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E-Bulletin

THE ASSOCIATED CHAMBERS OF COMMERCE AND INDUSTRY OF INDIA

DEPARTMENT OF BANKING & FINANCIAL SERVICES
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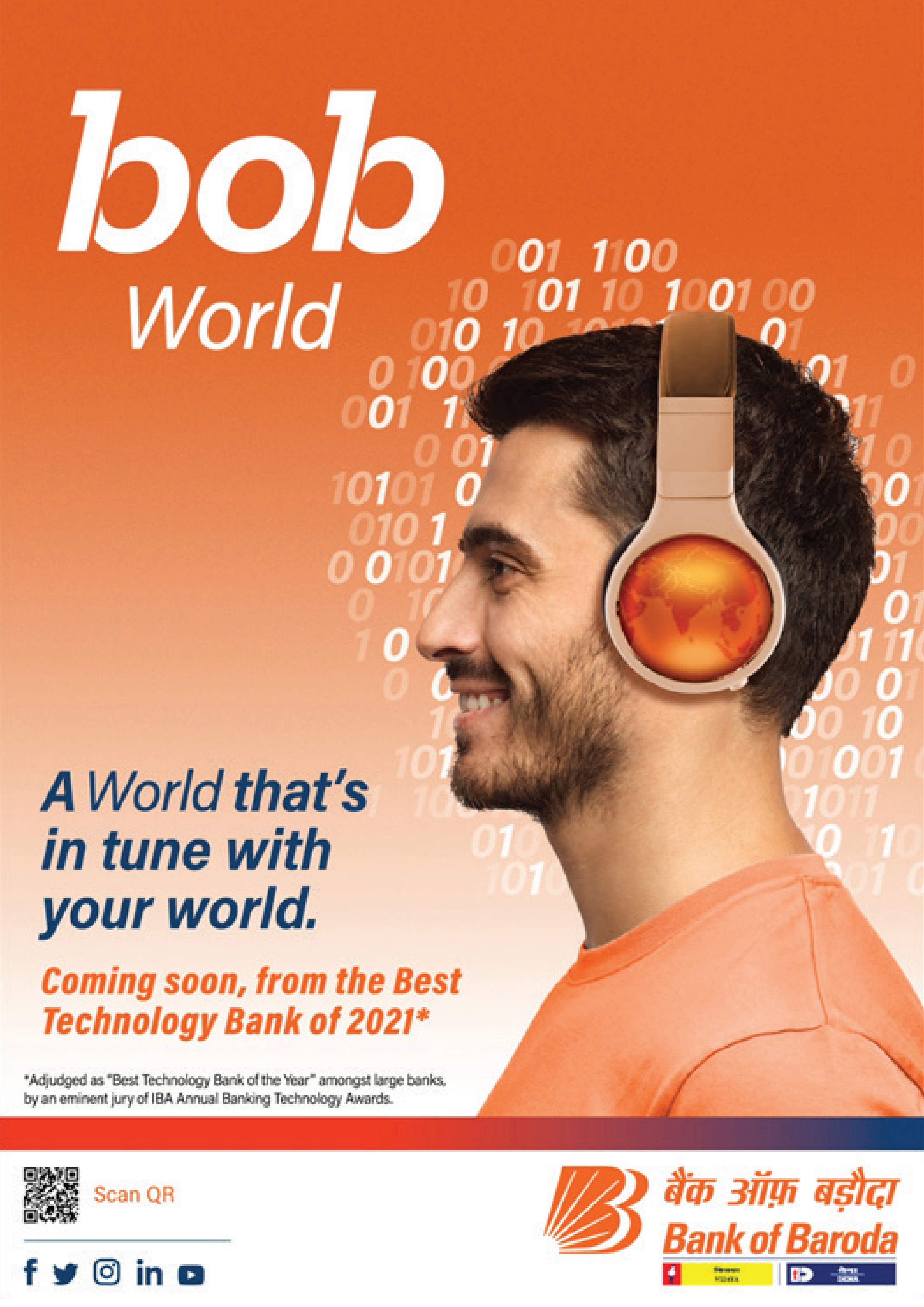
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RSM INDIA
PARTNERING WITH THE BFSI SECTOR FOR RESILIENCE AND GROWTH

The Banking and Financial Services ("BFSI") Sector plays a very critical role in the growth of any economy. As the Indian economy takes rapid strides in its USD 5 Trillion Economy journey, it needs a strong and vibrant BFSI Sector. The government has taken many steps in this regard: the Digital India Program, Jan Dhan Yojana Program, Ayushman Bharat Program, consolidation of some large banks, acceleration of participation of the private sector in banking and insurance, tax benefits to offshore banking units – to name a few.

The BFSI sector is beset with unprecedented opportunities and challenges due to the following key factors:

- Long term growth prospects of India and greater financial inclusion would continue to drive growth of BFSI sector
- Heightened credit risk and interest rate risk due to uncertainty resulting from Covid 19 and its economic fallout on businesses
- Emergence of technology driven Fintech businesses such as Paytm with phenomenal valuations and the disruptions for the traditional banks and NBFCs necessitating increased adoption of technology and automation
- Unprecedented cybersecurity risks and hacking of computer systems
- Ever increasing dependency on third parties for support in operations
- Increased regulatory oversight and governance requirements

Indeed, in the ambitious journey ahead, the BFSI sector will need to partner with organizations that can not only bring technologies but also provide governance and management practices that match the global standards and emerging requirements.

RSM Astute Consulting Pvt. Ltd. along with its affiliates (together "RSM India") has been closely working with corporates in the BFSI sector. With a team of over 2,000 personnel across 11 cities, RSM India assists Indian companies by providing services risk management, IT security, tax and other consulting services. RSM India, the sole Indian member of RSM International, has been ranked as one of the top 6 accounting, tax and consulting firms in India (International Accounting Bulletins, 2011-2020). RSM International has 48,000 personnel in 120 countries, with annual combined fee income of US$ 6.3 billion (Rs.46,000 crores). Founded by Dr. Suresh Surana, RSM India is a home-grown organization with access to world-class capabilities.

RSM India has been associated with the BFSI Sector in India for over 2 decades serving 5 out of the 8 top private sector banks in India, NBFCs and insurance companies with a team of 260+ personnel. RSM India assists BFSI sector across the three lines of defence in areas such as drafting of standard operating procedures, concurrent audits for the key business processes and transactions, design and testing of internal financial controls framework, internal audits, etc. It also assists the sector in direct tax and GST compliances, transfer pricing and withholding tax compliance requirements.

When it comes to IT policies and cybersecurity, the BFSI sector is now increasingly driven by IT systems, ERP systems and emerging technologies. The risks from hacking and data piracy have also increased manifold with growing digitalization, use of cloud computing and remote working. RSM India has a team of IT professionals, cybersecurity experts, and certified ethical hackers to assist clients in the areas of IT Policy design, IT General Controls Audit and Cybersecurity Audits. The company is empaneled with Indian Computer Emergency Response Team (CERT-In), Ministry of Electronics and Information Technology. It serves India's leading stock exchanges, depository, public sector and private sector banks and other financial entities.

“ Built on the four pillars of client-centric approach, competent and contemporary teams, industry vertical focus and extensive use of technology, RSM India partners for its clients' success, by astute risk management and driving business efficiency, in tune with the changing times, and helping them move forward with utmost confidence. We are committed to working closely with the BFSI sector in India. ”

Anup Nair
RSM India - Executive Director

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CONTENTS

SPEECHES

MR. MAHESH KUMAR JAIN

Building a more Resilient Financial System in India through Governance Improvements

At a broader level, resilience is defined as the ability of a system, community or society exposed to hazards to resist, absorb, accommodate to and recover from the effects of a hazard in a timely and efficient manner, including through the preservation and restoration of its essential basic structures and functions.

- **Meaning of Resilience of Financial System**

In the context of financial system, a resilient financial system is one which is able to absorb the impact of endogenous shocks it is exposed to, rebound quickly to the original condition or adapt to new environment, and continue to perform its role of providing financial services. This definition of resilient financial system is different from a stable financial system. A stable financial system is one which is able to absorb shocks, whereas a resilient financial system will be able to adapt and reconfigure itself in response to a shock, in addition to absorbing it. To put it simply,

"..a robust system will be one designed to withstand a once in 100-year event for example, an approach used in risk management. In contrast resilience makes no assumptions about the magnitude of possible shocks, but rather looks to build systems that can deal with the entire range of shocks-.."

