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DAILY NEWS DIGEST BY BFSI BOARD, ICAI

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- **Privatisation plans for Central Bank of India, Indian Overseas Bank likely to face hurdles: Analysts:** The weak financial metrics of lenders like Central Bank of India and Indian Overseas Bank (IOB) may throw unexpected hurdles to the government's plan to privatise at least two of the state-run banks in the initial phase, according to banking analysts and experts. On June 8, shares of Central Bank and IOB soared 7-14 percent on reports that the Niti Aayog has recommended the names of the two banks to the government for privatisation. Both the lenders are currently under the Prompt Corrective Action (PCA) imposed by the Reserve Bank of India (RBI). PCA involves the imposition of certain business restrictions on banks with weak financial metrics by the RBI. The nature and degree of curbs are threshold-based and depend on the financial profile of each individual bank. Investor interest might be especially muted for banks which are currently restricted from pursuing loan growth to higher-yielding borrowers and branch expansion under the RBI's PCA, Saswata Guha, senior director, banks at Fitch India Services, said in a report dated June 7.
<https://www.moneycontrol.com/news/business/privatisation-plans-for-central-bank-of-india-indian-overseas-bank-likely-to-face-hurdles-analysts-7007351.html>
- **RBI nod for Ghosh's re-appointment as Bandhan Bank MD and CEO for three years:** 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," the lender said in a regulatory filing on Tuesday. On November 2, 2020, the board of the bank had approved re-appointment of Ghosh as the MD and CEO for a period of five years with effect from July 10, 2021, subject to approval of the RBI and shareholders.
https://m.economictimes.com/industry/banking/finance/banking/rbi-nod-for-ghoshs-re-appointment-as-bandhan-bank-md-and-ceo-for-three-years/amp_articleshow/83345406.cms
- **RBI money printing should be last option, govt can consider Covid bonds: Subbarao:** The central bank can directly print money and finance the government, but it should avoid doing so unless there is absolutely no alternative, former RBI governor D Subbarao on Wednesday said while pointing out that India is 'nowhere' near such a scenario. In an interview with PTI, Subbarao suggested that to deal with the second wave of COVID-19 induced slowdown in the economy, the government can consider Covid bonds as an option to raise borrowing, not in addition to budgeted borrowing, but as a part of that. "It (RBI) can (print money) but, it should avoid doing so unless there is absolutely no alternative. For sure, there are times when monetisation – despite its costs - becomes inevitable such as when the government cannot finance its deficit at reasonable rates. "We are nowhere near such a scenario," he said.
<https://economictimes.indiatimes.com/news/economy/policy/rbi-money-printing-should-be-last-option-govt-can-consider-covid-bonds-subbarao/articleshow/83369306.cms>



