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DAILY NEWS DIGEST BY BFSI BOARD, ICAI

September 16, 2021

- **Finance Ministry asks IBA to play pivotal role in resurgence of economy:** The Finance Ministry on Wednesday asked Indian Banks' Association (IBA) to play a pivotal role in the resurgence of the economy in the 75th year of India's independence. "At this juncture I would urge the IBA Chairman to scout for good competent resources and technology adoption for capitalisation. IBA should not be merely an association that passes banking issues to the RBI, it must rather strive to integrate with economic reforms for boosting growth," Financial Services Secretary Debasish Panda said. Inaugurating the Delhi office of IBA, the secretary suggested that the Association can also look at providing training and skilling to middle management banking professionals so as to unburden banks in the same task. "IBA has a pivotal role to play in terms of research and key banking issues and a significant role to play in the resurgence of the economy in the 75th year of India's independence," he said.
<https://economictimes.indiatimes.com/news/economy/policy/finance-ministry-asks-iba-to-play-pivotal-role-in-resurgence-of-economy/articleshow/86230093.cms>
- **Amid rise in Mudra loan NPAs, finmin to meet PSB CEOs to take stock:** Amid rising non-performing assets from loans sanctioned under the Pradhan Mantri Mudra Yojana (PMMY) and slowdown in credit offtake in the current financial year, the finance ministry has called a meeting with the managing directors and chief executive officers of public sector banks to discuss these issues. Minister of State for Finance, Bhagwat Karad will meet the PSB CEOs on September 16 in Aurangabad to discuss the issues with Mudra loans. Another issue that will be discussed is 'rationalisation of bank branches and opening of bank branches after banks' merger', according to a communication send by the finance ministry to the bank CEOs, which has been reviewed by Business Standard. Also, issues regarding banking services in rural areas and implementation of loans extended under Covid-19 packages will also be discussed with bankers. Under the Mudra scheme, loans of upto Rs 10 lakh are extended to non-corporate, non-farm, small and micro enterprises.
https://www.business-standard.com/article/finance/amid-rise-in-mudra-loan-npas-finmin-to-meet-psb-ceos-to-take-stock-121091500550_1.html
- **Plea alleges unauthorized access of Aadhaar and banking data by GPay: HC seeks RBI, UIDAI response:** The Delhi High Court Wednesday sought response from the Unique Identification Authority of India (UIDAI) and Reserve Bank of India (RBI) on a PIL alleging unauthorized access, use and storage of users' Aadhaar and banking information by Google Pay. A bench of Chief Justice DN Patel and Justice Jyoti Singh issued notice on the petition and also sought the stand of Google India Digital Services Private Limited.
<https://www.financialexpress.com/industry/banking-finance/plea-alleges-unauthorized-access-of-aadhaar-and-banking-data-by-gpay-hc-seeks-rbi-uidai-response/2330943/>



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- **YES Bank, six others settle case with Sebi; pay Rs 1.65-crore:** Private sector lender Yes Bank and six persons on Tuesday settled with Sebi a case pertaining to alleged selective disclosure of asset quality, after paying Rs 1.65 crore towards settlement amount. Apart from the bank, the six persons who settled the case are -- Ashish Agrawal, Niranjan Banodkar, Sanjay Nambiar, Devamalya Dey, Rajat Monga and Shivanand Shettigar. The order comes after the entities approached Sebi to settle the proceedings initiated against them "without admitting or denying the findings of fact and conclusions of law", through a settlement order.
https://www.business-standard.com/article/finance/yes-bank-six-others-settle-case-with-sebi-pay-rs-1-65-crore-121091401053_1.html
- **Mastercard ban: RBL Bank restarts credit card issuances with rival Visa:** Two months after getting hit by the regulatory ban on Mastercard, private sector lender RBL Bank on Wednesday restarted credit card issuances on rival Visa's payment network. The Reserve Bank of India had banned Mastercard from issuing any new cards on July 14 this year for not complying with data localisation requirements. The move had hit a slew of lenders, including RBL Bank, which was fully dependent on the American payment company for its credit card business. RBL Bank said it signed up with Visa on July 14 itself, and the technology integration was achieved in record time to restart new issuances.
<https://www.thehindu.com/business/Economy/mastercard-ban-rbl-bank-restarts-credit-card-issuances-with-rival-visa/article36483789.ece>
- **NPCI unveils norms for banks to compensate AePS fraud victims:** The National Payments Corporation of India (NPCI) has introduced detailed guidelines for banks to redress frauds perpetrated on customers and merchants where a misuse or an error in biometric data or UIDAI seeding on Aadhaar Enabled Payment System (AePS) have led to a loss of funds. As per AePS fraud liability guidelines, introduced formally from September 1, NPCI has issued new rules for acquiring and issuing banks on responsibilities to deal with such fraudulent transactions that cause monetary losses for customers and to reimburse them.
<https://economictimes.indiatimes.com/industry/banking/finance/banking/npci-unveils-norms-for-banks-to-compensate-aeps-fraud-victims/articleshow/86213579.cms?from=mdr>
- **NBFCs open their wallets as demand for credit surges:** Demand for loans to purchase trucks and construction equipment is gathering steam and back to the pre-Covid levels on rising infrastructure spending by governments and capital expenditure by private companies. The demand for retail credit too is back on track, shrugging off the economic cost of the pandemic. Non-Banking Finance Companies (NBFCs) such as Shriram Transport, Edelweiss and IIFL that were shrinking to conserve capital have opened their wallets and are lending as much as Rs 4,000 crores a month. Country's largest mortgage lender HDFC Ltd is witnessing a significant rise in home loan demand similar to pre-covid levels.
<https://economictimes.indiatimes.com/industry/banking/finance/banking/credit-demand-back-to-normal-for-nbfc/articleshow/86202531.cms?from=mdr>