As such, our efforts should be focussed on building a financial system which is not just stable, but also resilient, as the type, source, magnitude and frequency of shocks are turning out to be highly unpredictable and non-measurable to a significant degree. Accordingly, focus of regulation and supervision of financial system should be to make sure that financial system as well as individual financial institutions are not just able to absorb the shocks, but are able to adapt to the changed circumstances.

Source : https://www.bis.org/review/r210817a.htm

MR CHRISTOPHER KENT

Assistant Governor (Financial Markets) of the Reserve Bank of Australia, to FX Markets Australia, Virtual Conference, 20 August 2021

Three-year Review of the Code

The FX Global Code was launched in 2017. Globally, almost 1,100 entities have signalled their adherence to the Code's principles by posting a signed Statement of Commitment on a public register.1 This includes a wide range of participants in the Australian market. Take-up of the Code by sell-side market participants was fairly rapid, as was expected. But it has been pleasing to see that over time more and more entities on the buy-side have been confirming their adoption of the Code's principles. In setting out standards for good practice, the Code is relevant to all participants in the wholesale market, not just liquidity providers.

To ensure that the Code remains relevant and keeps pace with the evolution of the market, the GFXC committed itself to carefully reviewing the Code's principles periodically. The first of these reviews has just been completed.

The priorities for the review were established after surveying market participants in 2019 and following consultation with the GFXC's member committees, including the Australian Foreign Exchange Committee (AFXC).

Some Key Changes to the Code

In total, 11 of the Code's 55 principles have been amended. I won't go through all of the changes today. There is a summary on the GFXC's website that steps through these.2 What I would emphasise is that the driver for many of the changes is the need for greater disclosure and transparency in an increasingly complex market.

Disclosure Cover Sheets

The importance being placed on disclosures is consistent with the Code being principles-based. Instead of narrowly prescribing specific behaviours, the Code emphasises the need for participants to make informed choices about their interactions in the market. Clear and accessible disclosures can help participants make those decisions.

Since the publication of the Code in 2017, the content of FX disclosures has generally improved. Indeed, we have been receiving more detailed disclosures from our counterparties in recent years. Managing the increasing amount of information, however, can be a challenge. In particular, disclosures can vary considerably, both in terms of the topics that are addressed as well as the level of detail provided.

The feedback the GFXC received was that many market participants faced similar challenges in accessing and evaluating information in disclosures.

To address this, the Committee has developed standardised Disclosure Cover Sheets for liquidity providers and electronic trading platforms. The templates for these were published earlier this week on the GFXC's website.

The new Cover Sheets will assist liquidity providers and operators of trading platforms to meet the disclosure and transparency principles within the Code. To be clear, they do not ask for any additional disclosure beyond what is already encouraged by the Code. The Cover Sheets will simply allow market participants to see a summary of information on key topics, with links provided to the relevant underlying disclosures. The aim is to make it easier for participants to quickly access and navigate those disclosures.

Market participants will be able to post their Cover Sheets alongside their Statements of Commitment on a public register, further supporting accessibility of disclosure.

Guidance on Pre-hedging & Last Look

Two practices where disclosures are particularly important are pre-hedging and last look. As these practices can be quite contentious, they received a lot of focus from the GFXC during its review of the Code.

Specific principles within the Code describe good practice for those using pre-hedging and last look. The GFXC's view was that the text of those principles remained appropriate. However, to meet demand for further clarity on the appropriate use of these practices, the GFXC has published guidance papers on both topics.

The guidance papers are not part of the Code; they are intended to be read alongside the Code. For pre-hedging and last look, the Code provides the framework that market participants should be using, while the guidance papers discuss applications of those frameworks. As with the other materials developed by the GFXC, this was done in close consultation with industry and the member FXCs.

Conclusion

More broadly, it is important that all market participants review the updated Code and think through the implications for their own activities. This includes both sell-side and buy-side participants. The amendments to the Code's principles will affect certain parts of the market, and certain types of participants, more than others. For those that are most affected, a positive signal that they have aligned their practices with the updated Code would be to renew their Statement of Commitment. Reaching this point may take time, perhaps as long as 12 months. At the Reserve Bank, we will be asking all our FX trading counterparties to provide us with renewed Statements in due course. We will also be undertaking an internal review of our practices and publishing a refreshed Statement when that process is complete. Finally, for all market participants, there is work to be done not only to enhance disclosures, but also to make good use of the information being disclosed.

Source : https://www.bis.org/review/r210820a.htm

ACTIVITIES IN THE MONTH

ASSOCHAM-EGROW Foundation – Shadow Monetary Policy Committee: Discussion on Monetary Policy [Tuesday, 3rd August 2021, (04:00 PM – 05:30 PM)]

Eminent Speakers

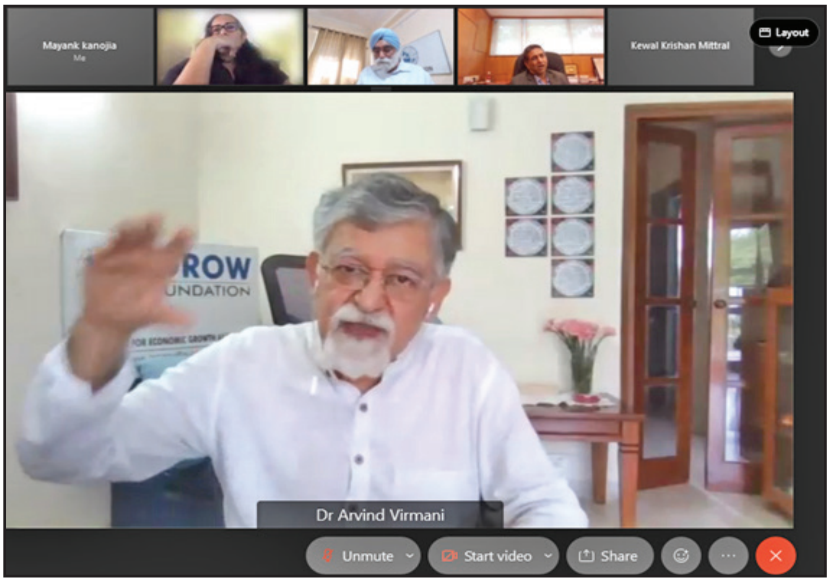
- Dr. Arvind Virmani, Former Chief Economic Advisor, Government of India & Chairman, EGROW Foundation
- Shri S. C. Aggarwal, Senior Member, ASSOCHAM & CMD, SMC Group
- Shri Shachindra Nath, Executive Chairman & MD, UGRO Capital
- Ms. Upasna Bhardwaj, Sr. Economist & Sr. VP, Kotak Mahindra Bank
- Shri Abheek Barua, Chief Economist & Executive VP, HDFC Bank
- Shri Siddhartha Sanyal, Chief Economist & Head- Research, Bandhan Bank
- Dr. Charan Singh, Chairman, ASSOCHAM National Council for Banking

Key Takeaway's

- Dr. Arvind Virmani, Former CEA, MOF and ED, IMF
- Encouraged by Regulatory actions taken by RBI to solve the Banking, PSB, NBFC problem of NPAs, Asset-Liability mismatch and Borrower bankruptcy. RBI & Govt must work together to clean up financial intermediation system quickly!
- Inflation outlook remains benign (domestic & international), but GDP outlook has deteriorated over past 6 months both in terms of Internal developments and greater uncertainty and risks arising from external Geoeconomics environment.
- Indian fiscal deficits and Real interest (Policy-Repo, Govt Securities, Corporate paper/ Loan rates) remain among highest in world. Danger of crowding out of private credit is higher and possibility of negative impact on inflation lower.
- Fiscal Deficit should remain on Glide path defined by revised FRBM passed by Parliament. Monetary policy must use both Repo rate reductions and monetary expansion (long term liquidity injection) to improve transmission to real lending rates.

