



**THE INSTITUTE OF
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DAILY NEWS DIGEST BY BFSI BOARD, ICAI

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- **Govt, LIC to sell full stakes in IDBI Bank, open offer may be triggered:** Department of investment and public asset management (DIPAM) has clarified that government and LIC of India intend to sell their full stakes, with an open offer also possible as per Sebi guidelines, but the quantum of stake will be decided before the request for proposal stage. "In the instant transaction there will be divestment of Gol and LIC shareholding in IDBI Bank along with transfer of management control. The open offer can be triggered as per SEBI's regulations in this regard," the department said Friday in response to queries from potential bidders. The mandate received from Cabinet Committee on Economic Affairs is to off-load upto 100 per cent stake of government and LIC along with transfer of management control, the department said. "It (stake to be sold) will be determined, as we go through the transaction and ascertain investors' interest, market appetite etc. It is clarified that LIC's stake will be sold along with Gol's shareholding in this transaction," it added. It further said that the decision of remaining co-promoters or otherwise would be contingent on the percentage of stake sale. It extended the deadline for submission by transaction advisors for strategic divestment of IDBI Bank till July 22 from earlier date of July 13.
<https://economictimes.indiatimes.com/markets/companies/govt-lic-to-sell-full-stakes-in-idbi-bank-open-offer-may-be-triggered/articleshow/84270546.cms>
- **Bankers working in sensitive positions to get surprise leaves of at least 10 days:** Bankers working in sensitive positions, including treasury operations and currency chests, will get a surprise holiday of at least 10 working days or more in a single spell every year under the modified risk management guidelines of the Reserve Bank. In a communication to lenders, including rural development banks and cooperative banks, the RBI asked them to put in place a 'mandatory leave' policy as part of the prudent risk management measure. During the mandatory leave, the bank employee will not have access to any physical or virtual resources related to the work responsibilities, with the exception of internal/ corporate email which is usually available to all employees for general purposes. "As a prudent operational risk management measure, the banks shall put in place a 'mandatory leave' policy wherein the employees posted in sensitive positions or areas of operation shall be compulsorily sent on leave for a few days (not less than 10 working days) in a single spell every year, without giving any prior intimation to these employees, thereby maintaining an element of surprise," the RBI communication said.
<https://economictimes.indiatimes.com/industry/banking/finance/banking/bankers-working-in-sensitive-positions-to-get-surprise-leaves-of-at-least-10-days/articleshow/84269443.cms?from=mdr>
- **Axis Bank announces its first transaction in SOFR linked derivative:** Axis Bank on Friday announced its first derivative transaction linked to SOFR (Secured Overnight Financing Rate). SOFR is the recommended US Dollar interest rate benchmark, which is expected to replace LIBOR at the end of 2021. "The global financial markets are witnessing a significant structural change because of LIBOR transition. This affects all market participants including banks in India," noted Neeraj Gambhir, Group Executive and Head – Treasury, Markets and Wholesale Banking Products, Axis Bank.



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<https://www.thehindubusinessline.com/markets/forex/axis-bank-announces-its-first-transaction-in-sofr-linked-derivative/article35233817.ece>