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- **Auto debit transactions: Bounce rates in August near pre-second wave levels:** Bounce rates for auto-debit transactions in August were at similar levels as March 2021 as businesses and borrowers shrugged off the impact of the second wave of the Covid-19 pandemic. According to data from the National Payments Corporation of India from the National Automated Clearing House (NACH), the bounce rate or percentage of unsuccessful auto-debit transactions in August 2021 was 32.98 per cent. This is the lowest since March 2021 when the bounce rate was 32.76 per cent. In all, a total of 8.76 crore auto-debit transactions were reported on the NACH platform in August, of which 5.87 crore were successful and 2.89 crore were returned or unsuccessful.
<https://www.thehindubusinessline.com/money-and-banking/auto-debit-transactions-bounce-rates-in-august-near-pre-second-wave-levels/article36468682.ece>
- **AIBEA wants director posts filled in all public sector banks:** The All India Bank Employees' Association (AIBEA) has urged the finance ministry to expedite steps to fill the vacant posts of directors in nationalised banks. It claimed that the bank boards were functioning with skeletal strength. CH Venkatachalam, General Secretary, AIBEA, said in a letter to Finance Minister Nirmala Sitharaman, that 52 per cent of the director posts in the 11 nationalised banks were vacant. The vacancies would defeat the purpose of these important posts — namely, taking care of the varied interests of banking operations, he said. "It also runs counter to the much-professed principles of good governance," he said.
<https://www.thehindubusinessline.com/money-and-banking/aibea-wants-director-posts-filled-in-all-public-sector-banks/article36467504.ece>
- **Bad bank's Security Receipts to get Govt backing:** The much awaited 'bad bank' — National Asset Reconstruction Company Ltd — moved a step closer to going live with the Union Cabinet approving a crucial proposal that requires the government to guarantee the security receipts (SR) issued by NARCL, when buying NPAs from banks. To begin with, the government may earmark ₹31,000 crore for the guarantees, sources said. This is a contingent liability as of now and unlikely to impact the fisc in the short-term, they added.
<https://www.thehindubusinessline.com/money-and-banking/bad-banks-security-receipts-to-get-govt-backing/article36482495.ece>
- **Regulatory forbearance has reduced immediate capital requirements for Banks: Fitch:** Regulatory forbearance has reduced the Indian banking sector's need for fresh core capital to meet minimum regulatory capital requirements up to the financial year ending March 2025 (FY25), according to Fitch Ratings latest base-case assumptions. However, under the global credit rating agency's stress case scenario, it estimates that State banks would require an aggregate of \$50 billion in fresh equity capital over the period to FY25 to maintain their CET1 ratios above the regulatory minimum of 8 per cent.
<https://www.thehindubusinessline.com/money-and-banking/regulatory-forbearance-has-reduced-immediate-capital-requirements-for-banks-fitch/article36472524.ece>



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- **Sundaram Finance eyes ‘decent’ growth in FY22 amid limited stress:** Sundaram Finance Ltd, a leading NBFC in the country, said it continues to see accounts from a few segments seeking restructuring and delinquency rates move northwards amid improving business. Though business is returning to pre-second wave levels, there are still accounts up for restructuring, especially in the education and school bus segment, which is a fairly big portfolio for the company. Tourist buses have been impacted, as have inter-State buses. As of March 31, the company had restructured 4.2 per cent of its portfolio, and this financial year it has further restructured 2.6 per cent. That is higher than industry. Delinquency rates increased to 4.2 per cent by the end of June. “We are still quite good compared to the industry,” he added.
<https://www.thehindubusinessline.com/companies/sundaram-finance-eyes-decent-growth-in-fy22-amid-limited-stress/article36480825.ece>
- **HSBC simplifies cross-border transactions:** HSBC India has launched a digital proposition aimed at simplifying cross-border transactions. Called HSBC UniTransact, it aims to provide seamless integration of all aspects of transaction banking while minimising manual intervention through the transaction journey, it said in a statement on Wednesday. It provides a range of benefits, including a comprehensive dashboard, real-time status throughout the life-cycle of all the cross border transactions, online discrepancy resolution, efficient management of documentation, alerts and notifications and seamless execution, it further said.
<https://www.thehindubusinessline.com/money-and-banking/hsbc-simplifies-cross-border-transactions/article36471378.ece>
- **UPI to be linked to Singapore’s PayNow by July 2022:** The Reserve Bank of India (RBI) on Tuesday said it is working on a project with the Monetary Authority of Singapore to link the Unified Payments Interface (UPI) with the city-state’s fast payments system PayNow. The linkage is targeted to be operational by July 2022. The linkage will enable users of each payment system to make instant, low-cost fund transfers on a reciprocal basis without getting on board the other system, the Indian central bank said.
<https://www.financialexpress.com/industry/banking-finance/upi-to-be-linked-to-singapores-paynow-by-july-2022/2330184/>
- **Indian law firms reluctant to advise on IPO of insurance giant LIC: Sources :** India’s plans to list state-run Life Insurance Corporation (LIC) face an unusual problem: domestic law firms are shying away from advising the government, deterred by the low fees on offer at the time of a lucrative boom in corporate stock listings. With millions of policyholders and a share of 66% of new premium collections in a crowded insurance market, LIC is a household name, managing assets of more than \$450 billion. The government is scrambling to list the insurance behemoth by March, in an exercise set to be India’s biggest IPO, at a probable \$12 billion. As many as 16 global and domestic investment banks recently bid to handle it.
<https://www.thehindu.com/business/markets/indian-law-firms-reluctant-to-advise-on-ipo-of-insurance-giant-lic-sources/article36484749.ece>



