



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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SPEECH

**Ms. Michelle W Bowman, Building Economic Resilience In Communities
(Ms Michelle W Bowman, Member of the Board of Governors of the Federal Reserve System, at the Policy Summit 2021 “Pathways to Economic Resilience in our Communities”, hosted by the Federal Reserve Bank of Cleveland, Cleveland, Ohio, 23 June 2021)**

Considerations of what builds resilient communities are at the top of the list as we look back at the economic impact from the pandemic and look ahead, as we experience a recovery that we want to benefit everyone.

I see as the current state of national economic conditions. As we continue to see progress toward the recovery, including the lifting of economic and social-distancing restrictions, the economy is growing at the fastest pace in decades. Economic output has likely surpassed its pre-pandemic peak, but even with this progress, there are over 10 million people still without jobs who are either actively looking for employment or have since left the labor force. Employment has been recovering rapidly in the sectors of the economy related to goods production and sales, but the services economy has been much slower to recover. Employment in the leisure and hospitality sectors is down by more than 3 million jobs since February of 2020.

As the recovery in the labor market and spending on goods and services continues to gain momentum, we are seeing upward pressures on consumer prices. In recent months, inflation has risen to well over the Federal Reserve's longer-run goal of 2 percent. This rise has reflected, in part, the fact that inflation numbers at the onset of the pandemic were very low. As those low

values drop out of the 12-month average of price changes, this measure of inflation has increased and will likely increase further. But there is more to the recent rise in inflation than just these measurement issues. The impressive upswing in economic activity has played an important role as it has led to a number of supply chain bottlenecks and put upward pressure on prices for many goods. These upward price pressures may ease as the bottlenecks are worked out, but it could take some time, and I will continue to monitor the situation closely and will adjust my outlook as needed.

Post-COVID-19 Economic Outcomes: We know that economic downturns are hardest for lower-income people, those with less education, and some minority groups. I believe that government responses to the pandemic—the lockdowns, school closures, and economic restrictions on businesses—significantly widened differences by income, education, race, and gender, and those disparities have persisted during the recovery. For example, we know that those with a high school education or less were among the hardest hit in the downturn last spring, and I am concerned about those individuals falling behind. In 2020, 20 percent of prime-age adults with less than a bachelor's degree experienced a layoff, 8 percentage points higher than for those with at least a bachelor's degree.

It seems that women, and especially minority women, have shouldered a larger share of adverse labor market impact because of limited child care options and the need to assist school-aged children with remote learning during the pandemic. The impact of COVID-19 has been especially hard for Black and Hispanic women in the workforce. Over 3.5 percent of Black and Hispanic women dropped out of the labor force altogether, compared with 1.7 percent of women overall. We also see divergent outcomes for small business owners across race and ethnicity. In the Federal Reserve's 2021 Small Business Credit Survey, 52 percent of Asian-owned, nonemployer small businesses reported their financial conditions as poor, compared with 38 percent of Hispanic-, 36 percent of Black-, and 28 percent of White-owned firms. The Federal Open Market Committee views the maximum level of employment as a broad-based and inclusive goal. Thus, these gaps in employment and other measures of economic wellbeing can be interpreted to show that more progress is needed to reach maximum employment. The goal is to promote an economy in which all can contribute to and share in the benefits of economic growth.

In the time I have with you this morning, I'd like to offer my perspective on economic resilience. I often find striking similarities between urban and rural communities, just as the upcoming panel on the "common ground in urban and rural America" will explore. When it comes to building economic resilience, there are a few key elements that facilitate a quicker recovery across different kinds of communities after challenging times. During the pandemic, community bankers and other lenders such as community development financial institutions (CDFIs) were the key to making sure that healthy businesses temporarily hurt by lockdowns, economic restrictions, and social distancing were able to access the multiple rounds of

Paycheck Protection Program (PPP) funding that kept workers on their payrolls.

In other ways, community banks once again showed how irreplaceable they were in responding to the needs of consumers and small business clients. While I have heard from community groups that small businesses struggled to navigate the PPP application process, especially those that did not have a preexisting banking relationship, community banks and CDFIs made a concerted effort to meet small business needs. The 2021 Small Business Credit Survey results showed that small banks were the most common source for PPP loans among employer firms, and applicants leveraging assistance from smaller banks were the most successful in obtaining all of the PPP funding they applied for.⁵ Additionally, I heard from the CAC last month that CDFIs were also effective in lending to smaller borrowers with limited or no financial institution relationships. An environment that supports resilient small businesses means more jobs and economic growth in local communities—both urban and rural. In the past 10 years, small businesses created over 10 million net new jobs, or about two-thirds of net new job creation, overall. In rural counties, 65 percent of the total jobs, which is a significant majority, were provided through employment in a small business.⁶ Creating and encouraging an environment that supports small business growth and entrepreneurship is a vital component of economic vitality and advancing a more broad-based recovery. This is exactly the type of environment that the Federal Reserve has been working to encourage with accommodative financial conditions promoting the flow of credit to households and small businesses.

And finally, as all of us are acutely aware after more than a year of pandemic-related shutdowns, broadband access has become even more of an essential utility. It's something

that families need for children attending virtual school online, for expanding work opportunities, and for remotely accessing goods and services. This essential service is often unavailable or considered a luxury in many rural and lower-income urban communities. Data from the Census Bureau show that only about 65 percent of households in both rural and lower-income counties pay to have a subscription to internet services, compared with the national average of about 80 percent. A report from the Federal Reserve Bank of Philadelphia also found income- and race-related gaps in both broadband availability and adoption rates across neighbourhoods in Philadelphia.

Internet access has become necessary for those looking for a job, and, not surprisingly, the unemployment rate for those without a computer connected to the internet was about 3 percentage points higher than the unemployment rate for those with a computer with internet access. Investing in the infrastructure to increase broadband availability and to support

broadband adoption in these communities could help close the employment gaps. Additionally, it can help level the playing field for children attending school, open opportunities for adults to pursue more stable and better-paying jobs and online education, and also enable access to online banking and other internet-based financial services.

In summary, it seems clear that much progress remains to be made in these areas. The Federal Reserve is committed to supporting the economic recovery and will do so through our monetary policy tools, supervisory responsibilities, and community development function. I'm looking forward to seeing how the opportunities from your collaborations and the creative solutions arising from this summit will help support vulnerable communities in adapting to and recovering from economic shocks. Through this approach, and with partnerships among practitioners like those here today, we can ensure that those who experienced the greatest effects from the pandemic are included in the economic recovery.

Shri Vipin Anand

**Co-Chairman, ASSOCHAM National Council for
Insurance & MD, Life Insurance Corporation of India**



Prime Minister Shri Narendra Modi's address to the nation on 12th May 2020 in the midst of the covid-19 pandemic was a watershed event in the history of modern India. What he put into words was a vision of a modern, resurgent, resilient, strong, and above all, AtmaNirbhar or self-reliant India. His statement, that for a long time we have been talking about the 21st century being India's century, this is not only our dream but also our responsibility, has given a clear direction to the nation.

Opportunity is the flip side of adversity. While following his advice of staying safe and following all coronavirus protocols, but still moving forward, the insurance industry has helped the country's economy stay afloat during this difficult time while also providing confidence and succour to the public amidst wide-spread distress. The overall growth rate of 9.2%, including a healthy growth of 11.2% in the Life Insurance sector, has demonstrated the resilience of the industry. Though largely based on face-to-face interactions, the industry has shown great agility in adopting Technology for work from home for the administrative staff as well as introducing Technology Solutions for the marketing channels to enable them to continue their activities even in the direst of circumstances.

The companies, along with their employees and Agents, while providing direct support by contribution to PMCare and state relief funds, providing support to hospitals and taking care of the people in any kind of difficulty, while also ensuring quick and easy settlement of claims,

have established their position as Frontline Warriors.

With one of the lowest insurance penetration, in the world, the industry has a huge latent potential for generating income and consequently, in accordance with its need for long-term investments, a huge opportunity for providing resources for long term infrastructure investments, thus triggering a cycle of employment, income, consumption, demand and supply, thereby providing impetus to the entire economy. Considering the five pillars of AtmaNirbhar Bharat, as outlined by the Prime Minister, the Insurance Industry is uniquely placed to contribute to all of them in a very significant manner and help in accelerating the wheels of economic development in the country substantially. Let's take a look at the possibilities one by one.

