



**THE INSTITUTE OF  
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**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

August 20, 2021

- **Shanti Lal Jain appointed as new MD and CEO of Indian Bank:** The Appointments Committee of Cabinet (ACC) has approved the proposal to appoint Shanti Lal Jain as the new Managing Director and Chief Executive Officer of the Chennai-headquartered Indian Bank, stated an information notice issued by the government on August 19. Jain, 56, is currently the Executive Director of state-run Bank of Baroda. The Department of Financial Services had proposed his appointment as the MD and CEO of Indian Bank, which has now been approved by the ACC. Jain has been assigned his new post for a period of three years with effect "from the date of assumption of office on or after 01.09.2021, or until further orders, whichever is earlier", the notice read. "The appointment is extendable based on his performance by up to two years, or till attaining the age of superannuation (i.e.31.1.2024), or until further orders," it added.  
<https://www.moneycontrol.com/news/business/shanti-lal-jain-appointed-as-new-md-and-ceo-of-indian-bank-7363051.html>
- **Lalit Kumar Chandel appointed government nominee director on Bank of Maharashtra board:** The Centre has appointed Lalit Kumar Chandel as its nominee Director on the board of Bank of Maharashtra (BoM) with effect from August 18, 2021. BoM, in a statement, said Kumar belongs to the Indian Economic Service (1995 batch) and is currently posted as Economic Adviser, Department of Financial Services, Ministry of Finance.  
<https://www.thehindubusinessline.com/money-and-banking/lalit-kumar-chandel-appointed-government-nominee-director-on-bank-of-maharashtra-board/article36001417.ece>
- **CVC re-appoints T M Bhasin as chairman of Advisory Board for Banking Frauds:** The Central Vigilance Commission (CVC) on Thursday re-appointed T M Bhasin as chairman of the Advisory Board for Banking and Financial Frauds (ABBFF), a panel constituted to examine bank frauds of over Rs 50 crore and recommend action. The re-appointment of Bhasin is with effect from August 21, for a further period of two years, as per the circular issued by CVC. Bhasin, a veteran banker, served as vigilance commissioner in the CVC for four years from June 2015 to June 2019. Prior to vigilance commissioner, he was chairman and managing director of Chennai-based Indian Bank for more than five years.  
[https://www.business-standard.com/article/finance/cvc-re-appoints-t-m-bhasin-as-chairman-of-advisory-board-for-banking-frauds-121081901190\\_1.html](https://www.business-standard.com/article/finance/cvc-re-appoints-t-m-bhasin-as-chairman-of-advisory-board-for-banking-frauds-121081901190_1.html)
- **Decline in debit bounce rates hints at pick-up in collections:** Bounce rates for debit payments are back to levels seen in January-March, indicating recovery in collections after deterioration in the first quarter of the fiscal. The recovery in bounce rates are an early signal for lower delinquencies for banks and non-banking finance companies (NBFCs). Data from the National Payments Corporation of India's (NPCI) National Automated Clearing House (NACH) platform showed that failure rates for debit transactions used for recurring debit payments, like equated monthly instalments (EMIs) and insurance, fell to 27.35% by value in July, down from 30.27% in June, indicating more payments were successful.



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<https://economictimes.indiatimes.com/markets/stocks/news/decline-in-debit-bounce-rates-hints-at-pick-up-in-collections/articleshow/85439641.cms>

- **Indian banks brace for bad loans with stronger balance sheets, says new S&P report:** Indian banks' prior efforts to strengthen their balance sheets will help them mitigate the impact of asset quality as bad loans ticked higher in the April-to-June quarter following a deadlier wave of the COVID-19 pandemic, according to a new report by S&P Global Market Intelligence research. "Banks have been taking steps to fortify their balance sheets over the last year or so to face the asset quality impact. These have been through enhancing capital base, increasing provisioning cover and having adequate amounts of liquidity," said Krishnan Sitaraman, senior director at CRISIL, a unit of S&P Global Inc. The June quarter saw gross NPAs rising, mainly in retail and small and medium-sized enterprise portfolios for banks.

<https://economictimes.indiatimes.com/industry/banking/finance/banking/indian-banks-brace-for-bad-loans-with-stronger-balance-sheets-says-new-sp-report/articleshow/85454293.cms?from=mdr>

- **Ujjivan Small Finance Bank chief Nitin Chugh steps down due to personal reasons:** Ujjivan Small Finance Bank on Thursday said that its managing director and chief effective officer Nitin Chugh has tendered his resignation. The resignation will come into effect from September 30, 2021. "The bank has received a letter dated August 18, 2021 from Nitin Chugh tendering his resignation from the position of Managing Director and CEO of the Bank w.e.f. close of business hours on September 30, 2021" Ujjivan SFB said in a regulatory filing. "He shall cease to be a Director of the Bank with effect from the aforesaid date." In his resignation letter Chugh said that he is resigning due to personal reasons and there are no material reasons.

