



**THE INSTITUTE OF
COST ACCOUNTANTS OF INDIA**
(STATUTORY BODY UNDER AN ACT OF PARLIAMENT)
CMA BHAWAN
12, SUDDER STREET, KOLKATA – 700 016.

Telephones : +91-33- 2252-1031/1034/1035
+ 91-33-2252-1602/1492/1619
+ 91-33- 2252-7143/7373/2204
Fax : +91-33-2252-7993
+91-33-2252-1026
+91-33-2252-1723
Website : www.icmai.in

DAILY NEWS DIGEST BY BFSI BOARD, ICAI

July 5, 2021

- **Industrial sector's share in bank credit falls sharply as corporates deleverage, seek out new fund sources:** Corporates continuing to deleverage their books and scouting more cheaper sources of funding, has led to a sharp fall in the share of the industrial sector in total bank credit. With banks pushing loans in the retail segment, total bank credit to the industrial sector dropped by nearly 14% between 2014-2021. This sure was largely taken up by the housing segment and individual loans, RBI data showed. As per the data, industrial credit which formed a lion's share of bank credit at 42.7% at the end of March 2014 fell to 28.9% by March 2021. "The environment for bank credit remains lacklustre in the midst of the pandemic, with credit supply muted by persisting risk aversion and subdued loan demand and within this overall setting, underlying shifts are becoming more evident than before," the regulator noted as part of its Financial Stability Report. "Over recent years, the share of the industrial sector in total bank credit has declined whereas that of personal loans has grown."
<https://economictimes.indiatimes.com/industry/banking/finance/banking/industrial-sectors-share-in-bank-credit-falls-sharply-as-corporates-deleverage-seek-out-new-fund-sources/articleshow/84114367.cms>
- **Airtel Payments Bank hopeful of break-even in FY22; logs surge in business volumes amid pandemic :** Airtel Payments Bank has seen a surge in business volumes in FY21 as lockdown curbs and migrants heading back to villages spurred new accounts as well as transactions, and the company is eyeing a break-even this fiscal, a top official said. Factors like growth in revenues, expanded scale of operations, and higher realisation per user from cross selling of products are expected to drive break-even in the current financial year. The pandemic and subsequent lockdown curbs fuelled uptake as customers, both in rural interiors and urban cities, sought banking solutions closer home, opting for convenient and secure digital payment options. The bank witnessed a strong traction for its diversified product offerings such digital payments, money transfers, insurance, direct benefit transfer credits, Aadhaar-enabled payment system and collection management services. A senior company official, who did not wish to be named, said Airtel Payments Bank is "confident" of a break-even this year, having reached the "right level of scale" with its large base of users.
<https://www.moneycontrol.com/news/business/companies/airtel-payments-bank-hopeful-of-break-even-in-fy22-logs-surge-in-biz-volumes-amid-pandemic-7123201.html>
- **With rise in hospital bills, demand for high-value cover goes up:** Worries over high medical costs for Covid-19 treatment are pushing a number of people to look at high-value health insurance covers of as much as ₹1 crore. Insurers say that while the overall average sum insured for health insurance has increased to at least ₹5 lakh, many are even taking up policies of ₹1 crore. "Of late, there is demand for ₹1 crore sum-insured health insurance covers. Earlier, there was not so much of demand. With the kind of expenditure incurred in Covid-19 treatment, many people are looking at such policies. Also, there isn't a huge increase in premium if a person moves from a ₹20 lakh policy to ₹1 crore cover," said Rakesh Goyal, Director at Probus Insurance. There are also additional features in such high net policies with global insurance cover. This is not a mass market product, he further said.
<https://www.thehindubusinessline.com/money-and-banking/with-rise-in-hospital-bills-demand-for-high-value-cover-goes-up/article35135856.ece>
- **Banks' exposure to airports doubles over last year:** The outstanding amount of gross bank credit by Indian airports has doubled to ₹9,464 crore as of May 2021 compared to ₹4,519 crore last year, according to data put out by the Reserve Bank of India. Industry experts believe that the increase in bank credit is because of many airports facing a cash crunch due to the Covid-19 pandemic. Some airports may have taken credit to undertake



**THE INSTITUTE OF
COST ACCOUNTANTS OF INDIA**
(STATUTORY BODY UNDER AN ACT OF PARLIAMENT)
CMA BHAWAN
12, SUDDER STREET, KOLKATA – 700 016.

Telephones : +91-33- 2252-1031/1034/1035
+ 91-33-2252-1602/1492/1619
+ 91-33- 2252-7143/7373/2204
Fax : +91-33-2252-7993
+91-33-2252-1026
+91-33-2252-1723
Website : www.icmai.in

expansion activities as well. The domestic passenger traffic, which had started seeing a steady ramp-up post resumption of airport operations from May 25, 2020, reaching 64 per cent of the previous year levels in February 2021, had again suffered a setback due to the second wave of restrictions.