- **RBI gives 3-year extension to Federal Bank CEO:** The Reserve Bank of India has approved the re-appointment of Shyam Srinivasan as the Managing Director and CEO of Federal Bank for a three-year period. “We wish to inform you that the approval from Reserve Bank of India has been received on July 9 for the re-appointment of Shyam Srinivasan as the MD and CEO of the bank for a period of three years with effect from September 23, 2021, till September 22, 2024,” said Federal Bank in a stock exchange filing on Friday. Meanwhile, at the bank’s annual general meeting on Friday, Srinivasan assured shareholders of steady and consistent performance by the lender.
<https://www.livemint.com/economy/rbi-gives-3-year-extension-to-federal-bank-ceo-11625841754609.html>
- **DBS Bank India grows profitability despite LVB merger impact:** DBS Bank India (DBIL), the wholly-owned subsidiary of DBS Bank of Singapore, which has taken over the troubled Lakshmi Vilas Bank (LVB), on Thursday said it could grow profitability despite the impact from the amalgamation of LVB. Post-amalgamation, DBIL has been focusing on unifying the LVB and DBS workforces and re-building the LVB business. While the integration of operating platforms and branches has been underway, the steady growth in LVB current and savings account balances as well as in the gold loans portfolio in 2021 was an early indicator of the success of the current strategy, it said. LVB was amalgamated into DBIL in November 2020.
<https://www.financialexpress.com/industry/banking-finance/dbs-bank-india-grows-profitability-despite-lvb-merger-impact/2286767/>
- **India’s risk-averse lenders are emerging as one of the biggest hurdles to its recovery:** India’s risk-averse lenders are emerging as one of the biggest hurdles to the speed of the nation’s recovery from the pandemic-induced downturn, as they hold back credit when the economy needs it the most. Loans to companies and individuals has been growing at a subdued 5.5%-6% in recent months, which is half the pace seen before the pandemic struck, Reserve Bank of India data shows. The nation’s biggest lender State Bank of India wants to nearly double its credit growth rate to 10% in the year started April 1, but is willing to miss the goal. “It is a very fragile situation,” Dinesh Khara, chairman of SBI, said after reporting earnings for the fiscal year ended March. The bank would not “compromise” on asset quality to achieve targets, he said.
<https://economictimes.indiatimes.com/industry/banking/finance/banking/indias-risk-averse-lenders-are-emerging-as-one-of-the-biggest-hurdles-to-its-recovery/articleshow/84256647.cms>
- **Forex reserves rise by \$1.013 billion to record high of \$610.012 billion:** The country's foreign exchange reserves swelled by \$1.013 billion to touch a lifetime high of \$610.012 billion in the week ended July 2, RBI data showed on Friday. In the previous week ended June 25, 2021, the reserves had jumped by \$5.066 billion to reach \$608.999 billion. During the reporting week, the rise in the forex kitty was mainly on account of an increase in foreign currency assets (FCA), a major component of the overall reserves. FCA surged by \$748 million to \$566.988 billion, as per weekly data by the Reserve Bank of India (RBI). Expressed in dollar terms, the foreign currency assets include the effect of



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appreciation or depreciation of non-US units like the euro, pound and yen held in the foreign exchange reserves. Gold reserves climbed \$76 million to \$36.372 billion in the reporting week. The special drawing rights (SDRs) with the International Monetary Fund (IMF) rose by \$49 million to \$1.548 billion.

<https://timesofindia.indiatimes.com/business/india-business/forex-reserves-rise-by-1-013-billion-to-record-high-of-610-012-billion/articleshow/84274680.cms>

- **Lower growth, loan slippages likely to cloud banks' June quarter:** Indian banks could report a slowdown in the recovery momentum seen in the March quarter, with asset quality outlook dimming again after a brief bright interlude and system-level growth moderating to 5.8%, analysts said. Many banks indicated a drop in collection efficiency, leading to possibly even more slippages in the first half of FY22. But even here, there would be winners and relative stragglers. Adequate provisions, capital buffers, diversified assets and low-cost liabilities should cushion large private banks. With exposure to more vulnerable segments, mid-sized banks, small finance banks and NBFC MFI are seen reporting a relatively weaker performance, ICICI Securities said in a note.
<https://economictimes.indiatimes.com/markets/stocks/news/lower-growth-loan-slippages-likely-to-cloud-banks-june-quarter/articleshow/84255519.cms>
- **Tata AIG hopeful to cross ₹10,000 crore premium mark in FY 22:** Private sector Tata AIG General Insurance is hopeful of expanding its footprint this fiscal despite challenges from the ongoing Covid-19 pandemic. The insurer is eyeing a premium of at least ₹10,000 crore and is set to launch new products in coming months. “We are looking to cross about ₹10,000 crore mark overall this fiscal,” said Parag Ved, President and Head, Consumer Lines, Tata AIG General Insurance. The company had gross direct premium underwritten of ₹8,402 crore in 2020-21 and a market share of 4.05 per cent. Its gross premium underwritten grew by 15.29 per cent in the first three months of the current fiscal to ₹2,074.01 crore by June 30, 2021 compared to ₹1,798.97 crore a year ago.
<https://www.thehindubusinessline.com/money-and-banking/tata-qig-hopeful-to-cross-10000-crore-premium-mark-in-fy-22/article35229963.ece>
- **10-year G-Sec auction: RBI accepts bids at a higher cut-off yield of 6.10 per cent:** The government's cost of borrowing is likely to go up in FY22 as the Reserve Bank of India (RBI), on Friday, accepted bids at the auction of the new 10-year Government Security (G-Sec/GS) at a higher cut-off yield of 6.10 per cent. The previous 10-year G-Sec (maturing in 2030) was issued at a cut-off yield of 5.85 per cent. So, effectively, the government paid 25 basis points more to raise resources via the new 10-year G-Sec. This comes in the backdrop of the RBI trying to pull out all the stops – by mopping up the 5.85 per cent GS 2030 via Special Open Market Operations (OMO) and G-Sec Acquisition Programme (G-SAP) – to keep G-Sec yields from rising. In its monetary policy report (April 2021), the RBI observed that despite a sharp increase in the quantum of the borrowings in FY21, ample surplus liquidity, regular open market operations (OMO), including special OMOs, regulatory measures and forward guidance, enabled the government to complete its borrowings at a 16-year low weighted average cost – 5.79 per cent compared with 6.84 per cent in 2019-20 – along with the highest weighted average maturity.
<https://www.thehindubusinessline.com/money-and-banking/rbi-accepts-bids-at-a-higher-cut-off-yield-of-610-per-cent/article35238486.ece>