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- **RBI imposes monetary penalty on Jila Sahakari Kendriya Bank:** The Reserve Bank of India (RBI) on September 15 imposed a monetary penalty of Rs 1 lakh on Jila Sahakari Kendriya Bank Maryadit of Madhya Pradesh for violation of directions issued by the central bank on Know Your Customer (KYC). This action is based on deficiencies in regulatory compliance and is not intended to pronounce upon the validity of any transaction or agreement entered into by the bank with its customers, the RBI said.
<https://www.moneycontrol.com/news/business/rbi-imposes-monetary-penalty-on-jila-sahakari-kendriya-bank-7470911.html>
- **Axis Bank board gives approval to reclassify Oriental Insurance Co as public category shareholder:** Axis Bank on Wednesday said its board of directors has approved to reclassify The Oriental Insurance Company Ltd (OICL) from promoter category to public category shareholder. The bank said it received a request from OICL dated September 7, 2021, holding a 0.16 per cent stake in the bank, to reclassify it from promoter to public shareholder. "...the approval of the Board be and is hereby accorded for reclassification of OICL, holding 0.16 per cent of the total issued and paid-up equity share capital of the bank, as on September 7, 2021, to the public category from the promoter category," Axis Bank said in a regulatory filing.
<https://www.moneycontrol.com/news/business/axis-bank-board-gives-approval-to-reclassify-oriental-insurance-co-as-public-category-shareholder-7471241.html>
- **Rupee settles 18 paise higher at 73.50 against US dollar:** The rupee closed 18 paise higher at 73.50 (provisional) against the US dollar on Wednesday, tracking a firm trend in domestic equities and sustained foreign fund inflows. At the interbank forex market, the local unit opened flat at 73.68 against the greenback. During the session, the domestic unit witnessed an intra-day high of 73.50 and a low of 73.74.
<https://www.moneycontrol.com/news/business/rupee-settles-18-paise-higher-at-73-50-against-us-dollar-7470411.html>
- **Sensex, Nifty close at record highs:** The BSE Sensex, after recording a fresh all-time high of 58,777.06 closed at 58,723.20, up 476.11 points or 0.82 per cent. It recorded an intra-day low of 58,272.82. The Nifty 50 closed at a record high of 17,519.45, up 139.45 points or 0.8 per cent. It recorded a fresh all-time high of 17,532.70 and a day's low of 17,386.90. NTPC, Bharti Airtel, Coal India, ONGC and Titan were the top gainers on the Nifty 50 while Tata Consumer, Nestle India, Grasim, BPCL and Asian Paints were the top laggards.
<https://www.thehindubusinessline.com/markets/stock-markets/sensex-nifty-rise-in-early-trade-on-sustained-foreign-fund-inflows/article36466932.ece>
- **Gold prices snap four-day losing streak, touch Rs 47,255 per 10 gm; silver rises by Rs 275 a kg:** Gold prices on September 15 gained Rs 238 to reach Rs 47,255 per 10 gram in the Mumbai bullion market snapping a four-day losing streak on dollar downtick and rising coronavirus cases in China boosted safe-haven appeal. The lower-than-expected US consumer inflation supported the yellow metal on the prospect of Fed delaying bond tapering. The price of 10 gram, 22-carat gold in Mumbai was Rs 43,286 plus 3 percent GST, while 24-carat 10 gram stood at Rs 47,255 plus GST. The 18-carat gold is quoted at



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Rs 35,441 plus GST in the retail market. Silver prices jumped by Rs 275 to Rs 63,081 per kg against its closing price on September 14.

<https://www.moneycontrol.com/news/business/commodities/gold-prices-snap-four-day-losing-streak-touch-rs-47255-per-10-gm-silver-rises-by-rs-275-a-kg-7471031.html>

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