deliver some relief from the relentless selloff even as they brace for the risk of more weakness. The final six months of 2022 “shouldn’t be as ugly as the front half of the year, but it won’t be pretty,” JPMorgan Chase & Co. rates strategists led by Alex Roever said in a note. In their view, the ongoing battle between inflation and recession risks will result in yields moving up from their current levels while the Treasury curve flattens.

Source: https://economictimes.indiatimes.com/markets/bonds/bond-holders-look-to-recession-for-salvation-after-vicious-half/articleshow/92632119.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

Department of Banking & Financial Services Upcoming Programme

ASSOCHAM Bi-Monthly Monetary Policy Committee meeting	1 st August 2022
ASSOCHAM 17 th Annual Summit & Awards on Banking & Financial Sector Lending Companies	8 th September 2022
ASSOCHAM 5 th National Summit on Asset Reconstruction Companies.	September 2022
ASSOCHAM 14 th Global Insurance Summit & Awards	October 2022

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