<https://www.livemint.com/companies/news/ujjivan-sfb-s-md-ceo-nitin-chugh-steps-down-11629383431889.html>

- **RBI deadline to stop storage of card details worries start-ups:** With the deadline to implement an RBI norm that prohibits payment gateways and payment aggregators from storing customer card details closing in, consumer tech start-ups are a worried lot. Accepting the diktat could reduce the ease of payments for half a billion Internet users in India. This could even increase barriers of entry for the next billion Internet users who are just getting hold of technology services like food delivery, online retail, and on-demand video streaming. The RBI had suggested tokenisation as a measure for non-bank payment aggregators to replace actual card details of customers with an alternative code termed as 'token'. The token has to be unique for a combination of card, token requestor (an entity that accepts tokenisation request from the customer and sends it to the card network to issue a token), and device. The safety provided by tokenisation is that if a company is hacked, the hacker cannot use that data for another platform.

<https://www.thehindubusinessline.com/money-and-banking/rbi-deadline-to-stop-storage-of-card-details-worries-start-ups/article35983221.ece>



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- **HDFC Bank goes abroad for risky bond sale after India clampdown:** HDFC Bank Ltd. sold a riskier dollar bond overseas that helps bolster its balance sheet, in a move that local peers may follow after the market regulator tightened its rules in the domestic market. The country's biggest lender by market capitalization priced Additional Tier 1 notes in the offshore market at a yield of 3.7 per cent. Those are unsecured securities with voluntary call options but no set maturity. It's only the second such deal abroad from an Indian lender after the State Bank of India sold such securities in 2016.  
<https://www.thehindubusinessline.com/markets/hdfc-bank-goes-abroad-for-risky-bond-sale-after-india-clampdown/article35990491.ece>
- **BharatPe raises ₹200 crore in debt:** BharatPe raised ₹200 crore in debt from IIFL Wealth and Asset Management and Northern Arc Capital and plans to raise \$250 million in debt by the end of the current fiscal. "BharatPe has raised ₹100 crore each as debt from IIFL Wealth and Asset Management and Northern Arc Capital," it said in a statement on Thursday, adding that with this seventh round of debt fund-raise, it has raised a total of over ₹500 crore in debt at competitive rates in 2021. Earlier this year, BharatPe had raised over ₹300 crore from top venture debt funds including Alteria Capital, InnoVen Capital and Trifecta Capital, banks such as ICICI Bank and Axis Bank and Northern Arc Capital.  
<https://www.thehindubusinessline.com/money-and-banking/bharatpe-raises-200-crore-in-debt/article35996049.ece>
- **Depositors of PMC Bank still await clarity on withdrawals:** Nearly two years since it was placed under directions by the Reserve Bank of India, depositors of Punjab and Maharashtra Cooperative Bank (PMC Bank) continue to face uncertainties over when they will access their savings. Depositors are waiting for more clarity on when they would withdraw more funds after the DICGC Bill's passage and want to know how they will be repaid amidst plans for the formation of a small finance bank. About 1 lakh depositors of PMC Bank are expected to benefit from the amendments to the Deposit Insurance and Credit Guarantee Corporation Act under which account holders will get up to ₹5 lakh within 90 days of the RBI imposing a moratorium on the bank.  
<https://www.thehindubusinessline.com/money-and-banking/pmc-bank-depositors-await-clarity-on-withdrawals/article35996860.ece>
- **NABFID brought under Dept of Financial Services purview:** President Ram Nath Kovind approved placing the National Bank for Financing Infrastructure and Development (NABFID) under the purview of the Department of Financial Services (DFS) in the Finance Ministry for administration purposes. In a notification issued by the Cabinet Secretariat, "Administration of the National Bank for Financing Infrastructure and Development Act, 2021 and related matters," has been allocated under Business Rules of the Government to Department of Financial Services. It has been made effective immediately. The National Bank for Financing Infrastructure and Development Act was enacted by Parliament in March. With this, a new development financial institution will come into existence.  
<https://www.thehindubusinessline.com/news/national/nabfid-brought-under-dept-of-financial-services-purview/article35991338.ece>