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- **SBI Union and others ask RBI not to permit payment platform by corporates:** An employee union of the country's largest lender SBI in association with a global alliance on Tuesday asked the Reserve Bank not to allow large corporates to set up payment networks as it could lead to compromise on data safety. A coalition of labour unions and NGOs led by UNI Global Union, All India State Bank of India Staff Federation (AISBISF), IT for Change and the Joint Action Committee Against Foreign Retail and E-commerce' (JACAFRE) demanded that the Reserve Bank of India (RBI) reject Amazon's application to set up a new "fee rich" for-profit payment system. "Amazon as an entity goes contrary to the principles of equity and fairness, and it is being investigated for its unfair, abusive, and anti-competitive conducts in several jurisdictions, including in India," the coalition alleged in a letter submitted to the RBI.
<https://economictimes.indiatimes.com/industry/banking/finance/banking/sbi-union-and-others-ask-rbi-not-to-permit-payment-platform-by-corporates/articleshow/83346457.cms?from=mdr>
- **India offers huge potential for digital banks: Report:** India offers a huge potential for Digital Challenger Banks (DCBs) but currency depreciation and local regulations are concerns for foreign investors, according to a report. Leading consultancy BCG said in the report on Wednesday that the revenue opportunity in India, which has a population of 130 crore people, was pegged at being up to ten times higher than that of rest of South East Asia."Indian regulators place significant emphasis on financial inclusion and priority sectors, which can limit the potential model and opportunity," the report said, flagging the policies as among the "strategic hurdles" faced by foreign entities. However, the report said that not all licenses carry the constraint and operating as a Non-Bank Finance Company (NBFC) gives one a significant flexibility. Once a NBFC gets formed, partnering with a traditional bank is the "best of both worlds", it added.
<https://economictimes.indiatimes.com/industry/banking/finance/banking/india-offers-huge-potential-for-digital-banks-report/articleshow/83369058.cms?from=mdr>
- **CBI carries out searches in Yes Bank case:** The CBI has carried out searches at multiple locations in Delhi and NCR after registering an FIR against Gautam Thapar, Avantha Realty and others for alleged diversion of over Rs 466 crore in Yes Bank during 2017-19, officials said. Thapar is already being probed in another case related to diversion of public money in Yes Bank allegedly involving the bank's former chief Rana Kapoor, they said. In the present case, the CBI has also booked Raghbir Kumar Sharma, Rajendra Kumar Mangal, Tapsi Mahajan, their companies Oyster Buildwell Pvt Ltd and Avantha Realty Pvt Ltd, and officials of Jhabua Power Ltd. The case has been registered on a complaint, dated May 27, 2021, from Chief Vigilance Officer of the Bank Ashish Vinod Joshi.
<https://economictimes.indiatimes.com/industry/banking/finance/banking/cbi-carries-out-searches-in-yes-bank-case/articleshow/83368622.cms?from=mdr>
- **RBI approves re-appointment of GC Chaturvedi as part-time chairman of ICICI Bank:** The Reserve Bank of India has approved the re-appointment of Girish Chandra Chaturvedi as the part-time Chairman of ICICI Bank for a period of three years starting July 1, 2021. "The shareholders at the Annual General Meeting held on August 14, 2020 had already approved the re-appointment of Girish Chandra Chaturvedi as non-executive (part-time) Chairman of the Bank for a period of three years effective from July 1, 2021," ICICI Bank said in a regulatory filing on Tuesday.



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<https://www.thehindubusinessline.com/money-and-banking/rbi-approves-re-appointment-of-gc-chaturvedi-as-part-time-chairman-of-icici-bank/article34764142.ece>

- **Max Life eyes VNB growth of 26 per cent in FY'21-22:** After clocking a robust 39 per cent growth in 'Value of new business' (VNB) in 2020-21, Max Life Insurance, a private life insurer, is now eyeing a VNB growth of at least 26 per cent this fiscal, its Managing Director & CEO Prashant Tripathy has said. Seen globally as the true measure of a life insurer's profits, the VNB as a concept is the profit the company (insurer) hopes to make on policies written during the year after accounting for all the costs incurred and assuming future persistence and mortality. For 2020-21, Max Life Insurance's VNB came in at ₹ 1,249 crore, up 39 per cent over previous fiscal and almost doubled in last 3 years. The average VNB growth for the company over the last five years stood at 26 per cent. "Maintaining VNB growth at 39 per cent will be difficult. However, our aspiration this fiscal is to achieve VNB growth of atleast 26 per cent, which has been our last five years average," Tripathy told BusinessLine in an interaction post the announcement of financial results for 2020-21.
<https://www.thehindubusinessline.com/money-and-banking/max-life-eyes-vnb-growth-of-26-per-cent-in-fy21-22/article34767100.ece>
- **Reliance Home Finance debt resolution: Voting likely to be completed by June 15:** The debt resolution of Reliance Home Finance is understood to be in the final stages, with voting on the bids likely to be completed over the next few days. "The voting for the debt resolution of Reliance Home Finance started on May 31 and is likely to be completed by June 15. The winning bidder will be selected from among the four final and binding bids received by the lenders," said a person familiar with the development. The four final bidders include ARES SSG along with Assets Care and Reconstruction Enterprise, Authum Infrastructure and Investment, Avenue Capital along with ARCIL and Capri Global Capital. In its fourth-quarter results announced last month, it had said the debt resolution process is in the final stages. It had reported a net loss of ₹444.62 crore in the fourth quarter ended March 31 as against a net loss of ₹238.37 crore in the same quarter of the previous fiscal year.
<https://www.thehindubusinessline.com/money-and-banking/reliance-home-finance-debt-resolution-voting-likely-to-be-completed-by-june-15/article34771492.ece>
- **LIC Chairman Kumar tenure extended till March 2022:** The Appointments Committee of the Cabinet (ACC) has extended the term of Life Insurance Corporation (LIC) Chairman MR Kumar till March 13, 2022, the date he completes three years as Chairman of the insurance behemoth. Currently, his notified term was to end on June 30 this year. This extension was widely expected given that LIC is readying itself for a mega initial public offering (IPO) that is expected to help the government mop up close to ₹1-lakh crore in 2021-22. It maybe recalled that Kumar was appointed as LIC Chairman on March 13, 2019. Kumar had joined LIC in 1983 as a direct recruit officer. In a career spanning nearly four decades, Kumar has headed three zones of LIC —Southern Zone, North Central Zone and Northern Zone.
<https://www.thehindubusinessline.com/news/lic-chairman-kumar-tenure-extended-till-march-2022/article34770453.ece>