The first pillar of Economy is the one which this sector can impact the most. Considering that the insurance penetration in the year 2009 was already 5.20 percent and in 2020 was a mere 3.76 percent, this difference itself would amount to 2.1 Tr. Indian Rupees. Compared to the global average of 7.23 %, it gives an even larger margin of more than Rs. 5.05 trillion. An additional investment of this size every year in the infrastructure and industry will have a cascading effect leading to an exponential jump in cumulative growth rates in the economy. As on 31st March 2020, the total investment made by the Life Insurance Industry alone amounted to Rs.38,90,274 crores.

The Insurance Industry is one of the biggest investors in the Indian infrastructure, whether it

is through investment in government securities, state development loans, developmental financial institutions, or NBFCs, in addition to direct subscription to bonds of organizations like the Indian Railway or NHAI. As on 31st March 2020, the Life Insurance sector alone had contributed Rs.11,10,475 crores in Central Government securities Rs.5,86,418 crores in state government, and other approved securities, and Rs.2,75,434 cr in housing and infrastructure Investments.

Tech-Driven System: The Insurance sector is one of the largest consumers of technology in the country. The amount of documentation and data intrinsic to its business make large-scale usage of Technology imperative. LIC of India is today one of the largest users of Technology across all industries, having brought in digital computers even before RBI, as far back as in 1965. This has enabled the Corporation to hold more than 2/3rd market share even after two decades of intense competition on the back of world class service and products. It has also enabled our staff to settle hundreds of covid claims in less than an hour of intimation and thousands within 3-4 hours. The large-scale adoption of digital processes and workflows by the industry during the coronavirus pandemic have been unimaginable. New investments in business analytics and new technology initiatives are ushering in a new era where end-to-end digital processes and self-service models are becoming commonplace. Online Audit and data security monitoring have become a norm in improving system controls and governance.

The Insurance Industry offers India its best chance today of reaping its demographic dividend. A large, educated, potential, young workforce waiting in the wings is a huge opportunity and can equally be a potential risk if not profitably engaged. Unemployment caused by the pandemic has further exacerbated the situation.

The exception has been the Insurance Industry where more than 6 lakhs people have sought self-employment in each of the two years.

The large uninsured population and the potential for large GDP growth offer a huge opportunity for employment generation in the life insurance as well non-life sectors.

At a rough estimate, this vast financial inclusion exercise needs at least three million more agents at the current productivity levels to provide life insurance coverage to only middle and upper class uninsured persons, over a period of 5 years, not accounting for population growth in the meanwhile. The non-life and health insurance sectors offer vastly higher opportunities as coverage in these sectors is dismal.

The employment scenario underlined earlier has the potential to totally redefine the economic landscape with a spiral of income generation and investment creation, leading to the generation of employment income and tax revenues at several levels and the consequent demand for goods and services. The impact of the kind of security provided by the increased awareness, products, and distribution for all sections, including Social Security Schemes, will create huge confidence in the population at all levels, thus increasing productivity in all industries. For meeting the demand-supply gap and hence increased industrial production, as well as infrastructure for supporting transportation of goods, will need to be ramped up, thus completing the cycle. This will also generate sufficient resources in terms of taxes and CSR funds to adequately finance the insurance and pension needs of the poor through a sustainable social security system to lead India to become a fully insured and pensioned society.

George Bernard Shaw once said : “ You see things and ask why? I dream of things that never were, and say `Why not?’”

Distribution of Insurance products is the biggest challenge for the industry and the biggest opportunity for the Nation. The Indian Insurance Industry has the opportunity and the power to change India, the way we have only dreamt. It can, like Archimedes, easily proclaim: “Give me a place where I can stand, and I shall move the world”.

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

ASSOCHAM & EGROW Shadow Bi-Monthly Monetary Policy Meeting (01st June 2021):-

• Eminent Speakers:

Dr. Arvind Virmani, Former Chief Economic Advisor, Government of India & Chairman, EGROW Foundation; Shri Rishi Gupta, Co-Chairman, ASSOCHAM National Council for Banking and MD & CEO, Fino Payment Bank Ltd.; Ms. Upasna Bhardwaj, Sr. Economist & Sr. VP, Kotak Mahindra Bank; Shri Siddhartha Sanyal, Chief Economist & Head-Research, Bandhan Bank; Dr. Charan Singh, Chairman, ASSOCHAM National Council for Banking & Shri S. C. Aggarwal, Senior Member, ASSOCHAM & CMD, SMC Group

• Key Takeaways:-

o Extreme uncertainty in domestic and global markets making projections and policy is a challenging task

- o In comparison with global scenario, India's economic performance is not bad.
- o Moderate downward revision to growth for FY22 in view of the 2nd wave impact and 3rd expected.
- o MSME and MFI sector have been severely impacted by the 2nd wave.
- o Urban unemployment at around 18 percent is worrisome.
- o Continue with unchanged Repo rate and accommodative monetary policy.
- o Supply chain disruption and its impact should be considered.
- o Need for fiscal reforms, further simplification of GST.
- o Need to announce a more aggressive GSAP 2.0 to avoid disruptions.



ASSOCHAM 13th Global Insurance E-Summit & Awards “Role Of Insurance Sector In Atmanirbhar Bharat Abhiyaan” (24th June 2021):-

• Eminent Speakers:

Mrs. T. L. Alamelu, Member (Non-Life), Insurance Regulatory and Development Authority of India; Shri Saurabh Mishra, Joint Secretary, Ministry of Finance, GoI; Shri Radhakrishnan Nair, Former Member, IRDAI & Director, ICICI Bank Limited; Shri G Srinivasan, Chairman, ASSOCHAM National Council for Insurance & Director, National Insurance Academy; Shri Sandeep Ghosh, Leader- Financial Services, EY India Consulting; Dr. Sandeep Dadia, CEO & Principal Officer, Aditya Birla Insurance Brokers Limited; Shri Vipin Anand, Co-Chairman, ASSOCHAM National Council for Insurance & MD, Life Insurance Corporation of India; Shri Anuj Mathur, Co-Chairman ASSOCHAM National Council for Insurance and MD & CEO, Canara HSBC OBC Life Insurance Company Limited; Shri Mahesh Balasubramanian, MD & CEO, Kotak Mahindra Life Insurance Co. Ltd.; Ms. G. Bharthi, CEO, Family Health Plan Insurance TPA Limited; Ms. Vibha Padalkar, MD & CEO, HDFC Life Insurance Company Ltd. & Shri Shankar Garigiparthi, Country Manager & CEO, Lloyd’s India Reinsurance Branch; Shri Yashish Dahiya, Co-Chairman ASSOCHAM National Council for Insurance and Co-Founder & CEO, Policy Bazaar; Shri Ashvin Parekh, Managing Partner, Ashvin Parekh Advisory Services LLP; Shri Ramanan S V, CEO- India & South Asia, Intellect Design Arena; Shri Anurag Prasad, Co-Founder, Visit Health Private Limited & Dr. P. Nandgopal, Founder & Mentor, Insurance Inbox.

• ASSOCHAM – EY Released The Knowledge Report During The Event.

• Key Takeaways:-

Of 19.11 lakh health claims reported as on June 22, insurers have settled 15.39 lakh claims worth over Rs 15K crore: IRDA.

Cos. need to forcefully sell insurance as it is no longer an option.

After the ferocious second wave of Covid-19 pandemic that swept India in April-May, insurance companies have settled about 80 per cent i.e., over 15.39 lakh health claims exceeding an amount of Rs 15,000 crore as on June 22, informed a top Insurance Regulatory and Development Authority (IRDA) official said at an ASSOCHAM e-summit today.

“Over 19.11 lakh covid health claims have been reported as on 22nd June as far as medical insurance or hospitalisation is concerned. While in terms of death claims, which is handled by the life insurers, about 55,276 claims have been intimated and nearly 88 per cent i.e., 48,484 claims amounting to Rs 3,593 crore have already been settled,” informed Ms T.L. Alamelu, Member (Non-Life), IRDA while inaugurating 13th Global Insurance E-Summit & Awards organised by ASSOCHAM.