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- **RBI relaxes norms on foreign sovereign bond investment:** The Reserve Bank of India (RBI) has relaxed its norms on what banks can do with their excess dollars in the currency market, according to sources. The RBI had already allowed banks to invest their excess dollars in foreign currency bonds, but a rule in July 2016 had stated that a bank's investment in unlisted securities should not be over 10 per cent of their investment in non-statutory liquidity ratio (SLR) bonds, or corporate bonds.  
[https://www.business-standard.com/article/markets/rbi-relaxes-norms-on-foreign-sovereign-bond-investment-121081801381\\_1.html](https://www.business-standard.com/article/markets/rbi-relaxes-norms-on-foreign-sovereign-bond-investment-121081801381_1.html)
- **ICICI Bank gained more than 1.3 million credit cards since December:** Since the Reserve Bank of India's (RBI) ban on HDFC Bank on issuing new credit cards, the private lender and largest issuer of credit cards in India lost 558,545 cards until June 2021. Currently, according to the latest RBI data, HDFC Bank has 14.82 million credit cards in the market, against 15.38 million as of November 2020. ICICI Bank, on the other hand, was been the biggest gainer in the December-June period by adding more than 1.32 million credit cards -- taking its outstanding credit cards in the market to 11.03 million as of June 2021, against 9.71 million as of November 2020. During this period, SBI Cards gained 748,707 cards, taking its tally to 12.04 million and Axis Bank added 252,145 cards, taking its tally to 7.13 million. Although HDFC Bank's market share dropped from what was in November 2020, both in terms of outstanding cards and card spends, it remained the market leader in both aspects.  
[https://www.business-standard.com/article/finance/icici-bank-gained-more-than-1-3-million-credit-cards-since-december-121081900064\\_1.html](https://www.business-standard.com/article/finance/icici-bank-gained-more-than-1-3-million-credit-cards-since-december-121081900064_1.html)
- **Vietnam, India top measure of cryptocurrency adoption by individuals:** Global cryptocurrency adoption among individual investors has surged in the past year, according to crypto-analysis firm Chainalysis. Using factors like peer-to-peer exchange trading volume and value received, Chainalysis said global crypto adoption rose some 881% in the past 12 months. The firm sees institutional markets as crucial but aimed to highlight the countries with the greatest crypto adoption by retail investors. It focused on use cases related to transactions and individual saving, rather than trading and speculation. Top-ranked countries are Vietnam, India, Pakistan and Ukraine.  
[https://www.business-standard.com/article/finance/vietnam-india-top-measure-of-cryptocurrency-adoption-by-individuals-121081900161\\_1.html](https://www.business-standard.com/article/finance/vietnam-india-top-measure-of-cryptocurrency-adoption-by-individuals-121081900161_1.html)
- **Credit shrinks less in second Covid wave due to localised lockdowns:** The degrowth in non-food credit on a year-to-date (ytd) basis so far in FY22 has been lesser than in the comparable period in FY21 as the lockdowns during the second wave of the pandemic were more localised in nature. Between March 29 and July 30, 2021, banks' outstanding loans fell 0.5%, against a 1.1% drop in outstanding loans seen between March 27 and July 31, 2020. In fact, the trend in loan growth was better in the first four months of FY22 than in the first four months of the pre-Covid year FY20. Between March 29 and August 2, 2019, outstanding loans in the banking system had fallen 0.66%. The first half of the financial year typically sees muted loan growth before the busy season begins with the festive season.  
<https://www.financialexpress.com/industry/banking-finance/credit-shrinks-less-in-second-covid-wave-due-to-localised-lockdowns/2313417/>