<https://www.thehindubusinessline.com/economy/logistics/banks-exposure-to-airports-doubles-over-last-year/article35134118.ece>

- **Investments into Neobanking space dip:** While the Neobanking space in India has been abuzz in 2020 with many pureplay lending and wealth management start-ups diversifying their offerings to enter the segment, funding activity plunged 70.57 per cent as compared to a sudden jump in 2019. Total funding raised in 2020 across the neobanking sector stood at \$32.2 million over 7 deals against \$109.4 million raised through 13 deals in 2019, according to data from Tracxn. Investment in the sector picked up in 2018, wherein \$31.9 million was raised across nine deals as compared to just \$9.6 million across four deals. In 2021, year-to-date, there has been seven deals so far raising \$22.2 million.
<https://www.thehindubusinessline.com/money-and-banking/investments-into-neobanking-space-dip/article35134896.ece>
- **Businesses need not deduct TDS on share purchases via exchanges: CBDT:** Businesses buying shares or commodities traded through recognised stock or commodity exchanges for any value even above Rs 50 lakh will not be required to deduct TDS on the transaction, the income tax department has said. With effect from July 1, 2021, the income tax department has introduced a provision relating to Tax Deducted at Source (TDS) which would be applicable to businesses with turnover of over Rs 10 crore. Such businesses while making any payments for purchase of goods exceeding Rs 50 lakh in a financial year to a resident would be required to deduct a 0.1 per cent TDS. However, this provision would not be applicable on share or commodity transactions done through stock exchanges, the Central Board of Direct Taxes (CBDT) has said.
https://www.business-standard.com/article/pti-stories/biz-need-not-deduct-tds-on-share-commodity-purchases-via-exchanges-cbd-121070400173_1.html
- **RBI should not print money to finance fiscal deficit: Pinaki Chakraborty:** The RBI should not print money to finance the fiscal deficit as it will lead to fiscal profligacy, eminent economist Pinaki Chakraborty said on Sunday, expressing hope that India will see a faster economic recovery if there is no major third pandemic wave. In an interview with PTI, Chakraborty — the director of the National Institute of Public Finance and Policy (NIPFP) — said that high inflation is certainly a concern and there is a need to stabilise inflation to a level which is manageable. “I think this debate started in the beginning of the pandemic and printing money for deficit financing was not considered. I don’t think the RBI should ever do that,” he noted and added that it will only “incentivise fiscal profligacy”. “We stopped it in 1996 through memorandum of understanding (MOU) between the RBI and the government. We should not go back to it again,” he said.
<https://www.moneycontrol.com/news/business/rbi-should-not-print-money-to-finance-fiscal-deficit-pinaki-chakraborty-7123051.html>
- **LIC IPO: Government likely to invite bids from merchant bankers this month:** The Government is likely to invite bids from merchant bankers this month for managing LIC disinvestment as it moves ahead with plans to launch the initial public offer (IPO) by January 2022, an official said. The Department of Investment and Public Asset Management (DIPAM) had in January appointed actuarial firm Milliman Advisors LLP India to assess the embedded value of LIC ahead of the IPO, which is touted to be the biggest public issue in Indian corporate history. The official further said the Budget amendments to the LIC Act have been notified and the actuarial firm would work out the embedded value of the life insurer in the next couple of weeks. Under the embedded value method, insurance companies' present value of future profit is also included in its present net asset value (NAV).



**THE INSTITUTE OF
COST ACCOUNTANTS OF INDIA**
(STATUTORY BODY UNDER AN ACT OF PARLIAMENT)
CMA BHAWAN
12, SUDDER STREET, KOLKATA – 700 016.

Telephones : +91-33- 2252-1031/1034/1035
+ 91-33-2252-1602/1492/1619
+ 91-33- 2252-7143/7373/2204
Fax : +91-33-2252-7993
+91-33-2252-1026
+91-33-2252-1723
Website : www.icmai.in

<https://economictimes.indiatimes.com/markets/ipos/fpos/lic-ipo-govt-likely-to-invite-bids-from-merchant-bankers-this-month/articleshow/84110631.cms>

- **Mcap of eight of 10 most valued firms falls by Rs 65,176 crore:** Eight of the 10 most valued firms witnessed a combined erosion of Rs 65,176.78 crore in the market valuation last week, mainly dragged down by Tata Consultancy Services (TCS) and HDFC Bank. Only Reliance Industries Limited (RIL) and Hindustan Unilever Limited (HUL) emerged as gainers from the top-10 list. The market valuation of TCS dropped by Rs 20,400.27 crore to Rs 12,30,138.03 crore. HDFC Bank's valuation tumbled Rs 18,113.03 crore to reach Rs 8,18,313.66 crore. The valuation of HDFC dipped Rs 5,837.3 crore to Rs 4,46,941.10 crore and that of ICICI Bank declined by Rs 5,762.02 crore to Rs 4,43,404.75 crore.

<https://www.thehindubusinessline.com/markets/stock-markets/mcap-of-eight-of-10-most-valued-firms-falls-by-rs-65176-crore/article35130582.ece>

Disclaimer

Information published in the Daily News Digest are taken from publicly available sources and believed to be accurate. BFSI Board of ICAI takes no responsibility for the accuracy and reliability of information published in the Daily News Digest. No part of this Daily News Digest may be reproduced, stored in a retrieval system, or transmitted in any form or by any means - electronic, mechanical, photocopying, recording, or otherwise without the permission of BFSIB of ICAI.

*For Restricted Circulation only A Compilation of News in this regard from Secondary Sources.