Recommend a 50 BPS reduction in repo rate, as I did before last MPC (- 25 bps likely)

- Policy stance: Shift to accommodative
- Rate: Cut by 50bps



ASSOCHAM National E-Summit Series on Insolvency & Bankruptcy Code and Valuation "Pre-Packaged process for Stressed MSME's" Friday 6th August 2021 (11:00 AM – 01:00 PM)

Eminent panels members

- Shri Sudhakar Shukla, WTM – Research & Regulation wing, Insolvency & Bankruptcy Board of India.
- Shri Anil Goel, Member, ASSOCHAM and Founder & Chairman, AAA Insolvency Professional LLP
- Shri Nitesh Jain, Director, CRISIL Ratings Ltd.
- Ms. Jyoti A Singh, Founder, AJA Legal and Associates
- Shri Ankur Shrivastava ,Managing Partner, EZY Laws
- Shri Brugesh Amin, Associate Partner (Business Restructuring - Deal Advisory Services), BDO India
- Ms. Pooja Mahajan,Managing Partner, Chandhiok & Mahajan Advocates and Solicitors
- Ms. Anju Agarwal, Partner, ASC Group
- Shri Sahil Narula, Partner, RNC Valuecon LLP

Key Takeaway's

- **Shri Sudhaker Shukla:-**
- CIRP timelines is aggressive and it will give creditable service.
- We have done fanatically good in ease of doing business and in recovery rate as well.
- As per timeline extended from 330 to 458 days when compared with other, it will show the timely intervention done.
- 2/3rd is going to liquidation then in terms of value we are dealing with just 25% of other process of resolution.
- Company coming under stress having history then over the period of time its value has become zero.
- If Company asset value has become zero and then to say IBC process has failed will be wrong.
- Recently 2-3 cases have happened in such senior and are under litigations
- There have been massive haircuts.
- If company having no hair, then saying there has been haircuts will be wrong.
- There have some more things have to come in addition to things done.
- IBC does not say what the normal haircut size should be.
- We need to strengthen the NCLT process and manpower.
- As compared with others, we try to give an alternative which is more transparent than others.
- We have come at stage where CIRP process is fully established.

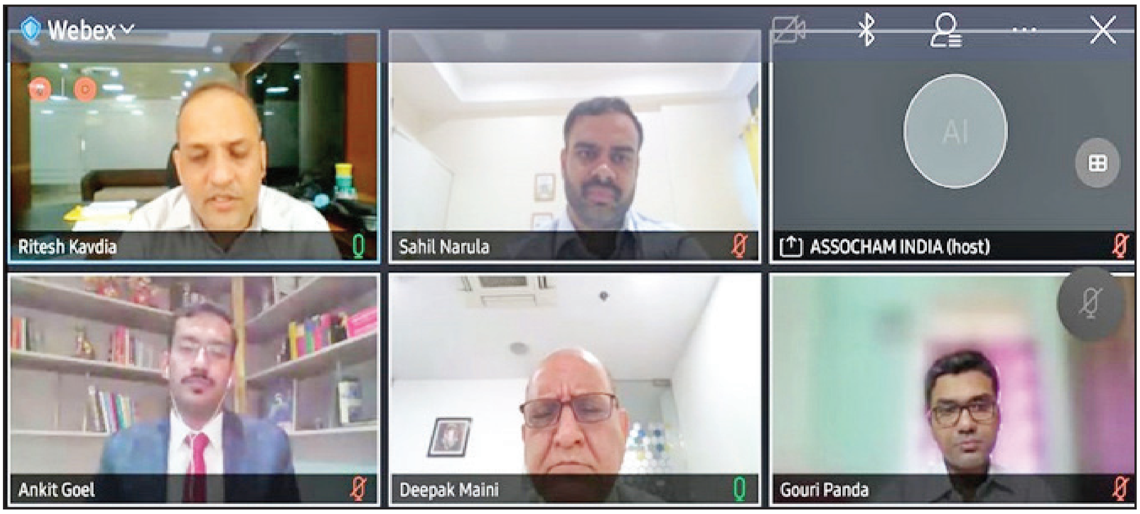
ASSOCHAM National E-Summit Series on Insolvency & Bankruptcy Code and Valuation "Resolution Plans & Commercial Wisdom of COC & Indian Valuation System (18th August 2021)

Eminent Panelists

- Shri Ritesh Kavdia, Executive Director, Insolvency and Bankruptcy Board of India
- Shri Sahil Narula, Member, Partner, RNC Valuecon LLP
- Shri Ankit Goel, Partner, AAA Insolvency Professional LLP
- Shri Gauri Panda, Associate Director, CRISIL Ratings Ltd.
- Ms. Jyoti A Singh, Founder, AJA Legal and Associates
- Shri Ankur Shrivastava, Managing Partner, EZY Laws
- Shri Kiran chonkar, Partner (Business Restructuring - Deal Advisory Services), BDO India
- Ms.Mahima Singh, Managing Associate, Chandhiok & Mahajan Advocates & Solicitors
- Shri Deepak Maini, Vice President, Insolvency professional advocate

Key Takeaways

- **Shri Ritesh Kavdia**
- Companies act 2013 was first under which provision to create a registered valuer.
- Under Insolvency it is very important
- We require this profession to determine the valuer and system can trues them
- Under CIRP there are many aspects such as: Wrong decision, Determining valuation conducted by valuers, etc....
- There was no nuclei and boundary earlier.
- If someone was asked to go for an examination for same job being done earlier would not be easy but community took it forward for its development.
- Many of stakeholders right get determined by valuers.
- There should a valuation standard which should be followed.
- Valuation professional need to continuously compete with technology.
- Market should have a perfect ground to work unless it is not there we cannot except its growth.
- Liquidation valuer is distressed value.



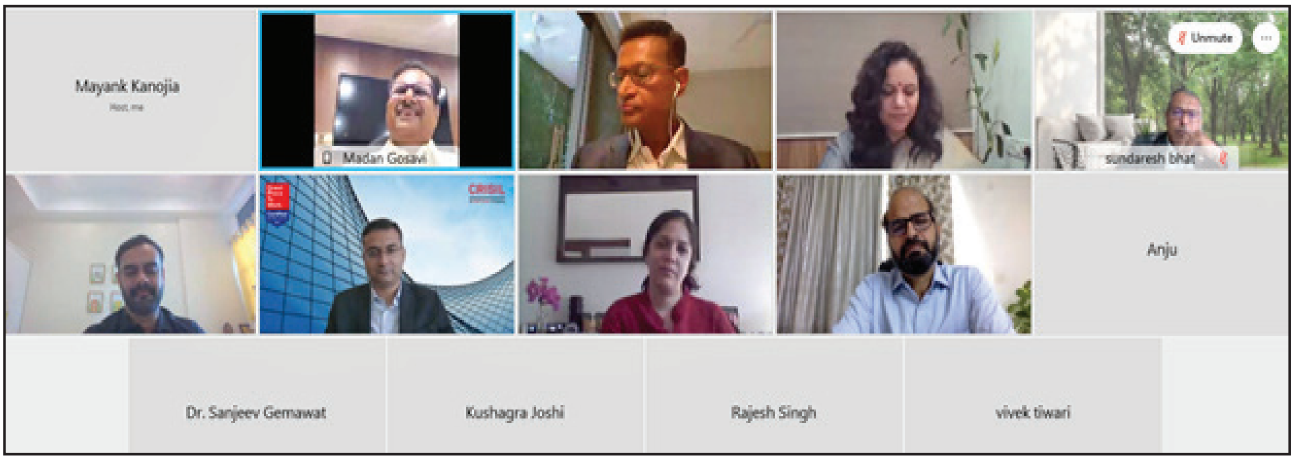
ASSOCHAM National E-Summit Series On Insolvency & Bankruptcy Code and Valuation "A comprehensive look to Revamp of IBC" (18th August 2021)

Eminent Panellists

- Shri Anil Goel, Founder & Member, AAA Insolvency Professionals LLP
- Shri Nitesh Jain, Director, CRISIL Ratings Ltd.
- Shri Sahil Narula, Partner, RNC Valuecon LLP
- Ms. Jyoti A Singh, Founder, AJA Legal and Associates
- Ms. Pooja Mahajan, Partner, Chandiok & Mahajan
- Ms. Anju Agarwal, Partner, ASC Group
- Dr. Sanjeev Gemawat, Executive Director-Legal, Dalmia Bharat Group
- Shri Sundaresh Bhat, Partner, BDO India
- Shri Santosh Kumar Shukla, Executive Director, Insolvency and Bankruptcy Board of India (IBBI)
- Shri Madan Balachandra Gosavi, Hon'ble Member (Judicial), National Company Law Tribunal (NCLT)

Key Takeaways

- **Shri Santosh Kumar Shukla:-**
- IBC has completed 5 years and travelled a lot but still long way to go.
- CEA has remarked that everyone should follow right path.
- RPs & CoCs role is very important and has responsibility to strike the balance.
- Insolvency Professionals have been a lot of praises and criticism.
- Performance of RPs depends on corporate of joint corporation from all institutions and its stakeholder.
- Insolvency Professionals need to be more vigilant in selecting the RPs.
- There are several other challenges being faced such as non-corporation which needs to be addressed.
- IBBI while making regulation came out with a paper.
- Economic reforms are imperative and experiments are very important for it.
- Experiments in an imperative manner has been done.
- Government is open for scaling up the business and reimagining the IBBI.
- **Shri Madan Balachandra Gosavi:-**
- We have discussed several aspects of IBC.
- Role of insolvency professional is pivotal.
- Corporate debtor being admitted in insolvency process in sick company due to lack of good managements and then making him stand again will be difficult process.
- RPs is not independent he is answerable to suspended management, adjudicating authority & IBBI.
- CoCs have direct control over CIRP process.
- These members of CoCs are only interested in its recovery.