She added that the repudiated claim for health is just about 4 per cent and in life it is just about .66 per cent, which is negligible. Ms Alamelu however said that these figures showcase the opportunity available for insurers, though Ayushman Bharat does cover health for many people, there are other schemes including specialised state schemes, but there is still a large number of people who are not covered by insurance by any form.

“Now we are grappling with the problem that most of these people have spent good amount of their savings, it has even taken down many below the poverty line, they have gone into debts, sold up their assets, pledged their jewellery and have been pushed back to worst times,” she said. Ms Alamelu added, “The industry has tremendous

responsibility especially for a nation like India to offer protection and just not assume that people will not take insurance. There has to be aggressive probably, more sort of forcefully sell insurance because it is no longer an option.”

She noted that both the insurance industry and the regulator have worked together to design new policies to cater to the demands of new and unprecedented situation. “We have also eased some processes and procedures to make it easier for servicing the policyholders.” Complementing the insurance industry for ramping up its digital platform to cater to the increased online demand, she said, “Going forward, most of it will shift from office to online, its employees have worked as much and more from their homes to ensure uninterrupted services to the policyholders.” Talking about the micro, small and medium enterprises (MSMEs) she said, “There is a lot of focus on MSMEs, with the spate of recent initiatives by the government, insurance has a very important role to play here.

The safety net offered by insurance keeps various industries thriving in a healthy manner. This spells greater employment, demand and consequent greater supply and the cycle goes on.” She added, “The regulator has created standard products for MSMEs with policies like Bharat Laghu Udyam Suraksha, Bharat Sookshma Udyam Suraksha and others like Bharat Griha Raksha for householders, all these specifically cater to middle class, lower middle class and industry should take this opportunity to ensure that everybody has this sort of insurance in their pocket.”

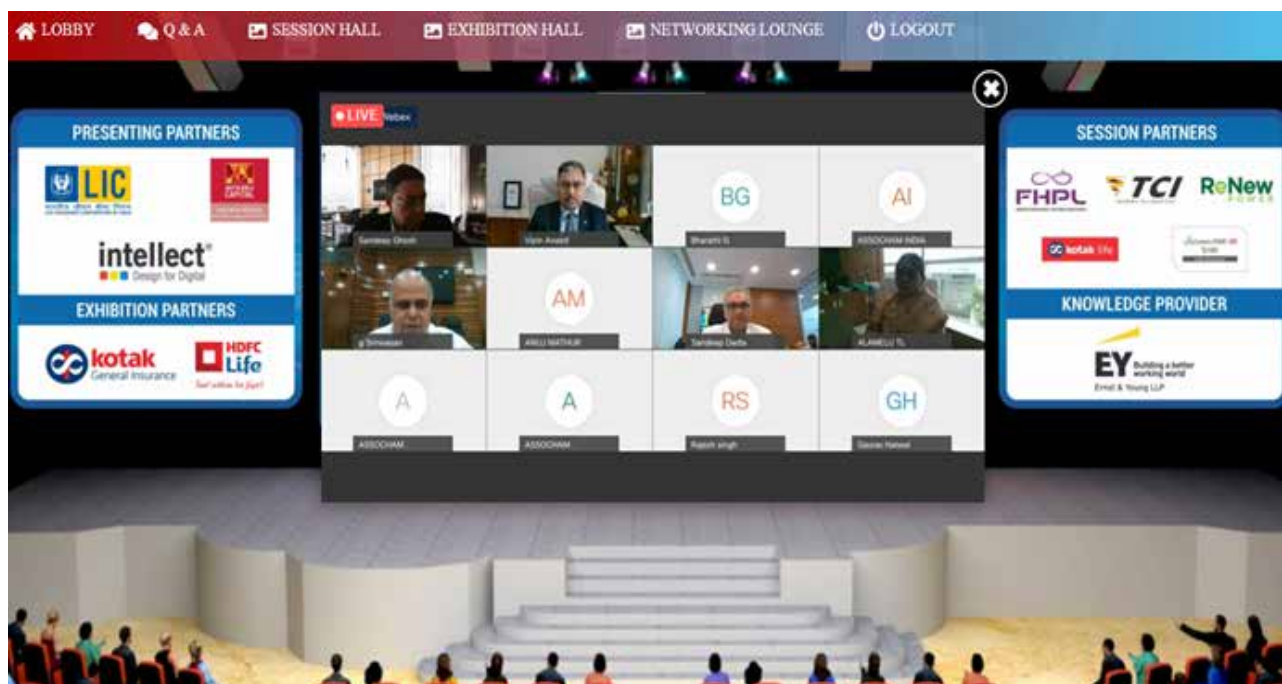
On insurance industry’s performance, she said that it grew extremely well to end the last financial year with combined life and non-life at a good nine per cent growth, while this year starting April-May, growth of 17 per cent has been registered. On the growth prospects of insurance industry in next five years, she said that it can easily grow well at 40-50 per cent to be

extremely optimistic if things are settled down and otherwise it should grow at 25-30 per cent as the world is there for them to take advantage.

Delivering special address during the ASSOCHAM e-summit, Mr Saurabh Mishra, joint secretary, Ministry of Finance said that digitalisation is one factor that has contributed to the resilience of non-life as well as to a great extent in life businesses in every sphere of activity from distribution and sales to post-sales thereby proving to be a game-changer that helped largely avoided a standstill in the new business due to mobility restrictions implemented to contain the pandemic.

“In the new normal of technology, it is not just an important element for us to drive it out but is going to play pivotal role in transforming the insurance businesses to make them more digital and customer-centric cutting across every sphere of customer experience - claims efficiency, fraud proofing etc.,” said Mr Mishra. In his address, Mr Vipin Anand, managing director, Life Insurance Corporation of India (LIC) and co-chairman, ASSOCHAM National Council for Insurance said that one of the critical needs for expansion of insurance industry is that it is essentially a capital-intensive industry and for solvency-margin requirement it is necessary that capital should come-in.”

Highlighting the importance of insurance for a resilient economy, Mr G. Srinivasan, chairman, ASSOCHAM National Council for Insurance and director, National Insurance Academy said that the significance of the sector is being better appreciated now than before. “Hopefully, the new awareness on the need for insurance will make India a fully and adequately insured society at the earliest.” Mr Sandeep Ghosh, leader-financial services, EY India Consulting noted that insurance sector continues to have tremendous potential in improving self-reliance, as its penetration and density have significant scope for improvement when compared to global peers.



BANKING

- **90% Of First ECLGs Amount Disbursed So Far:**

Banks have so far lent 90 per cent of the Rs 3 lakh crore under emergency credit line guarantee scheme announced last year to help small businesses tide over the pandemic, according to a report by Crisil. The government expanded the emergency credit line guarantee scheme (ECLGS) by another Rs 1.5 lakh crore, which Crisil feels will help alleviate the potential stress on asset quality of banks arising from the second wave of the pandemic. Disbursements under the existing ECLGS have already reached Rs 2.69 lakh crore of the total corpus of Rs 3 lakh crore, which is 89.7 per cent, benefiting almost 10 per cent of the value of banking sector advances and over 60 per cent value of advances to micro, small and medium enterprises.

Source: <https://economictimes.indiatimes.com/industry/banking/finance/banking/90-of-first-eclgs-amount-disbursed-so-far-report/articleshow/83956633.cms>

- **Cabinet May Soon Clear Proposal For Govt Guarantee To Bad Bank:**

The Union Cabinet may soon clear a proposal to provide government guarantee to security receipts issued by the National Asset Reconstruction Company (NARCL) as part of resolution of bad loans. Indian Banks' Association (IBA), entrusted with the task of setting up a bad bank, has pegged the government guarantee to be around Rs 31,000 crore.