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- **Lifting of ban on new credit cards partial relief for HDFC Bank:** The lifting of the regulatory embargo on issuance of new credit cards by HDFC Bank will offer some relief to the lender ahead of the festive season. At the same time, the continuing bar on fresh digital launches and the ban on three-card networks may pose difficulties for the bank. In a letter to HDFC Bank's employees on Wednesday, managing director and CEO Sashidhar Jagdishan is understood to have said that the 'rap on the knuckles' from the regulator has made the bank reimagine its IT systems and processes and turbo-charge the speed of technology transformation. "On Digital 2.0, the restrictions will continue till further review by the regulator. We shall continue to engage and ensure full compliance as we move forward," Jagdishan said, adding that HDFC Bank will regain and grow its credit card customer market share and revenue market share in the time to come.  
<https://www.financialexpress.com/industry/banking-finance/lifting-of-ban-on-new-credit-cards-partial-relief-for-hdfc-bank/2313418/>
- **Court allows return of Nirav Modi's confiscated assets worth Rs 440 crore to PNB:** A special court here has allowed "restoration" of properties worth Rs 440 crore of fugitive jeweler Nirav Modi, confiscated by the Enforcement Directorate (ED), to the Punjab National Bank (PNB). Nirav Modi and his uncle Mehul Choksi are accused of committing a Rs 14,000 crore scam by obtaining credit facilities fraudulently from the PNB, a public sector bank. The order was passed by V C Barde, special judge for Prevention of Money Laundering Act, last week. The detailed order became available on Thursday. The PNB in July 2021 had filed multiple applications seeking release of the properties mortgaged with the bank against the credit facilities extended to Nirav Modi's two firms, Firestar Diamond International Private Ltd (FDIPL) and Firestar International (FIL).  
<https://www.financialexpress.com/industry/banking-finance/court-allows-return-of-nirav-modis-confiscated-assets-worth-rs-440-crore-to-pnb/2313927/>
- **National Housing Bank disburses over Rs 30,000 crore in interest subsidy under PMAY:** The National Housing Bank said it has disbursed over Rs 30,000 crore so far in interest subsidy to affordable home loan borrowers under the Prime Minister Housing Scheme (PMAY) since the launch of the scheme in June 2016. The PMAY offers up to 3 percentage points in interest subsidy on low-cost housing loans (at 6.5 per cent) but caps the one-time subsidy at Rs 2.35 lakh per eligible borrower. It was effective from June 2016 and was launched as part of the national housing mission that seeks to ensure a roof over every household by 2030.  
<https://realty.economictimes.indiatimes.com/news/industry/nhb-disburses-over-rs-30000-crore-in-interest-subsidy-under-pmay/85477158>
- **Karvy Group promoter held for defaulting on bank loans:** C Parthasarathy, promoter and MD of Karvy Group, was arrested by the Central Crime Station here today on charges of defrauding several banks and evading payments. According to sources, Parthasarathy was arrested for defaulting on a loan taken from IndusInd Bank in 2019 and for later diverting the funds to other bank accounts. The Karvy Group is under scanner in other cases, too, including a similar case filed by HDFC Bank.  
<https://www.thehindubusinessline.com/markets/stock-markets/karvy-group-promoter-held-for-defaulting-on-bank-loans/article36004146.ece>



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- **Market at new peak: M-cap of BSE-listed cos at record high of over ₹242 lakh cr:** The market capitalisation of BSE-listed companies reached its all-time high of ₹2,42,08,041.64 crore on Wednesday, helped by a rally in the equity market where the benchmark index scaled the 56,000-mark for the first time. During the morning trade, the 30-share BSE benchmark index jumped 312.44 points to its lifetime high of 56,104.71, continuing its winning run for the fifth session in a row.  
<https://www.thehindubusinessline.com/markets/stock-markets/market-at-new-peak-m-cap-of-bse-listed-cos-at-record-high-of-over-242-lakh-cr/article35970470.ece>
- **Weekly Rupee view: INR to remain sluggish:** The rupee (INR) was flat over the last three weeks against the dollar (USD). Especially since the beginning of this month, INR has stayed within 74.10 and 74.50 range. Even as the recent WPI (Wholesale Price Index) inflation data shows that it has eased in July, the rupee stayed within the price band mentioned above despite seeing a positive reaction. Data by the Ministry of Commerce shows that the WPI eased to 11.16 per cent in July compared to 12.07 per cent recorded in June. Notably, there is a drop for two consecutive months as WPI in May stood at 13.11 per cent.  
<https://www.thehindubusinessline.com/markets/forex/weekly-rupee-view-rupee-to-remain-sluggish/article35971481.ece>
- **HDFC Bank raises \$1 billion through AT1 bonds, pricing at 3.7%:** HDFC Bank on August 19 said it has raised \$1 billion by issuance of Additional Tier 1 bonds. The bank said in a release that it was able to successfully price its \$1 billion issuance of Additional Tier 1 (AT1) notes in the overseas markets on August 18, 2022. The AT1 bonds were dollar denominated, Basel III compliant and priced at 3.70 percent, 42.5 basis points lower than the initial price guidance. The bank said the issuance has been given a provisional rating of Ba3 by Moody's Rating Services and is one of the tightest pricing by any bank from Asia.  
<https://www.moneycontrol.com/news/business/companies/hdfc-bank-raises-1-billion-through-at1-bonds-pricing-at-3-7-7362821.html>
- **Gold prices climb on safe-haven appeal, surging coronavirus cases; gold-silver ratio jumps above 76:** Gold prices jumped on August 19 as investors seek refuge in the safe-haven asset amid rising Delta variant cases of coronavirus and FOMC's meeting minutes hinting stimulus easing later in the year. However, the yellow metal upside was capped by the strong dollar. The commodity market was shut in the first half of the session on account of the Muharram holiday. The retail gold price settled at Rs 47,276 per 10 gram in the Mumbai retail market yesterday and it is closed for trading today. The rate for 18, 22 and 24 carat gold were as Rs 35,457, Rs 43,305 and Rs 47,276 plus 3 percent GST. The bullion metal traded in the green after a gap-up start in the evening session.  
<https://www.moneycontrol.com/news/business/commodities/gold-prices-climb-on-safe-haven-appeal-surging-coronavirus-cases-gold-silver-ratio-jumps-above-76-7362391.html>



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