BANKING

- ## Indian Banks' Association in discussions with RBI on current account circular

The banking industry lobby body, is in discussions with the Reserve Bank of India (RBI) on a circular that mandated closure of several non-compliant current accounts by 31 July, a senior banker said. A K Das, chief executive of Bank of India, said banks have recently met RBI and will now put forth their all requests through the IBA. “We have recently had a discussion with RBI and lenders will put in a consolidated request through the IBA and act as per the regulator’s directions. We are also increasing our engagement with customers," Das said. In a circular issued in August last year, RBI had said banks with little or no loan exposure cannot open a current account for borrowers, and existing non-compliant accounts had to be frozen. The central bank’s directive was aimed at cracking down on attempts by borrowers using current accounts at non-lending banks to siphon off funds. RBI said banks with less than 10% of the banking system exposure to a particular borrower cannot open a current account.

Source : https://www.livemint.com/industry/banking/indian-banks-association-in-discussions-with-rbi-on-current-account-circular-11628062584591.html

- ## RBI relaxes new current account norms deadline

The Reserve Bank of India has further extended the deadline for implementing the new current account norms by another three months, following requests from banks. This extension comes one year after the guidelines were first introduced and nine months since the first deadline. RBI has asked banks to ensure that the instructions are implemented in a non-disruptive manner.“Banks will be permitted time till October 31, 2021 to implement the provisions of the circular. This extended time line shall be utilised by banks to engage with their borrowers to arrive at mutually satisfactory resolutions within the ambit of the circular. Such issues which banks are unable to resolve themselves shall be escalated to Indian Banks’ Association (IBA) for appropriate guidance. Residual issues, if any, requiring regulatory consideration shall be flagged by IBA to the Reserve Bank for examination by September 30, 2021.

Source : https://www.livemint.com/industry/banking/rbi-extends-deadline-for-implementing-the-current-account-norms-11628085989072.html

- ## RBI may come out with digital currency model by end of this year, says Deputy Governor

The Reserve Bank of India (RBI) may come out with some model of digital currency in the near future and probably by the end of this year, said RBI Deputy Governor T Rabi Sankar on Friday during a Q&A session at the post-monetary policy press conference.The central bank is working on various aspects including the technology, distribution, and validation of this model, Rabi Sankar said. In the past too, the RBI had spoken about its plans to introduce digital currency even as it has expressed concerns on the private virtual currencies. On 22 July, Sankar said in a speech at his keynote address at a webinar organised by the Vidhi Centre for Legal Policy, New Delhi that the introduction of a central bank digital currency (CBDC) has the potential to provide significant benefits, such as reduced dependency on cash, higher seigniorage due to lower transaction costs, reduced settlement risk.For the unversed, digital currency refers to the electronic form of fiat money issued by governments. They are used for contactless transactions between parties, like when you make an electronic transfer of an amount from your bank account to someone else's.

Source : https://www.timesnownews.com/cryptonow/article/rbi-may-come-out-with-digital-currency-model-by-end-of-this-year-says-deputy-governor/795904

- **IDBI Bank strategic sale: 7 firms in race for transaction advisor**

IDBI Bank strategic sale: 7 firms in race for transaction advisorOf the Rs 1.75 lakh crore, Rs 1 lakh crore is to come from selling government stake in public sector banks and financial institutions while Rs 75,000 crore would come as CPSE disinvestment receipts. So far in the current fiscal the government has mobilised Rs 7,648 crore as disinvestment receipts. As many as seven firms, including JM Financial, Ernst and Young and Deloitte, have bid for managing the strategic sale of IDBI Bank. These firms would make a virtual presentation before the Department of Investment and Public Asset Management, which is handling the sale process, on August 10, according to a notice by DIPAM. The firms that have bid for acting as transaction advisor are Deloitte Touche Tohmatsu India LLP, Ernst and Young LLP, ICICI Securities, JM Financial Ltd, KPMG, RBSA Capital Advisors LLP and SBI Capital Markets.

Source : https://www.financialexpress.com/industry/banking-finance/idbi-bank-strategic-sale-7-firms-in-race-for-transaction-advisor/2306596/

- **Indian bankers in talks as court rulings threaten over $6 billion in loans**

Informal talks are taking place to deal with the fall-out from two rulings by India's Supreme Court that threaten the repayment of loans totalling nearly 500 billion rupees ($6.73 billion) to some of India's largest banks, bankers close to the matter say.

Any failure to recoup the money adds to stress in the banking sector, which is already dealing with an increased level of bad loans and reduced profits because of the impact of the pandemic. Last week, India's Supreme Court effectively blocked Future Group's $3.4 billion sale of retail assets to Reliance Industries jeopardising nearly $2.69 billion the retail conglomerate owes to Indian banks.

Source:https://economictimes.indiatimes.com/industry/banking/finance/banking/indian-bankers-in-talks-as-court-rulings-threaten-over-6-billion-in-loans/articleshow/85152461.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

- **Indian bankers in talks as SC rulings threaten over ₹50,000 cr loans**

Informal talks are taking place to deal with the fall-out from two rulings by India's Supreme Court that threaten the repayment of loans totalling nearly ₹50,000 crore ($6.73 billion) to some of India's largest banks, bankers close to the matter say. Any failure to recoup the money adds to stress in the banking sector, which is already dealing with an increased level of bad loans and reduced profits because of the impact of the pandemic.Last week, India's Supreme Court effectively blocked Future Group's $3.4 billion sale of retail assets to Reliance Industries, jeopardising nearly $2.69 billion the retail conglomerate owes to Indian banks.That ruling was delivered days after the Supreme Court rejected a petition to allow telecom companies to approach the Department of Telecommunications to renegotiate outstanding dues in a long-runinng dispute with Indian telecom players.

Source : https://www.livemint.com/industry/banking/indian-bankers-in-talks-as-sc-rulings-threaten-over-rs-50-000-cr-loans-11628426325332.html

- **RBI to penalise banks for non-availability of cash in ATMs from October 1**

Concerned over the inconvenience caused to the public due to the non-availability of cash in ATMs, the Reserve Bank has decided to penalise banks for failure to timely replenish currency notes in such machines. The RBI will start imposing penalty on banks in case the ATMs remain out-of-cash for a total period of 10 hours in a month from October 1, 2021, onwards. The Scheme of Penalty for non-replenishment of ATMs has been formulated to ensure that sufficient cash is available to the public through ATMs," the RBI said in a circular. The Reserve Bank of India has a mandate to issue banknotes and the banks are fulfilling this mandate by dispensing banknotes to the public through their wide network of branches and ATMs. In this connection, it said a review of downtime of ATMs due to cash-outs was undertaken and it was observed that ATM operations affected by cash-outs lead to non-availability of cash and cause avoidable inconvenience to the members of the public. It has, therefore, been decided that the banks/ White Label ATM Operators (WLAOs) will strengthen their systems/ mechanisms to monitor the availability of cash in ATMs and ensure timely replenishment to avoid cash-outs, the central bank said. "Any non-compliance in this regard shall be viewed seriously and shall attract monetary penalty as stipulated in the 'Scheme of Penalty for non-replenishment of ATMs'," the RBI said.