Source: <https://economictimes.indiatimes.com/industry/banking/finance/banking/cabinet-may-soon-clear-proposal-for-govt-guarantee-to-bad-bank/articleshow/83950900.cms>

- **IDBI Bank Privatisation Process Kicks Off:**

Kickstarting privatisation process in the banking sector, the government has invited bids to appoint transactions and legal advisors to assist in strategic sale of its equity, along with transfer of management control, in IDBI Bank to private players. Transaction advisor which could be consulting firms, investment or merchant bankers, and financial institutions/banks will undertake tasks related to all aspects of proposed strategic disinvestment. It will include assisting the government on modalities of disinvestment and the timing, structuring the transaction, organizing roadshows for potential investors, and suggesting measures to fetch optimum value.

Source: <https://indianexpress.com/article/business/banking-and-finance/idbi-bank-privatisation-process-kicks-off-7371203/>

- **Central Bank Of India, Indian Overseas Bank Shortlisted For Divestment:**

The Centre has shortlisted Central Bank of India (CBI) and Indian Overseas Bank (IOB) for divestment. The two state-run banks might see 51 percent sale in the first phase of disinvestment. The government will amend the Banking Regulations Act, and some other banking laws for divestment. The weak financial metrics of lenders like CBI and IOB could lead to unexpected hurdles in the government's plan to privatise the lenders. Both the IOB and CBI are currently under the Prompt Corrective Action (PCA) framework imposed by the Reserve Bank of India (RBI). Under the PCA framework, the central bank imposes certain business restrictions on lenders with weak financial metrics.

Source: <https://www.moneycontrol.com/news/business/central-bank-of-india-indian-overseas-bank-shortlisted-for-divestment-report-7065231.html>

- **In Covid Year, Banks See Record Profit Of Rs 1 Lakh Crore:**

The banking sector has recorded its highest ever profits of Rs 1,02,252 crore in FY21, a year when the economy was battered by the pandemic. This is a significant turnaround compared to a net loss of nearly Rs 5,000 crore for the industry in FY19. Two banks-HDFC Bank and SBI contributed half of the industry's profits. Of the total profits, HDFC Bank at Rs 31,116 crore accounted for 30%, an 18% increase over the previous year. The country's largest lender SBI accounted for another 20% at Rs 20,410 crore. The third-highest was ICICI Bank which earned Rs 16,192 crore, more than double what it earned in the previous year. Private banks also gained market share as public sector banks (PSBs) went slow in lending.

Source: <https://economictimes.indiatimes.com/industry/banking/finance/banking/in-covid-year-banks-see-record-profit-of-rs-1-lakh-crore/articleshow/83867894.cms>

- **SBI Launches Aarogyam Healthcare Business Loan:**

To provide enhanced support to the healthcare sector amid the pandemic, State Bank of India has launched the Aarogyam healthcare business loan. Under this new product, entire healthcare ecosystem such as hospitals, nursing homes, diagnostic centres, pathology labs, manufacturers, suppliers, importers, logistic firms engaged in critical healthcare supply can avail of loans up to Rs 100 crore (as per the geographic location) repayable in 10 years, SBI said in a statement. The Aarogyam loan can be availed either as term loan to support expansion/modernisation or as working capital facilities such as cash credit, bank guarantee/letter of credit, it said.

Source: <https://economictimes.indiatimes.com/industry/banking/finance/banking/sbi-launches-aarogyam-healthcare-business-loan/articleshow/83818772.cms>

- **Co-Op Banks Shall Not Outsource Core Management Functions:**

The Reserve Bank of India has directed cooperative banks not to outsource core management functions such as policy formulation, internal audit and compliance, compliance with KYC norms, credit sanction and management of investment portfolio. Issuing guidelines for managing risk in outsourcing of financial services by cooperative banks, the central bank said the lenders can hire experts, including former employees, on a contractual basis subject to certain conditions.

Source: <https://economictimes.indiatimes.com/industry/banking/finance/banking/co-op-banks-shall-not-outsource-core-management-functions-rbi/articleshow/83925005.cms>

- Bank Of Maharashtra Tops PSU Bank Chart In MSME Loan Growth In FY21: State-owned Bank of Maharashtra (BoM) has become top performer among public sector lenders in terms of retail and MSME loan growth during 2020-21. The Pune-based lender recorded a 35 per cent growth in MSME loans at Rs 23,133 crore in 2020-21, according to the BoM data. It was followed by the Chennai-based Indian Bank which posted a 15.22 per cent growth in loan disbursement to MSMEs with aggregate loans at Rs 70,180 crore at the end of March 2021.

Source: <https://economictimes.indiatimes.com/industry/banking/finance/banking/bank-of-maharashtra-tops-psu-bank-chart-in-msme-loan-growth-in-fy21/articleshow/83687258.cms>

- **Centrum-BharatPe To Take Over PMC Bank:**

Ending nearly two anxious years for depositors, the Reserve Bank of India (RBI) has cleared the decks for the takeover of Punjab and Maharashtra Cooperative Bank (PMC Bank) by a consortium of non-bank lender Centrum Financial Services and fintech startup BharatPe. The multi-state cooperative lender was on the brink of collapse when the regulator seized it on 24 September 2019, capped cash withdrawals and launched an investigation into its accounting lapses. RBI said it has decided to grant in-principle approval to Centrum to set up a small finance bank under on-tap licensing norms. On-tap licensing refers to the regulator giving out bank licences on a continuous basis, rather than once in several years.

Source: <https://www.livemint.com/news/rbi-clears-centrum-s-takeover-bid-for-pmc-bank-11624013310357.html>

- **Indian Economy Poised For Recovery In FY22, SBI Chairman Shri Dinesh Kumar Khara:**

Although the second wave of the Covid-19 pandemic again brought businesses and economic activities to a standstill, Chairman of the State Bank of India, Dinesh Kumar Khara has expressed hope that the country's economy would recover in the ongoing financial year. The Chairman noted that the global economy contracted by 3.3 per cent in 2020 with the pandemic causing significant loss of lives and livelihood. The GDP in India contracted by 7.3 per cent in FY2021 and the country experienced a second wave of infections with cases rising rapidly since March 2021, he said while addressing the 66th Annual General Meeting of the bank.

Source: <https://economictimes.indiatimes.com/industry/banking/finance/banking/indian-economy-poised-for-recovery-in-fy22-sbi-chairman-dinesh-kumar-khara/articleshow/83892337.cms>

- **Indian Banks Face Systemic Risk, Second COVID Wave To Impair Performance (S&P):**

S&P Global Ratings said Indian banks face a systemic risk as the second COVID wave will impair the performance of financial institutions in the April-September period. Stating that economic recovery remains highly vulnerable to setbacks due to COVID, particularly if fresh outbreaks trigger new lockdowns, S&P said the banking sector's weak loans will likely remain elevated at 11-12 per cent of gross loans in the next 12 to 18 months. "The second wave has front-ended weakness in asset quality," said S&P Global Ratings Credit Analyst Deepali Seth Chhabria. "Financial institutions face a strained first half amid weak collections and poor disbursements."

Source: <https://economictimes.indiatimes.com/industry/banking/finance/banking/indian-banks-face-systemic-risk-second-covid-wave-to-impair-performance-sp/articleshow/83984819.cms>

- **RBI Hunts For Entity That Can Develop Multimedia Publicity Material For Awareness Campaign:**

Seeking to accelerate its general awareness campaign, the Reserve Bank of India (RBI) has started looking for an entity that can develop multimedia publicity material in 14 languages. The pan-India campaign to educate the general public about the essential rules and regulations will be launched in Hindi, Assamese, Bangla, Gujarati, Kannada, Malayalam, Marathi, Oriya, Punjabi, Sindhi, Tamil, Telugu and Urdu besides English. The media mix, according to an RBI document, will include traditional as well as new media. "The public awareness

campaigns of RBI will be full-fledged multimedia, multilingual, pan-India level campaigns. The objective of the campaigns is to create general awareness among citizens of India about the RBI regulations and other initiatives," said the request for proposal (RFP) in this regard. Financial inclusion and education are two important elements in the RBI's developmental role.

Source: <https://economictimes.indiatimes.com/industry/banking/finance/banking/rbi-hunts-for-entity-that-can-develop-multimedia-publicity-material-for-awareness-campaign/articleshow/83889854.cms>

- **IDBI Bank invites bids to divest stake in Asset Reconstruction Company:**

IDBI Bank plans to divest its stake in Asset Reconstruction Company Ltd (Arcil) and has invited bids from interested parties. IDBI Bank intends to sell 6,23,23,800 equity shares, constituting approximately 19.18 percent of the total equity share capital of Asset Reconstruction Company (India) Ltd held by IDBI Bank. The last date for submission of expression of interest (EoI) is June 25, 2021.