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- **Health insurers may not go in for premium hike:** A hike in health insurance premium may not be on the cards, at least for now, with the Insurance Regulatory and Development Authority of India (IRDAI) not in favour of such a move at present. “With claims and losses mounting, some insurers were looking at the possibility of revising premium on health insurance this year. However, the IRDAI is not keen on a rate hike in the middle of a pandemic,” said the CEO of an insurance company, adding that the focus now is to clear claims. The IRDAI has been closely the monitoring the settlement of health insurance claims in the wake of the pandemic to ensure that it is done speedily by insurers. “As of now, there has not been any increase in premium rates for health insurance this fiscal. A number of insurers had hiked rates last year and some were considering doing so this year,” said another industry expert.
<https://www.thehindubusinessline.com/money-and-banking/health-insurers-may-not-go-in-for-premium-hike/article34771978.ece>
- **PNB examining proxy advisor's concern on deal with Carlyle Group:** Punjab National Bank (PNB) is examining the concerns raised by a proxy advisory firm regarding the sale of stake in PNB Housing Finance to a clutch of investors led by Carlyle Group, and is expected to address these issues at the shareholders meeting scheduled for next month, said a government official. Governance watchdog Stakeholders Empowerment Services (SES), in a report, said the mortgage lender’s decision to preferentially allot Rs 3,200 crore worth of shares and Rs 800 crore worth of warrants to Carlyle, former HDFC Bank chief executive officer Aditya Puri’s family investment vehicle Salisbury Investments, General Atlantic, and Alpha Investments at Rs 390 a piece was “unfair” to public shareholders of the company and shareholders of PNB.
https://www.business-standard.com/article/finance/pnb-examining-proxy-advisor-s-concern-on-deal-with-carlyle-group-121060900054_1.html
- **Analyst optimism on State Bank of India reaches a 17-year high, shows data:** Market watchers haven’t been this bullish on State Bank of India in almost two decades, as they bet on the lender’s improving asset quality to help it weather the pandemic. Among 48 analysts who cover the stock, 47 recommend buy and only one has a hold rating — a ratio of 98 per cent that’s the highest since June 2004, according to data compiled by Bloomberg. The consensus 12-month price target calls for an 18 per cent gain, nearly double that for the benchmark S&P BSE Sensex Index. Strategists expect India’s marquee lenders to withstand the impact of a slowing economy thanks to robust provisioning and new measures that will allow them to hide the true extent of their bad loans through 2022. That may boost the sector’s performance — which has been middle-of-the pack this quarter — in an equity market that’s looking beyond the economic impact of a flare-up in India’s Covid-19 cases as the index climbs to new record highs.
https://www.business-standard.com/article/finance/analyst-optimism-on-state-bank-of-india-reaches-a-17-year-high-shows-data-121060900058_1.html
- **Second wave: Too early to take call on asset quality dip, says SBI chief:** State Bank of India has said the new financial year (FY22) has begun with an unexpected second wave of Covid-19 infections, accompanied by low aggregate demand and impairment of household income. Although the containment strategy this time included avoiding complete lockdown and managing the situation