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- **Cholamandalam Investment makes an entry into EV financing business:** Cholamandalam Investment & Finance Company Ltd, a leading player in vehicle finance, has forayed into the financing of electric vehicles even as the Murugappa Group NBFC is in the process of identifying long-term growth areas (15-20 years). Chola has now entered the sphere of financing electric vehicles to make them more prevalent in the economy, and plans to establish its presence in this domain, the company said in its latest annual report.
<https://www.thehindubusinessline.com/money-and-banking/cholamandalam-investment-makes-an-entry-into-ev-financing-business/article35238673.ece>
- **Inclusion of retail and wholesale trade in MSMEs to help UCBs achieve higher PSL target:** The classification of retail and wholesale trade as Micro, Small and Medium Enterprises (MSMEs) has come at an opportune time for urban co-operative banks (UCBs) as they are up against the challenge of a steep rise in priority sector lending (PSL) targets. The Reserve Bank of India (RBI) had revised upwards the PSL target for UCBs in March 2020 from the then prevailing 40 per cent of net credit target. So, UCBs had to achieve a PSL target of 45 per cent of net credit by March-end 2021. Further, they have to achieve PSL milestones of 50 per cent by March-end 2022, 60 per cent by March-end 2023, and 75 per cent by March-end 2024.
<https://www.thehindubusinessline.com/money-and-banking/inclusion-of-retail-and-wholesale-trade-in-msmes-to-help-ucbs-achieve-higher-psl-target/article35229763.ece>
- **Average ticket size of AePS transactions rising: Rapipay Fintech:** The average transaction size for Aadhaar Enabled Payment System has increased in recent months along with the volume of transactions on the platform with greater adoption. "The average ticket size of AePS transactions has increased from ₹2,500 to ₹2,900 in the last two quarters, showing increasing trust and usage of AePS in India, especially in the rural markets," said Yogendra Kashyap, MD and Founder, RapiPay Fintech. Monthly data from the National Payments Corporation of India had revealed that AePS transactions in June stood at 8.75 crore in volume and ₹24,667.8 crore in value. In contrast, there were 8.42 crore transactions worth ₹24,619.24 crore in May on the platform.
<https://www.thehindubusinessline.com/money-and-banking/average-ticket-size-of-aeps-transactions-rising-rapipay-fintech/article35228082.ece>
- **GIFT-IFSC can be the hub for 'internationalisation of Rupee': IFSCA Chairman:** In order to cater to the global demand for financial products such as non-deliverable forwards in Rupee, the International Financial Services Centres Authority (IFSCA) looks to make GIFT-IFSC as the hub for internationalisation of rupee derivatives. IFSCA Chairman Injeti Srinivas, informed that rupee derivatives is one of the most traded currencies globally and that the recent measures by the Reserve Bank of India (RBI) will help India tap the offshore rupee derivatives market. "On an average about \$50 billion of daily volumes in offshore derivatives market show there is a lot of international demand for non-deliverable forwards (derivatives) in Rupee," Srinivas said at a panel discussion on 'The Future of Global Financial Centres: GIFT IFSC' organised by Bloomberg LP on Thursday.
<https://www.thehindubusinessline.com/money-and-banking/gift-ifsc-can-be-the-hub-for-internationalisation-of-rupee-ifsc-chairman/article35229853.ece>