Source: <https://economictimes.indiatimes.com/industry/banking/finance/banking/idbi-bank-invites-bids-to-divest-stake-in-asset-reconstruction-company/articleshow/83636835.cms>

- **Financial Instability Looming Over India's Banking Sector, RBI's Ex-Dy Governor Shri Rakesh Mohan:**

Former Indian central banker Rakesh Mohan warned of looming financial instability in India's already struggling banking sector, citing the growing divergence between the pain in the real economy and the exuberance in the capital markets. Shri Mohan, who served as deputy governor of the Reserve Bank of India twice between 2002 and 2009, said loan growth has mostly been sluggish in the economy despite the RBI's recent measures to boost flow of bank credit.

Source: <https://theprint.in/economy/financial-instability-looming-over-indias-banking-sector-rbis-ex-dy-governor-rakesh-mohan/680532/>

- **Bank Staff Seek Job Security Assurance After Privatization:**

The proposed privatization of two state-run lenders has cast a pall of gloom over bank employees who fear loss of jobs and pensions, with unions vowing indefinite strikes to counter any adverse announcement. People who joined government-owned banks with job security in mind believe that while mergers largely did not lead to job losses, privatization will. Hon'ble Union Finance Minister Smt. Nirmala Sitharaman announced in the FY22 Union budget that the government will reduce its stake in two public sector banks apart from IDBI Bank. To be sure, she said in March that privatization would not hurt the interests of employees.

Source: <https://www.livemint.com/industry/banking/bank-staff-seek-job-security-assurance-after-privatization-11623957323248.html>

- **Can Crypto Currencies Such As Ethereum Disrupt Business Of Banking?:**

DeFi is short for “decentralised finance”, an umbrella term for a variety of financial applications in cryptocurrency or blockchain geared towards disrupting and replacing financial intermediaries such as banks. Users instead have the ability to transfer, trade, invest and transact peer to peer using decentralised money that can be programmed for automated activities through ‘smart contract’ functionality. Since January 2020, DeFi has grown exponentially from a Total Value Locked of approximately \$0.7 billion to nearly \$60 billion at the time of writing.

Source: <https://www.cnbc18.com/market/currency/can-crypto-currencies-such-as-ethereum-disrupt-business-of-banking-9706021.htm>

- **Bad Bank, Govt Guarantee Seen Costing Rs 30,600 Crore:**

The Indian Banks’ Association (IBA) has estimated that the government may have to fork out not more than Rs 30,600 crore if it offers guarantee on the security receipts (SRs) issued by the National Asset Reconstruction Company (NARCL) while acquiring bad loans from lenders. The prospects of recovery from some of the bad loans look promising. So, government guarantee on SRs, subject to its approval, may not cost more than this amount. Details are being worked out by the IBA, and NARCL will be operationalised soon.

Source: <https://www.financialexpress.com/industry/banking-finance/bad-bank-govt-guarantee-seen-costing-rs-30600-crore/2273468/>

- **Infosys Finacle Unveils Digital Banking Software For Urban Cooperative Banks In India:**

Infosys Finacle, part of Infosys' wholly owned subsidiary EdgeVerve Systems, has announced its digital banking software-as-a-service offering for urban cooperative banks in India. The platform has already seen adoption by three urban cooperative banks in India Vidya Sahakari Bank, Urban Cooperative Bank, Bareilly, and Zoroastrian Cooperative Bank, according to an Infosys statement. The offering combines the functional spread of the Finacle solution suite, with complementary solutions and capabilities from Finacle business partners Saraswat Infotech Pvt. Ltd and Best of Breed Software Solutions.

Source: <https://economictimes.indiatimes.com/tech/information-tech/infosys-finacle-unveils-saas-offering-for-urban-cooperative-banks-in-india/articleshow/83603577.cms>

- **RBI May Give Banks/NBFCs More Time To Appoint Auditors:**

The guidelines allow regulated entities to appoint auditors for three years. The Reserve Bank of India may give more time to regulated entities, including banks, to implement the new guidelines on the appointment of statutory auditors. Regulated entities are of the view that a year's time should have been given for implementing the guidelines as some of them have already re-appointed auditors for FY22. The RBI's new norms were unveiled on April 27. The guidelines allow regulated entities to appoint auditors for three years. What this means is that audit firms that have already completed the three-year period will have to discontinue their assignment.

Source: <https://www.thehindubusinessline.com/money-and-banking/rbi-may-give-banksnbfc-more-time-to-appoint-auditors/article34782339.ece>

- **RBI Nod For Ghosh's Re-Appointment As Bandhan Bank MD & CEO For 3 Yrs, Company Board Had Okayed 5-Yr Term:**

Bandhan Bank has received RBI nod to re-appoint Chandra Shekhar Ghosh as its MD and CEO for three years, lower than the five-year tenure approved by the company's board in November last year. The Reserve Bank of India vide its communicated dated June 8, 2021, has granted approval for re-appointment of Chandra Shekhar Ghosh, Managing Director & Chief Executive Officer (MD&CEO) of the bank, for a period of three years, with effect from July 10, 2021.

Source: <https://www.financialexpress.com/industry/banking-finance/rbi-nod-for-ghoshs-re-appointment-as-bandhan-bank-md-company-board-had-okayed-5-yr-term/2267747/>

- **RBI Says Shri M. K. Jain Reappointed As Deputy Governor For Next Two Years:**

The Reserve Bank of India (RBI) on June 10 said Mahesh Kumar Jain has been re-appointed as Deputy Governor for two years. Jain's current term ends on June 21, 2021. The Central Government has re-appointed Shri Mahesh Kumar Jain as Deputy Governor, Reserve Bank of India for a period of two years with effect from June 22, 2021, or until further orders, whichever is earlier, upon completion of his existing term on June 21, 2021.

Source: <https://www.moneycontrol.com/news/business/rbi-deputy-governor-idbi-bank-indian-bank-basant-seth-committee-central-government-appointment-committee-7013291.html>

TOP RBI CIRCULAR

CIRCULAR NUMBER	SUBJECT
RBI/2021-2022/64 DOR.ORG.REC.27/21.04.158/2021-22	Guidelines for Managing Risk in Outsourcing of Financial Services by Co-operative Banks
RBI/2021-2022/63 FIDD.MSME & NFS.BC.No.12/06.02.31/2021-22	New Definition of Micro, Small and Medium Enterprises
RBI/2021-2022/62 DOR.CRE(DIR).REC.26 /21.04.103/2021-22	Appointment of Chief Risk Officer in Primary (Urban) Co-operative Banks
RBI/2021-2022/61 FMRD.DIRD.06/14.01.001/2021-22	Reserve Bank of India (Call, Notice and Term Money Markets) Directions, 2021
RBI/2021-2022/60 DOR.GOV.REC.25/12.10.000/2021-22	Appointment of Managing Director (MD) / Whole-Time Director (WTD) in Primary (Urban) Co-operative Banks
RBI/2021-2022/59 DOR.ACC.REC.No.23/21.02.067/2021-22	Declaration of dividends by NBFCs
RBI/2021-2022/58 DOR.CRE(DIR).REC.24/23.67.001/2021-22	Gold (Metal) Loans – Repayment
RBI/2021-2022/57 DOR.AML.REC.22/14.06.001/2021-22	Implementation of Section 51A of UAPA, 1967: Updates to UNSC's 1267/ 1989 ISIL (Da'esh) & Al-Qaida Sanctions List: Amendment of one entry
RBI/2021-2022/56 A. P. (DIR Series) Circular No. 07	Liberalised Remittance Scheme for Resident Individuals – Reporting
RBI/2021-2022/55 CO.DPSS.AUTH.No.S190/02.27.005/2021-22	Investment in Entities from FATF Non-compliant Jurisdictions
RBI/2021-2022/54 CO.DPSS.POLC.No.S188/02-27-020/2021-2022	Bharat Bill Payment System – Addition of Biller Category
RBI/2021-2022/53 DoS.CO.PPG.SEC/03/1.01.005/2021-22	Risk Based Internal Audit (RBIA)
RBI/2021-2022/52 DPSS.CO.OD.No.S-182/06.07.011/2021-22	Usage of Automated Teller Machines / Cash Recycler Machines – Review of Interchange Fee and Customer Charges
RBI/2021-2022/51 DCM(Plg).No. 51961/10.27.00/2021-22	Preservation of CCTV recordings
RBI/2021-2022/50 FMRD.FMID.No.05/14.01.006/2021-22	Transactions in Government securities by Foreign Portfolio Investors: Reporting