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through micro-containment zones, the impact on the economy will nevertheless be felt."It is too early to take a call of a possible deterioration of asset quality in banks due to the second wave," said Dinesh Khara, its chairman in a communication to shareholders. The annual general Meeting of shareholders is slated on June 25, 2021. However, with rollout of pre-package insolvency for resolution, resumption of courts and formation of National Asset Reconstruction Company, efforts will be in full force to keep the momentum in stressed asset recovered in FY22, he added.

https://www.business-standard.com/article/finance/second-wave-too-early-to-take-call-on-asset-quality-dip-says-sbi-chief-121060900803_1.html

- **DBS tops Forbes 'World's Best Banks' list in India for second year in a row:** DBS has been named by Forbes in their list of World's Best Banks 2021. DBS was ranked #1 out of 30 domestic and international banks in India for the second consecutive year. This is the third edition of the 'World's Best Banks' list by Forbes, conducted in partnership with market research firm Statista. Over 43,000 banking customers across the globe were surveyed on their current and former banking relationships. The customer survey rated banks on general satisfaction and key attributes like trust, digital services, financial advice, and fees. "This year's list includes a record number of award winners, reflecting consumers' increasing confidence in their banks," revealed Forbes in its official announcement.
https://www.business-standard.com/article/finance/dbs-tops-forbes-world-s-best-banks-list-in-india-for-second-year-in-a-row-121060901049_1.html
- **Non-life insurers' premium income rise 11.35% YoY in May to Rs 12,316 cr:** Non-life insurers have reported an 11.35 per cent rise in gross direct premium income in May, over the same period last year, which was marred by a nationwide lockdown to curb the spread of the coronavirus. Insurers collected premiums of Rs 12,316.5 crore this May, compared to Rs 11,061.02 crore in May 2020. But, sequentially (month-on-month) the premium collected by non-life insurers in May dropped 28.84 per cent compared to April, indicating a disruption their business due to localised lockdowns imposed by authorities due to the second wave of the pandemic. In April, the insurers had amassed premiums of Rs 17,309.54 crore. Among non-life insurers, premium income of general insurers rose 7.17 per cent YoY to Rs 10,822.7 crore in May but contracted by 32.13 per cent month-on-month.
https://www.business-standard.com/article/finance/non-life-insurers-premium-income-rise-11-35-yoy-in-may-to-rs-12-316-cr-121060901316_1.html
- **Yes Bank: CBI files case against realty firm, directors in over ₹466 cr fraud:** The Central Bureau of Investigation (CBI) on Wednesday registered a case against two Delhi-based private companies including its directors or promoters for causing alleged loss of around ₹466.51 crore to Yes Bank. The CBI has also booked Raghubir Kumar Sharma, Rajendra Kumar Mangal, Tapsi Mahajan, their companies Oyster Buildwell Pvt Ltd and Avantha Realty Pvt Ltd, and officials of Jhabua Power Ltd for allegedly cheating Yes Bank of over ₹466 crore in 2017-19. The CBI has alleged that the accused have indulged in a criminal conspiracy, criminal breach of trust, cheating and forgery for diversion of public money to the tune of ₹466.15 crore.
<https://www.livemint.com/industry/banking/yes-bank-cbi-files-case-against-realty-firm-directors-in-over-rs-466-cr-fraud-11623237114215.html>