Source : https://www.financialexpress.com/industry/banking-finance/rbi-to-penalise-banks-for-non-availability-of-cash-in-atms-from-october-1/2308186/

- **According to Government of India nearly 72 per cent of financial transactions of public sector banks done through digital channels**

The government on Tuesday (24.8.21) said nearly 72 per cent of financial transactions of public sector banks (PSBs) are now done through digital channels, with customers active on digital channels having doubled from 3.4 crore in 2019-20 to 7.6 crore in 2020-21. The Reserve Bank of India (RBI) has informed that it is not considering a separate licensing category for digital banks at present, Minister of State for Finance Bhagwat K Karad said in a written reply to the Rajya Sabha. PSBs have recovered an amount of Rs 4.52 lakh crore during the past five financial years from defaulters in NPA and written-off accounts, and have made aggregate recovery of Rs 20,334 crore from wilful defaulters till March 2021, Karad said in another reply.

Source : https://www.financialexpress.com/industry/banking-finance/nearly-72-per-cent-of-financial-transactions-of-public-sector-banks-done-through-digital-channels-govt/2308230/

- **Fintechs attract record $2 billion in H1**

Attracting a little over USD 2 billion in the first half this year, the domestic fintech sector has almost matched its total funding in the entire 2020, making it the best run ever, according to a report.The record investments have been led by merchant platform Pinelabs'

USD 285 million from private equity funding round, USD 100 million venture capital funding rounds, Cred's (USD 215 million), Razorpay (USD 160 million), Kreditbee (USD 153 million), Ofbusiness (USD 110 million) and Bharatpe (USD 108 million), a KPMG report released on Wednesday said.

Source : https://www.financialexpress.com/industry/banking-finance/fintechs-attract-record-2-billion-in-h1-report/2308735/

- **Bankers hopeful of a revival in corporate loan growth as economy opens up**

Bank credit to industry remains muted, falling 1.7% in the year to date, with companies slashing debt and harnessing existing capacities in a demand environment made uncertain by the pandemic. But bankers expect a revival in corporate loan growth as the economy opens up, making a strong business case for capital expenditure.

Source:https://economictimes.indiatimes.com/industry/banking/finance/banking/bankers-hopeful-of-a-revival-in-corporate-loan-growth-as-economy-opens-up/articleshow/85345389.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

- **Reserve Bank allows HDFC Bank to sell new credit card**

HDFC Bank on Wednesday said RBI has relaxed the restrictions placed on the bank to issue new cards. Reserve Bank of India had issued orders in December and February to HDFC Bank on certain incidents of outages in the internet banking /mobile banking / payment utilities of the bank over the past two years. "As a further update to the above intimations, we wish to inform you that the RBI vide its letter dated August 17, 2021, has relaxed the restriction placed on sourcing of new credit cards," it said in a regulatory filing.

Source:https://economictimes.indiatimes.com/industry/banking/finance/banking/reserve-bank-allows-hdfc-bank-to-sell-new-credit-cards/articleshow/85420208.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

- **Small finance banks serving priority sector profitably: RBI paper**

The newly created small finance banks (SFB) are serving the intended marginalised and under-served people, and doing so profitably, an analysis by RBI officials has revealed. This category of banks was started in 2017, and a bulk of the entities are microfinance institutions, which converted themselves into lenders, which gave them access to public deposits."The SFBs have been provided license with the objective to serve the under-served and marginalised sections of the society preliminary analysis reveals SFBs to be leading in serving the priority sector,"

Source:https://economictimes.indiatimes.com/industry/banking/finance/banking/small-finance-banks-serving-priority-sector-profitably-rbi-paper/articleshow/85402260.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

- **Banks form task forces to tackle current a/c closure challenges**

Banks have formed internal task forces to navigate the maze of issues triggered by the Reserve Bank of India (RBI) order to close non-compliant current accounts, a person aware of the development said.Lenders have set up individual task forces for the zones they operate in and one in their respective head offices. These committees will compile the list of problems they or their customers face in complying with the new norms.

Source : https://www.livemint.com/industry/banking/banks-form-task-forces-to-tackle-current-a-c-closure-challenges-1629402310210.html

- **Why it's important for government to maintain public confidence in banks**

India has always prided itself on its high savings rate, which stands much above the global average at a healthy 28.35%, despite a slight decline over the years. Savings-to-GDP ratio is a key indicator of the financial sector's ability to meet capital investment requirements for economic growth. Higher flow of savings to the banking sector ensures inclusive growth by way of its suitability for smaller size loans. Twin factors work towards a high savings rate:

Source : https://economictimes.indiatimes.com/opinion/et-commentary/why-its-important-for-govt-to-maintain-public-confidence-in-banks/articleshow/85437422.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

- **RBI committee suggests measures to strengthen the Urban co-operative banks**

Larger urban co-operative banks may be allowed to issue stock exchange tradable instruments to shore up capital and allow them to function as an universal bank according to the recommendations of an Expert Committee on Primary (Urban) Co-operative Banks which also suggests more enabling regulations giving their role in enhancing financial inclusion

Source : https://economictimes.indiatimes.com/industry/banking/finance/banking/rbi-committee-suggests-measures-to-strengthen-the-urban-co-operative-banks/articleshow/85563926.cms

- **RBI panel bats for treating large co-op banks as SFBs**

Large urban cooperative banks (UCBs) should be allowed to function along the lines of small finance banks (SFBs) and universal banks, a Reserve Bank of India (RBI)-appointed expert panel said in a report. The committee under the chairmanship of former RBI deputy governor N.S. Vishwanathan proposed a four-tier structure for urban cooperative banks or UCBs based on the size of deposits and capital availability, among other factors.

Source : https://www.livemint.com/industry/banking/rbi-panel-bats-for-treating-large-co-op-banks-as-sfbs-11629744933789.html

- **PSBs to push co-lending with NBFCs, digital, agri financing under Ease 4.0 Index**

Co-lending with non-banking firms, digital, agriculture financing, and technological resilience for 24x7 banking are expected to be part of Ease 4.0 Index, a reform agenda for 2021-22 for public sector banks, sources said.Launched in January 2018, Enhanced Access and Service Excellence (Ease) is the common reform agenda for all public sector banks (PSBs) aimed at institutionalizing clean and smart banking.

Source : https://www.livemint.com/industry/banking/psbs-to-push-co-lending-with-nbfcs-digital-agri-financing-under-ease-4-0-index-11629712022802.html

SELECT RBI CIRCULAR

Date of issue	Circular name	Subject
30.8.2021	RBI/2021-2022/95 DOR.GOV.REC.44/29.67.001/2021-22	Guidelines on Compensation of Whole Time Directors/ Chief Executive Officers/ Material Risk Takers and Control Function staff - Clarification
27.8.2021	RBI/2021-2022/94 CO.DPSS.RPPD. No.S475/04.09.003/2021-22	Enhancements to Indo-Nepal Remittance Facility Scheme
27.8.2021	RBI/2021-2022/93 DCM (CC) No.97527/03.41.01/2021-22	Review of incentive and other measures to enhance distribution of coins
25.8.2021	RBI/2021-2022/92 CO.DPSS.POLC.No.S-469/02-14-003/2021-22	Tokenisation – Card Transactions : Extending the Scope of Permitted Devices
25.8.2021	RBI/2021-2022/91 DOR.FIN.REC.No.41/03.10.136/ 2021-22	Notification as ‘Financial Institution’ under Section 2(1)(m)(iv) of Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act)
24.8.2021	RBI/2021-2022/90 FIDD.CO.LBS. BC.No.14/02.08.001/2021-22	Formation of new district in the State of Punjab – Assignment of Lead Bank Responsibility
19.8.2021	RBI/2021-2022/89 A.P. (DIR Series) Circular No.12	Exim Bank’s Government of India supported Line of Credit (LoC) of USD 20.51 million to the Government of the Republic of Guinea
19.8.2021	RBI/2021-2022/88 A.P. (DIR Series) Circular No.11	Exim Bank’s Government of India supported Line of Credit (LoC) of USD 170 million to the Government of the Republic of Guinea
19.8.2021	RBI/2021-2022/87 A.P. (DIR Series) Circular No.10	Exim Bank’s Government of India supported Line of Credit (LoC) of USD 20.22 million to the Government of the Republic of Guinea
18.8.2021	RBI/2021-2022/86 DOR.LEG.REC/40/09.07.005/2021-22	Safe Deposit Locker/Safe Custody Article Facility provided by the banks - Revised Instructions