RBI/2021-2022/49 DoR.RET.REC.19/12.05.009/2021-22	Submission of returns under Section 31 of the Banking Regulation Act, 1949 (AACS) – Extension of time
RBI/2021-2022/48 A.P. (DIR Series) Circular No.06	Payment of margins for transactions in Government Securities by Foreign Portfolio Investors
RBI/2021-2022/47 DOR.STR.REC.21/21.04.048/2021-22	Resolution Framework - 2.0: Resolution of Covid-19 related stress of Micro, Small and Medium Enterprises (MSMEs) – Revision in the threshold for aggregate exposure
RBI/2021-2022/46 DOR.STR.REC.20/21.04.048/2021-22	Resolution Framework - 2.0: Resolution of Covid-19 related stress of Individuals and Small Businesses – Revision in the threshold for aggregate exposure

NON-BANKING FINANCE COMPANIES & MICRO FINANCE INSTITUTIONS

- **NBFC Collections Expected To Improve With Unlocking Of Economy, Says Report:**

The difficult phase for India's non-bank financiers is largely over and lenders are optimistic about collections improving in the wake of unlocking by states, Emkay Global Financial Services said. Vehicle finance segment remained the most vulnerable, but the credit cards segment performed better with borrowers preferring to hold on to liquidity, it said. The report pointed out concerns about a steep rise in stage 2 assets similar to last year.

Source: <https://www.livemint.com/industry/banking/nbfc-collections-expected-to-improve-with-unlocking-of-economy-says-report-11624073321444.html>

- **Proposed Harmonisation Guidelines To Create Level Playing Field For NBFC-MFIs:**

India Ratings and Research (Ind-Ra) believes the proposed harmonisation guidelines are the need of the hour to address the diverse interpretations of regulations by the multiple forms of entities (mostly regulated) involved in microfinance. The Reserve Bank of India's (RBI) consultative document on the regulation of microfinance dated 14 June 2021 proposes to include a common definition of microfinance loans applicable to all regulated entities. In addition, it tries to achieve a common process to arrive at the maximum permissible borrower indebtedness, by doing away with the cap on the number of lenders per borrower and pricing caps.

Source: <https://www.goodreturns.in/news/proposed-harmonisation-guidelines-to-create-level-playing-field-for-nbfc-mfis-1213038.html?story=1>

- **RBI proposes Removing Interest Rate Caps For Microlenders:**

Microfinance institutions (MFIs) may get freedom to set interest rates guided by a board-approved policy, under a Reserve Bank of India (RBI) proposal to review the regulatory framework governing them. The proposal, if implemented, will end the existing regulatory cap on MFI interest rates. Non-banking financial company (NBFC)-MFIs, like any other NBFC, shall be guided by a board-approved policy and the fair practices code, whereby disclosure and transparency would be ensured. There would be no ceiling prescribed for the interest rate. However, while doing so, they should ensure usurious interest rates are not charged. The idea is to harmonize regulations across categories of microlenders.

Source: <https://www.livemint.com/industry/banking/rbi-releases-framework-for-regulation-of-microfinance-loans-seeks-feedback-from-stakeholders-11623676607782.html>

- **NBFCs' Vehicle Loan And MFI Collections Hit Most By Covid 2.0:**

Vehicle financing and micro finance segments of non banking finance companies (NBFCs) have been hardest hit as localised lockdowns and rising infections within staff have hit collection efficiencies raising the risk of non performing assets (NPAs), credit rating agency IndiaRatings (Ind-Ra) said.

Source: <https://economictimes.indiatimes.com/industry/banking/finance/banking/vehicle-finance-micro-loan-nbfc-collections-worse-hit-due-to-covid-induced-localised-lockdowns-indiaratings/articleshow/83797320.cms>

- **RBI Issues Guidelines For NBFCs On Dividends Distribution, Financial Stocks Gain:**

With an aim to infuse greater transparency and uniformity, the Reserve Bank of India has issued guidelines on the distribution of dividends by non-banking financial companies (NBFCs). These guidelines will be applicable to all the NBFCs regulated by the central bank and shall be effective for dividend declaration from the profits of the financial year ending March 31, 2022, onwards.

Source: <https://www.zeebiz.com/market-news/news-rbi-issues-guidelines-for-nbfcs-on-dividends-distribution-financial-stocks-gain-159340>

- **NBFC Disbursement To Dip By 50-60% In Q1 FY 22, Bad Loans Set To Rise (ICRA):**

NPA classification period likely to get 30-day extension as bad loans mount. The disbursements by non-banks–finance and housing companies–is likely to decline by 50-60 per cent in the first quarter ended June 2021 amid restrictions imposed through lockdown to contain spread of Covid-19 pandemic. However, the sector is expected to post a healthy revival in the latter part of the year, according to rating agency IcrA. The sectoral Asset Under Management (AUM) growth is pegged at 7-9 per cent for FY2022 vis-a-vis four per cent in FY2021. The low base and growth in disbursement of 6-8 per cent to support AUM growth. Rating agency said in a statement that pressure on asset quality will manifest as a 50-100 basis-point increase in non-performing assets (NPAs). The write-offs could remain higher and similar to the last fiscal in the base case scenario.

Source: https://www.business-standard.com/article/current-affairs/nbfc-disbursement-to-dip-by-50-60-in-q1fy22-bad-loans-set-to-rise-icra-121062800807_1.html

- **Covid 2nd Wave, NBFCs, HFCs May Report 4.5-5% Rise In Bad Loans By Mar 2022 (ICRA):**

Restrictions in movements imposed by various states are likely to impact collections of non-banking financial companies (NBFCs) and housing finance companies (HFCs), which may see NPAs rising to 4.5 - 5% by March 2022. As per ICRA Ratings, Non-Banks (NBFC and HFCs) will feel the stress of the second wave of Covid-19 and movement restrictions imposed by various states in April-May 2021, given the fact that 25-30% of their loan collections happen through field collection teams and largely via cash.

Source: <https://www.livemint.com/industry/banking/covid-2nd-wave-nbfcs-hfcs-may-report-4-5-5-rise-in-npas-by-mar-2022-says-icra-11622554422515.html>

- **RBI Raises Average Base Rate For NBFC-MFI To 7.98%:** The Reserve Bank of India (RBI) has fixed the average base rate for NBFC-MFIs to be charged from their borrowers at 7.98 per cent for the quarter starting July 1, 2021. The rate has been increased from 7.81 per cent that was applicable in the April-June quarter. "The Reserve Bank of India has today communicated that the applicable average base rate to be charged by Non-Banking Financial Company - Micro Finance Institutions (NBFC-MFIs) to their borrowers for the quarter beginning July 1, 2021 will be 7.98 per cent," said an RBI statement. The central bank in its circular dated February 7, 2014, issued to NBFC-MFIs regarding pricing of credit, stated that on the last working day of every quarter, it will advise the average of the base rates of the five largest commercial banks for the purpose of arriving at the interest rates to be charged by NBFC-MFIs to their borrowers in the ensuing quarter.

Source: <https://www.timesnownews.com/business-economy/industry/article/rbi-raises-average-base-rate-for-nbfc-mfi-to-7/778260>

- **NBFC-MFI Sector May See More Restructuring Of Portfolio (CRISIL):**

A hit to collection efficiency of non-banking finance companies and microfinance institutions (NBFCs-MFIs) owing to protracted Covid-19 curbs will increase asset-quality pressures in the sector, according to Crisil Ratings. Loans in arrears for over 30 days or the 30-plus portfolio at risk (PAR) can rise to 14 to 16 per cent of portfolio this

month from a recent low of 6 to 7 per cent in March. The number had surged to 11.7 per cent in March 2017 in the aftermath of demonetisation. But unlike last fiscal, when loan moratorium helped keep delinquency increases at bay, more MFIs are likely to opt for permitting restructuring under the Reserve Bank of India (RBI)'s Resolution Framework 2.0 announced last month, and continue with higher provisioning.