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- **Carlyle-led investment in PNB Housing unfair to minority shareholders, says proxy firm:** Proxy advisory firm Stakeholders Empowerment Services (SES) said on Tuesday that the proposed preferential issue by PNB Housing Finance is against the interest of public shareholders, PNB shareholders and the government. In a note to institutional investors, the proxy firm, headed by former Sebi ED JN Gupta, has argued that a rights issue would have been a fairer and better option for raising capital. SES has recommended PNB Housing's public shareholders to cast their votes against the resolution on preferential allotment. "In absolute terms existing retail shareholders are getting diluted by 5.83%, in relative terms there is a dilution of almost 34%," SES said.
<https://www.financialexpress.com/industry/banking-finance/carlyle-led-investment-in-pnb-housing-unfair-to-minority-shareholders-says-proxy-firm/2267670/>
- **Covid woes: Banks' collection efficiency for micro-loans drops significantly:** Banks saw a significant drop in collection efficiencies for micro-loans during April and May as income generation of borrowers were badly impacted and movements of staff for collection activities in the field were restricted due to lockdowns across multiple states amid the second Covid wave. Lenders feel that collection efficiency is likely to be 'volatile' in the first quarter of the current fiscal year due to the intermittent lockdowns, and the number of micro-finance customers availing loan restructuring will depend on how the economic scenario pans out post-lockdowns. They may be in a position to know the actual number of accounts required to be restructured by July. As small entrepreneurs and individuals have continued to be affected under the second Covid wave, RBI has announced the Resolution Framework 2.0. for a one-time restructuring scheme. Banks and lending institutions can invoke restructuring under this framework till September 30.
<https://www.financialexpress.com/industry/banking-finance/covid-woes-banks-collection-efficiency-for-micro-loans-drops-significantly/2267778/>
- **HDFC Bank plans big digital play even as it strives to come out of RBI ban:** HDFC Bank has big plans for the digital space as it battles to emerge from a central bank ban on the launch of new digital financial products and services because of frequent outages that have bedeviled India's most valuable lender. Under new chief executive officer (CEO) Sashidhar Jagdishan, HDFC Bank wants to claw back lost ground in the digital business, overcome legacy issues that have put the lender under a cloud in the past two years and team up with new technology partners to cement its position as the country's preeminent bank. To be sure, the project is still in the planning stage and will take time to reach fruition. "This initiative is part of long-term planning, maybe for the next 10 years or so," a senior executive at HDFC Bank said on condition of anonymity. "The existing problems need to be addressed to progress to that stage."
<https://www.moneycontrol.com/news/business/hdfc-bank-plans-big-digital-play-even-as-it-strives-to-come-out-of-rbi-ban-7008801.html>
- **Gold prices flat at Rs 48,981/10 gm on subdued global cues; Silver corrects by Rs 512 a kg:** Gold prices were steady at Rs 48,981 per 10 gram at Mumbai retail market on subdued global cues ahead of US inflation data and ECB policy meeting due tomorrow. The yellow metal traded in a narrow band on dollar fluctuation and supported by a dip in US Treasury yield. The rate of 10 gram 22-carat gold in Mumbai was Rs 44,867 plus 3 percent GST, while 24-carat 10 gram was Rs 48,981 plus GST. The 18-



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carat gold quoted at Rs 36,736 plus GST in the retail market. Silver prices tumbled by Rs 512 to Rs 70,819 per kg against its closing price on June 8.

<https://www.moneycontrol.com/news/business/commodities/gold-prices-flat-at-rs-4898110-gm-on-subdued-global-cues-silver-corrects-by-rs-512-a-kg-7010621.html>

- **Sensex up 89 pts intraday, Nifty breaches 15,800:** The market rebounded sharply on Wednesday with benchmark indices trading marginally higher during the afternoon, led by power and PSU stocks. After opening on a positive note, the market remained firm, led by heavyweights such as SBI and HDFC. At 1 pm, the BSE Sensex was at 52,364.85, up 89.28 points or 0.17 per cent. It hit an intraday high of 52,446.92 and a low of 52,204.99. Nifty 50, which breached the 15,800 level with a fresh all-time high of 15,800.45, was ruling at 15,778.15, up 38.05 points or 0.24 per cent. It hit an intra-day low of 15,723.10. Powergrid, NTPC, SBI Life, Coal India and HCL Tech were the top gainers on the Nifty 50 while Shree Cements, Maruti, Ultratech Cements, Bajaj Auto and L&T were the top laggards.
<https://www.thehindubusinessline.com/markets/stock-markets/sensex-up-89-pts-intraday-nifty-breaches-15800/article34767467.ece>
- **Rupee slips 13 paise to 73.02 against dollar:** The Indian rupee fell 13 paise and slipped below the 73 per US dollar mark in early trade on Wednesday tracking the strengthening of the American currency in the overseas market. At the interbank foreign exchange, the domestic unit opened at 72.90 against the dollar, then slipped 13 paise to 73.02 against the American currency. On Tuesday, the rupee had settled at 72.89 against the American currency.
<https://www.thehindubusinessline.com/markets/forex/rupee-slips-13-paise-to-7302-against-dollar/article34766761.ece>

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