12.8.2021	RBI/2021-2022/85 A.P. (DIR Series) Circular No.09	Exim Bank's Government of India supported Line of Credit (LoC) of USD 100 million to the Government of the Republic of Mauritius
10.8.2021	RBI/2021-2022/84 DCM (RMMT) No.S153/11.01.01/2021-22	Monitoring of Availability of Cash in ATMs
09.8.2021	RBI/2021-2022/83 FIDD.GSSD.CO.BC. No.09/09.01.003/2021-22	Enhancement of collateral free loans to Self Help Groups (SHGs) under DAY-NRLM from ₹10 lakh to ₹20 Lakh
06.8.2021	RBI/2021-2022/81 DOR.MRG.39/21.04.157/2021-22	Prudential Norms for Off-Balance Sheet Exposures of Banks – Restructuring of derivative contracts
06.8.2021	RBI/2021-2022/80 DOR.STR.REC.38/21.04.048/2021-22	Resolution Framework for COVID-19-related Stress – Financial Parameters – Revised timelines for compliance
06.8.2021	RBI/2021-2022/79 DOR.DIR.REC.37/04.02.002/2021-22	Export Credit in Foreign Currency – Benchmark Rate
05.8.2021	RBI/2021-2022/78 A.P. (DIR Series) Circular No.08	Exim Bank's Government of India supported Line of Credit (LoC) of USD 30.00 million to the Government of the Republic of Sierra Leone
04.8.2021	RBI/2021-2022/77 DOR.CRE.REC.35/21.04.048/2021-22	Guidelines for Implementation of the circular on Opening of Current Accounts by Banks
03.8.2021	RBI/2021-2022/76 CO.DPSS.POLC.No.S-384/02.32.001/2021-2022	Framework for Outsourcing of Payment and Settlement-related Activities by Payment System Operators
02.8.2021	RBI/2021-2022/75 DGBA.GBD.No.S391/42.01.011/ 2021-22	Maintenance of State Government Accounts – Recovery of Interest on Excess put through/ Double claim (State Government Transactions)

MONTHLY STATISTICAL SUPPLEMENT (RBI)

RESERVE BANK OF INDIA - LIABILITIES AND ASSETS*					
					(₹ Crore)
Item	2020	2021		Variation	
	Aug. 21	Aug. 13	Aug. 20	Week	Year
	1	2	3	4	5
4 Loans and Advances					
4.1 Central Government	-	-	-	-	-
4.2 State Governments	5810	10175	9992	-183	4183

** Data are provisional*

FOREIGN EXCHANGE RESERVES								
Item	As on August 20, 2021		Variation over					
			Week		End-March 2021		Year	
	₹ Cr.	US$ Mn.	₹ Cr.	US$ Mn.	₹ Cr.	US$ Mn.	₹ Cr.	US$ Mn.
	1	2	3	4	5	6	7	8
1 Total Reserves	4588475	616895	-10917	-2470	369522	39911	565115	79348
1.1 Foreign Currency Assets	4261979	573009	-18145	-3365	337811	36316	563311	78841
1.2 Gold	277056	37249	7225	913	29333	3369	-1851	-15
1.3 SDRs	11461	1541	-3	-3	598	55	376	60
1.4 Reserve Position in the IMF	37979	5096	6	-15	1781	172	3279	462

**Difference, if any, is due to rounding off*

SCHEDULED COMMERCIAL BANKS - BUSINESS IN INDIA						
						(₹ Crore)
Item	Outstanding as on Aug. 13, 2021	Variation over				
		Fortnight	Financial year so far		Year-on-year	
			2020-21	2021-22	2020	2021
	1	2	3	4	5	6
2 Liabilities to Others						
2.1 Aggregate Deposits	15569906	20810	513018	456393	1400469	1489396
2.1a Growth (Per cent)		0.1	3.8	3.0	11.0	10.6
2.1.1 Demand	1794298	-40667	-153436	-66895	147624	330731
2.1.2 Time	13775608	61477	666454	523288	1252846	1158665
2.2 Borrowings	239690	-3363	-42981	-4335	-90677	-26768
2.3 Other Demand and Time Liabilities	564249	-9354	-70633	-92358	17721	31207
7 Bank Credit	10888846	-21720	-151359	-60663	534940	669345
7.1a Growth (Per cent)		–0.2	–1.5	–0.6	5.5	6.5
7a.1 Food Credit	72012	-5465	21318	10758	7862	-1070
7a.2 Non-food credit	10816834	-16255	-172677	-71421	527078	670415

MONEY STOCK: COMPONENTS AND SOURCES

(₹ Crore)

Item	Outstanding as on 2021		Variation over									
			Fortnight		Financial Year so far				Year-on-Year			
					2020-21		2021-22		2020		2021	
	Mar. 31	Aug. 13	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	1	2	3	4	5	6	7	8	9	10	11	12
M3	18844578	19403692	32168	0.2	761551	4.5	559115	3.0	1962348	12.6	1842178	10.5
1 Components (1.1.+1.2+1.3+1.4)												
1.1 Currency with the Public	2751828	2854537	15268	0.5	244066	10.4	102708	3.7	487518	23.1	260723	10.1
1.2 Demand Deposits with Banks	1995120	1929693	-41381	-2.1	-153422	-8.8	-65427	–3.3	153864	10.8	345423	21.8
1.3 Time Deposits with Banks	14050278	14573563	58478	0.4	669872	5.3	523284	3.7	1311943	10.9	1229675	9.2
1.4 'Other' Deposits with Reserve Bank	47351	45899	-197	-0.4	1035	2.7	-1452	–3.1	9023	29.6	6357	16.1
2 Sources (2.1+2.2+2.3+2.4-2.5)												
2.1 Net Bank Credit to Government	5850374	6093417	40693	0.7	574348	11.6	243043	4.2	684419	14.1	558706	10.1
2.1.1 Reserve Bank	1099686	1188427	71454		-12348		88742		-109621		208583	
2.1.2 Other Banks	4750689	4904990	-30762	-0.6	586696	14.8	154301	3.2	794040	21.1	350123	7.7
2.2 Bank Credit to Commercial Sector	11668466	11600369	-23261	-0.2	-159473	-1.4	-68097	–0.6	582490	5.7	721198	6.6
2.2.1 Reserve Bank	8709	8698	125		-1553		-11		3808		-2915	
2.2.2 Other Banks	11659757	11591671	-23386	-0.2	-157920	-1.4	-68086	–0.6	578682	5.6	724113	6.7

LIQUIDITY OPERATIONS BY RBI

(₹ Crore)

Date	Liquidity Adjustment Facility				MSF*	Standing Liquidity Facilities	Market Stabilisation Scheme	OMO (Outright)		Long Term Repo Operations	Targeted Long Term Repo Operations#	Special Long-Term Repo Operations for Small Finance Banks	Special Reverse Repo£	Net Injection (+)/ Absorption (-) (1+3+5+ 6+9+10 +11 +12-2 -4-7-8-13)
	Repo	Reverse Repo*	Variable Rate Repo Standing Liquidity Facilities	Variable Rate Reverse Repo				Sale	Purchase					
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Aug. 16, 2021	–	62341	–	–	2532	–	–	–	–	–	–	–	–	-59809
Aug. 17, 2021	–	631751	–	–	48	–	–	–	–	–	–	250	–	-631453
Aug. 18, 2021	–	583509	–	–	0	–	–	–	–	–	–	–	–	-583509
Aug. 19, 2021	–	62223	–	–	1008	–	–	–	–	–	–	–	–	-61215
Aug. 20, 2021	–	539812	–	–	0	–	–	–	–	–	–	–	–	-539812
Aug. 21, 2021	–	34471	–	–	42	–	–	–	–	–	–	–	–	-34429
Aug. 22, 2021	–	4743	–	–	8	–	–	–	–	–	–	–	–	-4735

NON-BANKING FINANCE COMPANIES & MICRO FINANCE INSTITUTIONS

- **NBFC Indel Money to launch maiden Rs 150 cr NCD in September**

Gold loan non-banking finance company (NBFC) Indel Money will be launching its maiden public non-convertible debenture (NCD) issue of Rs 150 crore in September apart from the ongoing funding sources like securitisation and bank credit. The NBFC is also in talks with private equity (PE) funds to divest 15 per cent stake as it charts out a faster growth trajectory by entering new geographies this fiscal and an eventual listing.