Source: <https://theprint.in/ani-press-releases/nbfc-mfi-sector-may-see-more-restructuring-of-portfolio-crisil/676827/>

INSURANCE

- **Lightspeed Invests In Insurance Startup BimaPe:**

Lightspeed India Partners, an investor in firms such as Byju's, OYO and Udaan, has invested in insurance startup BimaPe - which provides a digital interface for people and families to manage their insurance plans. Founded by 23-year-old Rahul Mathur, BimaPe currently condenses 50-60 page jargon-filled insurance documents into a jargon-free interface that allows users to understand what their policy covers and does not cover. BimaPe enables users to seamlessly manage their family's insurance. Users can get an overview of all their insurance policies, make one-click claims, and discover several hidden insurance benefits from their bank cards and Provident Fund.

Source: <https://www.moneycontrol.com/news/business/startup/lightspeed-invests-in-insurance-startup-bimape-7045651.html>

- **Standard Life To Sell 7 Crore Shares Of HDFC Life Insurance Via Block Deals:**

Standard Life is looking to sell seven crore shares, or 3.46 per cent, in HDFC Life Insurance. This will be through block deals on June 29. The price range has been fixed at ₹658-678 a share. At the lower end of the price range, the base offer size would amount to ₹4,606 crore. JP Morgan India and BoFA Securities India are the joint book runners. As on March 31, 2021, Standard Life held 17.95 crore shares amounting to 8.88 per cent in HDFC Life Insurance.

Source: <https://www.thehindubusinessline.com/money-and-banking/standard-life-to-sell-7-crore-shares-of-hdfc-life-insurance-via-block-deals/article35021675.ece>

- **Claims Throw Light On Insurance Status, Only 14% Of Covid Deaths Had Cover:**

While the country reported over 3.91 lakh deaths due to Covid-19 pandemic, only

14 per cent of them: 55,276 deaths have made insurance claims so far, indicating the poor life insurance penetration in the country. Out of 55,276 claims intimated to the insurance firms, nearly 88 per cent (48,484 claims) amounting to Rs 3,593 crore have already been settled, said L Alamelu, Member (non-life), Insurance Regulatory and Development Authority of India (IRDAI). On the other hand, insurance companies have settled about 80 per cent (over 15.39 lakh) of health claims exceeding an amount of Rs 15,000 crore as on June 22. Over 19.11 lakh Covid health claims have been reported as on June 22 as far as medical insurance or hospitalisation is concerned, Alamelu said.

Source: <https://indianexpress.com/article/business/claims-throw-light-on-insurance-status-only-14-of-covid-deaths-had-cover-7374724/>

- **Insurtech Startup Renewbuy Raises \$45m Led By APIS Partners:**

Gururam-based insurtech startup RenewBuy has raised \$45 million in a Series C funding round led by an investment from Apis Growth Fund II, a private equity fund managed by Apis Partners LLP, a UK-based asset manager that supports growth-stage financial services and financial technology businesses. RenewBuy's existing investors, Lok Capital and IIFL Wealth, also participated in the funding round.

Source: <https://yourstory.com/2021/06/funding-alert-insurtech-startup-renewbuy-apis-partners/amp>

- **IRDAI Allows Home Treatment As Add-On Cover In Health Insurance:**

The Indian insurance regulator IRDAI has allowed non-life insurers to offer "homecare/domiciliary treatment" or treatment at home as an add on cover afresh or to their existing policies. In a circular to all non-life insurers including standalone health

insurers, the Insurance Regulatory and Development Authority of India (IRDAI) has said companies have to file their products with it, if home treatment is offered as an add-on cover.

Source: <https://www.zeebiz.com/personal-finance/news-irdai-allows-home-treatment-as-add-on-cover-in-health-insurance-159123>

- **New Health Insurance For Govt. Officials, Pensioners:**

Hon'ble Governor Banwarilal Purohit announced that the State government would implement a new health insurance scheme for government officials and pensioners with substantially enhanced benefits. In his address in the Legislative Assembly, the Governor said the welfare of government officials and pensioners would be fully protected. "This government fully recognises the important role that government officials play in ensuring that the benefits of government schemes reach the people," he said. The Governor also said the present model of human resources management needed an overhaul. "This government feels the current model of human resources management, backbone data systems, and audit and oversight functions need a thorough overhaul," he said.

Source: <https://www.thehindu.com/news/national/tamil-nadu/new-health-insurance-for-govt-officials-pensioners/article34896752.ece>

- **SBI General Insurance Enters Into Bancassurance Tie-Up With With IDFC First Bank:**

SBI General Insurance, one of the leading general insurance companies in India, has signed a corporate agency agreement with IDFC FIRST Bank for distribution of non-life insurance solutions. Under this

strategic agreement, SBI General Insurance will offer insurance products such as health, personal accident, home, motor and travel along with the commercial line of insurance products such as property, marine and engineering insurance to the bank's customers.

Source: <https://timesofindia.indiatimes.com/business/india-business/sbi-general-insurance-enters-into-bancassurance-tie-up-with-idfc-first-bank/articleshow/83711308.cms>

- **HDFC Bank To Buy Rs 1,906 Cr Stake In Group Firm HDFC Ergo General Insurance:**

HDFC Bank has given its approval to buy more than 3.55 crore shares in group firm HDFC ERGO General Insurance Company for over Rs 1,906 crore from the parent company Housing Development Finance Corporation. "The board of directors of HDFC Bank at its meeting held on June 18, 2021 has approved the purchase of 3,55,67,724 equity shares of Rs 10 each, representing 4.99 per cent of the outstanding issued and paid-up capital of HDFC ERGO General Insurance Company Ltd from HDFC Ltd," HDFC Bank said in the filing.

Source: <https://economictimes.indiatimes.com/markets/companies/hdfc-bank-to-buy-rs-1906-cr-stake-in-groups-general-insurer/articleshow/83667956.cms>

- **Indians More Inclined Towards Life Insurance During Covid's Second Wave:**

The deadly second wave of Covid-19 in India has claimed more than 3.83 lakh lives so far. The havoc wreaked in the last few months have made people more cautious and aware of their insurance needs as more people are buying insurances now. This, coupled with the lower base effect of the insurance business from the previous year, has shot up the sales figures of insurances during April and May 2021. The individual life insurance

rose by 27.06 per cent during the first two months of the current fiscal year. This is the highest growth in almost last five years.

Source: <https://www.indiatoday.in/diu/story/indians-more-inclined-towards-life-insurance-during-covids-second-wave-1816701-2021-06-19>

- **General Insurance Industry To Grow At 7-9% In Fiscal 2022, Says ICRA:**

The general insurance industry is expected to clock 7 to 9 per cent growth in gross direct premium income during FY22, investment information firm ICRA has said. This will be supported by growth in health segment and uptick in motor segment. "Despite underwriting losses, the sector is expected to report marginal return on equity (3 to 4.5 per cent) largely supported by investment income which is highly regulated by the Insurance Regulatory and Development Authority of India (IRDAI)," said ICRA.

Source: https://www.business-standard.com/article/economy-policy/general-insurance-industry-to-grow-at-7-9-in-fiscal-2022-says-icra-121061800604_1.html

- **No Insurance Provision For Covid-19 Cover, Centre:**

The Union government has told the Supreme Court there is no policy or scheme that provides for national insurance coverage for deaths due to Covid-19, and that there has been no deliberation to include the pandemic for risk insurance coverage against natural disasters in the country. In a written submission before the apex court, in response to a public interest litigation by advocate Gaurav Bansal for payment of ex-gratia amount of ₹4 lakh for every Covid-19 death, the Centre reiterated that the finance commission, in October 2020, recommended against including the pandemic as a disaster for providing monetary relief.