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- **Securitisation volumes more than double Q1 despite pandemic: Icra:** The securitisation volumes of finance companies and housing finance firms rose 2.3 times to Rs 17,500 crore in the first quarter ended June 2021 (Q1FY22), from Rs 7,500 crore in the same quarter last year despite the pandemic. According to rating agency Icra, securitisation activity--offloading loans to investors and buyers through structural arrangement--had fallen significantly in Q1FY21 due to the Covid-19 pandemic and consequent nationwide lockdown in March 2020. The country saw a much more severe second wave around the same time (Q1FY22) this fiscal which had resulted in another round of lockdowns. In spite of this, the securitisation market clocked higher volumes.
https://www.business-standard.com/article/economy-policy/securitisation-volumes-more-than-double-q1-despite-pandemic-icra-121070900677_1.html
- **Deutsche Bank India reports 48% rise in FY21 net profit:** Deutsche Bank AG has said that its India branches posted a profit after tax of ₹1,527 crore for the year ended 31 March, a 48% rise from the previous year. The lender's net revenues in India, at ₹5,537 crore, were up 23% over the previous year. The bank said, in a statement, that this growth was driven by consistent performance across all our businesses in India, aided in large part by a strong cost and risk discipline. Its profit before tax during the year climbed to ₹2,739 crore, a 38% growth over the last financial year. During FY21, Deutsche Bank increased the capital deployed in its India branches by ₹3,326 crore to support growth across all its business lines, taking the total capital deployed to ₹19,345 crore. The bank's capital adequacy ratio was at 17.28% and showed a 236 basis points (bps) jump from fiscal 2020.
<https://www.livemint.com/industry/banking/deutsche-bank-india-reports-48-rise-in-fy21-net-profit-11625807177228.html>
- **CIC Stays RBI Order Directing Bank To Disclose RTI Information On NPAs & Top Defaulters:** The Central Information Commission (CIC) has stayed the order of the First Appellate Authority (FAA) of the Reserve Bank of India (RBI) which had directed the disclosure of information on non-performing assets (NPAs) and top defaulters of the Saraswat Co-operative Bank Limited. CIC Suresh Chandra passed the order in an appeal filed by Saraswat Bank against the RBI direction. The RBI's FAA issued the direction to the bank in an RTI application filed by former Commissioner Shailesh Gandhi, seeking information on Saraswat Co-operative Bank Ltd for the last three years. The application requested copies of RBI's audit reports and inspection reports, warnings or advisories issued to the bank, fines or penalties levied on the bank, the grade allotted to the bank, its total non-performing assets, the report on the quality of borrowers, and the list of its top five defaulters with the amounts of default.
<https://www.livelaw.in/rti/cic-stays-order-disclosure-information-by-the-resever-bank-of-india-177080>
- **Gold prices slump by Rs 461 to Rs 47,863/10 gm, gains 0.58% in the week; silver falls:** Gold prices slumped by Rs 461 to Rs 47,863 per 10 gram in the Mumbai retail market on a stronger rupee amid improvement in risk appetite. The precious metal gained Rs 276 or 0.58 percent during the week in the domestic market. The price of 10 gram 22-carat gold in Mumbai was Rs 43,843 plus 3 percent GST, while 24-carat 10 gram stood at Rs 47,863 plus GST. The 18-carat gold quoted at Rs 35,897 plus GST in the retail market. Silver prices fell by Rs 253 to Rs 68,789 per kg against its closing price on July 8. The white metal fell for the four straight day during the week.



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<https://www.moneycontrol.com/news/business/commodities/gold-prices-slump-by-rs-461-to-rs-4786310-gm-gains-0-58-in-the-week-silver-falls-7151801.html>

- **Sensex sheds 182 points, Nifty ends below 15,700:** The BSE Sensex closed at 52,386.19, down 182.75 points or 0.35 per cent. It hit an intraday high of 52,555.73 and a low of 52,228.01. The Nifty 50 closed at 15,689.80, down 38.10 points or 0.24 per cent. It hit an intraday high of 15,730.85 and a low of 15,632.75. However, the breadth of the market turned positive with 1,898 stocks advancing, 1,294 declining and 161 remaining unchanged on the BSE. As many as 483 securities hit the upper circuit and 191 the lower circuit; 400 hit their 52-week high while 17 touched a 52-week low. Tata Steel, Bajaj Finserv, Adani Ports, Bharti Airtel and Divi's Labs were the top gainers on the Nifty 50 while Bajaj Auto, TCS, HDFC Bank, Reliance and Axis Bank were the top laggards.

<https://www.thehindubusinessline.com/markets/stock-markets/sensex-tumbles-182-points-nifty-ends-below-15700-as-financials-it-come-under-selling-pressure/article35232240.ece>

- **Rupee recovers 7 paise to close at 74.64 on weak dollar:** The rupee gained 7 paise to end at 74.64 against the US currency on Friday, tracking weakness in the American currency in the overseas market. However, a muted trend in domestic equity markets and surging crude prices restricted the gain in the domestic unit, forex dealers said. At the interbank foreign exchange market, the rupee opened strong at 74.68 per dollar. It hovered in a range of 74.57 to 74.68 during the session before ending at 74.64 against the greenback, a gain of 7 paise over its last close. On Thursday, the rupee had settled at 74.71 against the US dollar.

<https://www.thehindubusinessline.com/markets/forex/rupee-gains-4-paise-to-7467-against-us-dollar-in-early-trade/article35228430.ece>

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