Source : https://economictimes.indiatimes.com/markets/companies/nbfc-indel-money-to-launch-maiden-rs-150-cr-ncd-in-september/articleshow/84973735.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

- **PNB Housing Fin targets to bring corporate loan book below Rs 10,000 cr by end of March 2022: Hardayal Prasad**

PNB Housing Finance is targeting to reduce its corporate loan book to below Rs 10,000 crore by the end of this fiscal as it seeks to focus more on retail lending activities, according to a top company official. The company's corporate lending stood at Rs 10,989 crore at the end of the first quarter of 2021-22, accounting for 15 per cent of its Asset Under Management (AUM) and the latter touched Rs 71,828 crore during the same period.However, PNB Housing Finance's loan assets declined to Rs 60,438 crore at the end of June this year compared to Rs 68,009 crore in the year-ago period. The business of the company, promoted by state-owned Punjab National Bank (PNB), has been hit by the second COVID wave.

Source : https://www.financialexpress.com/industry/banking-finance/pnb-housing-fin-targets-to-bring-corporate-loan-book-below-rs-10000-cr-by-end-of-march-2022-hardayal-prasad/2307253/

- **Won't need significant loan recast as market has improved**

For Shriram Housing Finance (SHFL), which has completed a decade of operations, the second quarter this fiscal promises to be one of the highest quarters ever in terms of disbursements, says its MD & CEO Ravi Subramanian. In an interview with Mithun Dasgupta, Subramanian says the company would not need "significant" loan restructuring going forward as the market has improved. After the first Covid wave, a lot of pipeline transactions just went on hold from March to May. People who came into the market in June saw a huge uptake from July (2020) onwards. In the last financial year, the third and fourth quarters were very good for most housing loan players. We also did record numbers as our disbursal last year was 95% more than the previous year. This fiscal, there was a slowdown in demands. The pick-up has not been of the same nature as last year. Nevertheless, in

July (2021), the business was back to last year's pick levels. Demand for housing has picked up. I just hope that it sustains.

Source : https://www.financialexpress.com/industry/banking-finance/wont-need-significant-loan-recast-as-market-has-improved/2308351/

- **Collection efficiencies in securitised pools originated by NBFCs, HFCs improve in June**

ICRA ratings the monthly collection efficiencies of its rated securitised retail pools originated by NBFCs and HFCs for June 2021 increased by 7-10 per cent over the previous month. The collections in July have continued to maintain an upward trajectory, the agency said in a report."With the gradual ease in restrictions from June 2021 across many states, the monthly collection efficiencies increased by 7-10 per cent over the previous month across the asset classes as observed in ICRA-rated securities, pools.

Source : https://economictimes.indiatimes.com/industry/banking/finance/collection-efficiencies-in-securitised-pools-originated-by-nbfcs-hfcs-improve-in-june-icra/articleshow/85068895.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

- **Lenders see 4% drop in microfinance loan portfolio in April-June**

The combined GLP of microfinance institutions (NBFC-MFIs), banks, small finance banks (SFBs), not-for-profit (NFP) MFIs and other NBFCs stood at Rs 2.14 lakh crore as on June 30, down from Rs 2.49 lakh crore as on March 31, 2021. Lenders saw their gross loan portfolio in the micro finance segment fall 4% YoY during the quarter ended june as the second covid wave of covid took a toll on loan growth.

Source : https://www.financialexpress.com/industry/banking-finance/lenders-see-4-drop-in-microfinance-loan-portfolio-in-april-june/2312169/

- **Equity raising critical for PNB Housing amid rising delinquencies: India Ratings**

To provide adequate buffers for growth and mitigate any possible asset-side stress, India Ratings said on Thursday. PNB Housing Finance reported a rise in delinquencies with gross non-performing loan ratio of 6% at the end of June quarter, led mostly by the impact of second covid wave which has disrupted borrowers' already weak cash flows.

Source : https://economictimes.indiatimes.com/industry/banking/finance/equity-raising-critical-for-pnb-housing-amid-rising-delinquencies-india-ratings/articleshow/85447732.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

- **RBI issues direction on compensation of private banks' top officials**

The RBI said on Monday (16.8.2021) the fair value of the share-linked incentives paid to chief executive officers, whole-time directors and other key functionaries by the private banks should be recognised as an expense during the relevant accounting period. The RBI has also asked all banks, including local area banks, small finance banks and foreign banks to comply with its directions for all share-linked instruments granted after the accounting period ending March 31, 2021. The central bank had issued guidelines on the compensation of whole-time directors/ chief executive officers/ material risk takers and control function staff in November 2019. Issuing a clarification in this regard, the RBI said, "the fair value (of share-linked incentives) ...should be recognised as expense beginning with the accounting period for which approval has been granted".

Source : https://economictimes.indiatimes.com/industry/banking/finance/banking/rbi-issues-direction-on-compensation-of-private-banks-top-officials/articleshow/85769984.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

- **Decline in debit bounce rates hints at pick-up in collections**

Bounce rates for debit payments are back to levels seen in January-March, indicating recovery in collections after deterioration in the first quarter of the fiscal. The recovery in bounce rates are an early signal for lower delinquencies for banks and non-banking finance companies (NBFCs). Data from the National Payments Corporation of India's (NPCI) National Automated Clearing House platform showed that failure rates for debit transactions used for recurring debit.

Source : https://economictimes.indiatimes.com/markets/stocks/news/decline-in-debit-bounce-rates-hints-at-pick-up-in-collections/articleshow/85439641.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

INSURANCE

- **1,016 Claims Settled, Paid Till Aug 4 Under Insurance Scheme For Health Workers Fighting Covid:**

Over 1,000 claims have been settled and paid till August 4 under the Pradhan Mantri Garib Kalyan Package: Insurance Scheme for Health Workers Fighting COVID-19, Union Minister Bharati Pravin Pawar told Lok Sabha on Friday (18.8.2021). In a written reply, the minister of state for health said the scheme was launched on March 30 last year to provide comprehensive personal accident cover of Rs 50 Lakh to 22.12 lakh healthcare providers, including community and private health workers, who may have been in direct contact and care of COVID-19 patients and could be at risk of being impacted by this, further, on account of the unprecedented situation, private hospital staff, volunteers, local urban bodies, and contract, daily wage and ad-hoc outsourced staff requisitioned by state, central hospitals and autonomous hospitals of the centre, states, union territories, AIIMS, institutes of national importance, and hospitals of central ministries specifically drafted for care of COVID-19 patients were also covered under the scheme, Pawar said

Source: https://economictimes.indiatimes.com/news/india/1016-claims-settled-paid-till-aug-4-under-insurance-scheme-for-health-workers-fighting-covid-govt/articleshow/85098382.cms

- **Lok Sabha passes bill to amend general insurance law without debate**

A bill to amend the general insurance law to allow the government to pare its stake in state-owned insurers was passed on Monday by Lok Sabha without a debate amid continuing protests by opposition parties on the Pegasus snooping and other issues. The General Insurance Business (Nationalisation) Amendment Bill, 2021 is aimed at generating required resources from the Indian markets so that public sector general insurers can design innovative products. Moving the bill for consideration and passage, Finance Minister Nirmala Sitharaman said that she wanted to respond to the concerns raised by the Opposition members but could not do so as the House was not in order. Accusing the Opposition of spreading falsehood about the Bill, she said if "they are serious, they should sit down, debate and ask questions. Since you are afraid that truth will come out, you don't want discussion."

Source: https://economictimes.indiatimes.com/industry/banking/finance/insure/lok-sabha-passes-bill-to-amend-general-insurance-law-without-debate/articleshow/84974509.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

- **75% of those retiring in 18 months lack adequate health insurance: Study**

Bajaj Capital, an investment services company, conducted a survey to understand the impact of the ongoing covid-19 pandemic on investors who are about to retire and have retired.One of the survey's key findings is that 3 out of 4 Indians retiring over the next 18 months are falling short of adequate health insurance coverage and intend to increase the coverage amount. The rising cost of hospitalisation seems to be a trigger for the increased awareness among retirees. The study by Bajaj Capital was conducted across metros and non-metro in India with a sample size of 799 respondents. It targeted males and females in the age group of 55-65 years. The sample was further divided into two groups – existing policyholders and intenders looking to buy/enhance coverage in the next three months.