Source: <https://www.hindustantimes.com/india-news/cant-provide-insurance-cover-for-covid-centre-101624730160345.html>

- **Dvara E-Dairy Partners With IFFCO Tokio General Insurance For AI-Led Tag For Cattle Insurance:**

Dvara E-Dairy Solutions, a portfolio company of Dvara Holdings has launched an artificial intelligence (AI) led digital tag ‘Surabhi e-Tag’ to identify cattle based on muzzle identity. This will be used for cattle insurance products offered in partnership with IFFCO Tokio General Insurance. Under this initiative, muzzle images of the cattle are collected through the Surabhi mobile application and stored in hi-resolution images as a unique digital identity. In a statement, the company said that one of the biggest issues faced by cattle insurance companies is the accurate identification of cattle and the processing time involved.

Source: <https://www.moneycontrol.com/news/business/economy/dvara-e-dairy-partners-with-iffco-tokio-general-insurance-for-ai-led-tag-for-cattle-insurance-7102891.html>

- **NITI Aayog Recommends Privatising United India Insurance Company:**

The NITI Aayog has recommended privatisation of state-owned insurer United India Insurance Company as the government aims to move ahead with its new public sector enterprise (PSE) policy for Atmanirbhar Bharat. The policy think tank has suggested that the public sector insurer be considered for privatisation in the banking, insurance and financial services sector, which has been classified as ‘strategic’ in the PSE policy, said an official.

Source: https://www.business-standard.com/article/economy-policy/niti-aayog-recommends-privatising-united-india-insurance-company-121062901731_1.html

- **Life Insurance Companies See 5-10x Surge In Covid Claims In April:**

The second wave of Covid has pushed up claims for life insurance companies by 5-10 times for April 2021. This follows 1.9 lakh Covid-related deaths since April 1, 2021, which is 17% higher than lives lost to the pandemic in the entire FY21. Life insurers, while making Covid reserves last year, assumed 50–100% higher Covid-related deaths for FY22. Our analysis shows that reserves made by them can cover 1.5–2x the Covid-related deaths in FY21.

Source: <https://timesofindia.indiatimes.com/business/india-business/life-cos-see-5-10x-surge-in-covid-claims-in-april/articleshow/83493244.cms>

CORPORATE BOND MARKET

- **Default Rates Among Corporate Bond Issuers To Rise In Medium Term:**

Rating agency Crisil expects default rates among corporates issuing debt instruments to rise going forward as pandemic-induced regulatory measures get phased out. That said the annual default rates for firms rated by Crisil rating dropped to 2% in fiscal year 2021 notwithstanding the pandemic, owing to various regulatory measures, it said. The default rate for fiscal year 2020 stood at 4.5%, according to the report. “Various relief measures such as the moratorium on debt servicing and deferment of asset classification norms by the Reserve Bank of India, its targeted long-term repo operations (TLTROs) and government measures such as the Emergency Credit Line Guarantee scheme were timely interventions that cushioned firms facing cash flow pressures. The relaxation of default recognition norms by the Securities and Exchange Board of India (SEBI) also played its part in providing temporary relief at the peak of the first wave of the pandemic,” said the report. Crisil had rated nearly 8,000 cooperative issuers, including those issuing bonds, loans etc, with nearly 56% of the ratings in the BB category or lower.

Source: <https://www.livemint.com/companies/news/default-rates-among-corporate-bond-issuers-to-rise-in-medium-term-11624795639587.html>

- **Federal Reserve Plans To Sell Corporate Bond Holdings:**

The Federal Reserve’s first-ever foray into the corporate bond market will come to a final close in coming months, with the central bank announcing that it will sell off its exchange-traded fund investments and

direct bond holdings. The sales, which a Fed official said the central bank expects to complete by the end of the year, will finish off a program that was the first of its kind. The Fed announced in March 2020 that it would begin buying corporate debt using its emergency lending powers. The maneuver was an effort to unfreeze the flailing bond market as panic, inspired by the then-unfolding pandemic, threatened to keep American companies from renewing their debt or borrowing more.

Source: <https://economictimes.indiatimes.com/markets/bonds/federal-reserve-plans-to-sell-corporate-bond-holdings/articleshow/83194070.cms>

- **SoftBank Group Mulls Its First Overseas Bond Sale Since 2018:**

SoftBank Group Corp. hired banks for a potential sale of dollar and euro bonds, in what would be its first overseas debt sale in three years. The Japanese technology conglomerate mandated Deutsche Bank AG, Barclays Plc and HSBC Holdings Plc for a possible offering of notes with tenors from three years to 12 years, according to a person familiar with the matter, who isn’t authorized to speak publicly and asked not to be identified. The company previously sold U.S. currency and euro-denominated notes in 2018. A debt deal would come after SoftBank Group priced Japan’s biggest local corporate note sale of the year earlier this month. The tech giant led by billionaire Masayoshi Son recently posted the largest-ever quarterly profit by a Japanese company after reaping gains from investments led by newly public Coupang Inc.

Source: <https://www.bloomberg.com/news/articles/2021-06-28/softbank-group-plans-dollar-euro-bonds-amid-continued-debt-push>

- **Averse Bankers, Willing RBI Push Companies Towards The Bond Market:**

Corporate fund-raising momentum suggests that companies, at least the better-rated ones, may have permanently moved into the bond market, shaking off their dependence on bank loans. However, it is not a linear trend for those rated “A” and below, who still heavily depend on banks for their funding needs. The corporate bond market is still dominated by financial companies, but non-financial companies have marked their presence in the past one year.

Source: https://www.business-standard.com/article/finance/averse-bankers-willing-rbi-push-companies-towards-the-bond-market-121063000075_1.html

- **Now We Know Where Exactly RBI Wants The Bond Yields To Stay:**

Market pundits have got the movement in bond yields wrong for the last three months. Yields were expected to go up due to higher borrowing programmes of the central and state governments, a rise in global yields and expectation of higher CPI inflation in the coming months. The Bloomberg Commodity Index has reached the highest levels in last 10 years. In the Indian context, the second wave of Covid has led to severe strain on the public healthcare system. This second wave has impacted the rural hinterland and the urban middle class, unlike the previous wave which had affected mostly the urban centres. Selective lockdown imposed by industrial states has led to unemployment levels rising to 10.7% in April and is expected to be around 15% by the end of May (CMIE Data).

Source: <https://economictimes.indiatimes.com/markets/bonds/now-we-know-where-exactly-rbi-wants-the-bond-yields-to-stay/articleshow/83105248.cms>

- **The Bonds We Need Are Not Brown, Not Green:**

Transition bonds allow firms in ‘brown’ industries ones that generate significant emissions to raise funds to finance transition to sustainable models. A comprehensive climate strategy requires transitioning carbon-intensive industries to sustainable practices. Investors may fawn over green bonds but transition bonds are what will save the planet. One piece of the financial asset puzzle that has attracted much innovation in recent years is the market for fixed-income securities or bonds. And if we want to save the world, we need investors to push for a particular class of these securities: transition bonds.

Source: <https://www.dailypioneer.com/2021/columnists/the-bonds-we-need-are-not-brown-not-green.html>

- **SEBI Streamlines Framework On Centralised Database For Corporate Bonds:**

Market regulator SEBI has streamlined the framework for centralised database for corporate bonds to provide further ease of access of information for investors. Under this, it has provided an updated list of data fields to be maintained in the database along with the manner of filing the same, Sebi said in a circular. The regulator has also specified responsibilities of parties involved, contents of the database and manner of submitting the information. The regulator had in October 2013 mandated depositories to jointly create, host and maintain a centralised database of corporate bonds held in demat form.

Source: https://www.business-standard.com/article/markets/sebi-streamlines-framework-on-centralised-database-for-corporate-bonds-121060401488_1.html

Department of Banking & Financial Services Upcoming Programme

2nd National E-Conclave On Productive Use Of Financial Resources	29th July 2021
National E-Summit On Insolvency & Bankruptcy Code & Valuation	15th July 2021, 06th August 2021 18th August 2021 & 25th August 2021
ASSOCHAM Monthly Banking, Financial Services & Insurance (BFSI) E-Bulletin (Vol. 2)	First Week of August 2021

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