Source : https://www.livemint.com/insurance/news/75-of-those-retiring-in-18-months-lack-adequate-health-insurance-study-11627971241045.html

- ## Carlyle Group exits SBI Life Insurance Company

Private equity firm Carlyle Group has exited SBI Life Insurance Company NSE 1.41 % Ltd by selling its stake representing 1.9 per cent shareholding of the company, through open market transactions. The total deal value stood at Rs 2,147 crore. As per the BSE's block deal data for Thursday, Carlyle Group through its entity, CA Emerald Investments, sold a total of 1.9 crore scrips at an average price of Rs 1,130 per scrip.SBI Life Insurance Company's shareholding data for the June 2021 quarter showed that CA Emerald Investments was its public shareholder and held 1.9 per cent stake in the firm. Separately, the shares were picked up by Max Life Insurance Company Ltd, Morgan Stanley Asia Singapore Pte, HDFC Standard Life Insurance, BNP Paribas Arbitrage, Bofa Securities Europe SA, Societe Generale, Integrated Core Strategies (Asia) Pte Ltd.

On the BSE, SBI Life Insurance Company on Friday opened the counter at Rs 1,147 and had ended at Rs 1,134.85 on Thursday.

Source : https://economictimes.indiatimes.com/markets/companies/carlyle-group-exits-sbi-life-insurance-company/articleshow/85098049.cms

- ## Bill cleared to allow bank depositors to get up to Rs 5 lakh refund within 90 days under DICGC insurance

The Parliament has passed the amendment to the DIGCG (Deposit Insurance and Credit Guarantee Corporation) Act 1961 which will allow customers of failed or stressed banks which are placed under moratorium to get their deposits (up to Rs 5 lakh) back within 90 days of start of moratorium.. The amendment was passed today in Lok Sabha and was cleared by the Rajya Sabha on August 4.As explained by the finance minister Nirmala Sitharaman last week during a press briefing, the 90-day period will be divided into two periods of 45 days“The stressed bank is expected to collate all information regarding the number of claimants and claim amount and inform DICGC about it within the first 45 days. Within the next 45 days, DICGC is mandated to process the claim and make payment to each eligible depositor,” finance minister Nirmala Sitharaman said during the press briefing on July 28, 2021.

Source : https://economictimes.indiatimes.com/wealth/personal-finance-news/online-bill-cleared-to-allow-bank-depositors-to-get-up-to-rs-5-lakh-refund-within-90-days-under-dicgc-insurance/articleshow/85173904.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

- ## Life insurers see 11% drop in new premium collections in July

Life insurance companies saw an 11 percent year-on-year (YoY) drop in new premium collection for July 2021. This was on the back of a decrease in premium collections by Life Insurance Corporation of India (LIC). The industry collected new premiums of Rs 20,434.72 crore for July, seeing degrowth in segments like group single and individual single premium.Private insurers saw a 7.5 percent YoY rise in premium collection to Rs 8,403.79 crore in July 2021. LIC saw a 20.7 percent YoY degrowth in new premiums to Rs 12,090.93 crore.

Source : https://www.moneycontrol.com/news/business/companies/life-insurers-see-11-drop-in-new-premium-collections-in-july-7298931.html

- **Govt notifies general insurance and DICGC bills**

The government has notified the General Insurance Business (Nationalisation) Amendment Bill and the Deposit Insurance and Credit Guarantee Corporation (DICGC) (Amendment) Bill, after President Ram Nath Kovind gave his assent to both the laws.

The Bills were passed by the Lok Sabha and Rajya Sabha earlier this month through a voice vote. The General Insurance Business (Nationalisation) Amendment Act will allow the government to cut its stake in state-owned general insurers to below 51%. .

Source : https://economictimes.indiatimes.com/news/india/govt-notifies-general-insurance-and-dicgc-bills/articleshow/85331575.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

- **Finance Ministry exploring insurance bonds as alternative to bank guarantees**

The government is considering to introduce insurance bonds as an alternative to bank guarantees, Finance Secretary TV Somanathan said here on Tuesday. Somanathan made the announcement during a meeting between industry captains and Finance Minister Nirmala Sitharaman, who is on a two-day visit to the financial capital. "Government is exploring on instituting insurance bonds as alternatives to bank guarantees," an official statement said. Bank guarantees are usually asked for while extending a loan and typically require a collateral. An insurance bond is also a surety but it does not require any collateral.

Source : https://economictimes.indiatimes.com/news/economy/policy/finance-ministry-exploring-insurance-bonds-as-alternative-to-bank-guarantees/articleshow/85601551.cms

CORPORATE BOND MARKET

- **SEBI relaxes norms for promoters of IPO-bound firms; lock-in period reduced to 18 months**

At a time when many companies are looking to list on the stock exchanges through an initial public offer (IPO), the Securities and Exchange Board of India (SEBI) has relaxed the norms related to the lock-in of shares held by promoters of such companies. The board of the capital markets regulator, which met on Friday, decided that the minimum 20 per cent stake of promoters that is locked-in for three years post the IPO will now remain locked-in for only eighteen months, subject to certain conditions. Further, the lock-in period for the promoter shareholding in excess of the minimum 20 per cent has also been reduced from the existing one year to six months.The regulator has, however, laid down certain conditions in terms of the reasons for raising money for the reduced lock-in period to be applicable.

Source: https://www.businesstoday.in/markets/top-story/story/sebi-relaxes-norms-for-promoters-of-ipo-bound-firms-lock-in-period-reduced-to-18-months-303496-2021-08-06

- **Sebi in process to finalise modalities to set up backstop facility for corp debt market**

Capital markets regulator Sebi is in the process of finalising the modalities to set up a "backstop facility" for the corporate debt market. In addition, the regulator is mulling to revamp the corporate bond database, which will be accessible to all investors, Sebi said in its annual report for 2020-21.This database will make available more granular level information about debt covenants to investors in the debt market, it added. The backstop facility will be an entity that can trade in relatively illiquid investment-grade corporate bonds and be readily available in times of stress to buy such bonds from various market participants in the secondary market.

Source: https://economictimes.indiatimes.com/mf/mf-news/sebi-in-process-to-finalise-modalities-to-set-up-backstop-facility-for-corp-debt-market/articleshow/85091214.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

- **RBI Governor reiterates growth priority but bond market snubs assurances**

Today's government bond auction may be the perfect market response to RBI's monetary policy statement which was released earlier in the day. While RBI Governor Shaktikanta Das repeatedly expressed concerns about growth, the bond market has read into the finer details of the policy.The 60 basis-point increase in inflation forecast for the financial year, increased quantum of variable rate reverse repos and dissent on stance by an independent member have given clear insights on RBI's thinking. Yield on the 10-year benchmark 6.10%, 2031 bond has climbed 3 basis points so far today and was at 6.24% at the time of writing this report. That works out to be 14-basis-point rise in the benchmark yield since July 9th and corresponds to a 98-paise fall in price. Bond yields and prices move inversely. To make matters worse, the bond is up for auction today. The government held a Rs 14,000 crore auction of the benchmark bond today and two other bonds for a total amount of Rs 26,000 crore.

Source : https://economictimes.indiatimes.com/markets/bonds/rbi-governor-reiterates-growth-priority-but-bond-market-snubs-assurances/articleshow/85096600.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

- **Indian bond trading is in need of better market making**

Whether apocryphal or real, it used to be said in the 90s and even the first decade of the 21st century that whenever India's stock market had to be stabilized, North Block would speak to insurance companies or Unit Trust of India and ask them to intervene. With these big institutions buying shares, a market drop would be brought to a halt. They were not exactly market makers, but stabilizers. When the Reserve Bank of India (RBI) stopped the automatic monetization of the fiscal deficit in 1997 and made the government borrow money from the market, it was necessary to have some entities that would pick up the Centre's bond issuances, or else funds would not be available to it. These were primary dealers, or PDs, who were paid a commission for playing that role. They came to be known as market makers who would provide buy and sell quotes in the secondary market for government bonds and thus help ensure sufficient liquidity.

Source : https://www.livemint.com/opinion/online-views/indian-bond-trading-is-in-need-of-better-market-making-11629389415171.html

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Department of Banking & Financial Services Upcoming Programme

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