



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

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- **RBI, IRDAI to vet FDI proposals in banks with insurance ventures:** Foreign direct investment (FDI) in banks with insurance ventures will require approval from both, the banking and insurance regulators, according to rules notified under the Foreign Exchange Management Act (FEMA). The new rules are pursuant to higher foreign investment having been allowed in the insurance sector. The increased limit will come into force with the notification under FEMA. Parliament approved the Insurance (Amendment) Bill, 2021, in March to raise the cap on overseas investment in the sector to 74%, from 49% earlier. “These amendments were largely meant to enable the required percentage increase in FDI with safeguards,” said Nischal S Arora, partner, regulatory, Nangia Andersen LLP.
<https://economictimes.indiatimes.com/industry/banking/finance/banking/rbi-irdai-to-vet-fdi-proposals-in-banks-with-insurance-ventures/articleshow/85499558.cms>
- **Post LIC IPO, 60% of insurance biz to be with listed entities: Official:** After the initial public offering (IPO) of LIC, about 60 per cent of the insurance business will be with listed companies, Additional Secretary in the Finance Ministry Amit Agarwal said on Saturday. The Cabinet Committee on Economic Affairs (CCEA) had in July given its in-principle approval for the listing of insurance behemoth Life Insurance Corporation of India (LIC). The IPO of the state-owned life insurer is part of the government's efforts to raise Rs 1.75 lakh crore through disinvestment in the current financial year. Speaking at an event to mark Actuaries Day, Agrawal said amid global challenges, India has continued to develop as an emerging economy with a financial system that has matured, deepened and achieved scale.
<https://www.livemint.com/companies/news/post-lic-ipo-60-of-insurance-biz-to-be-with-listed-entities-finmin-official-11629559895651.html>
- **FM launches Ubharte Sitaare Fund; says MSMEs are the backbone of the economy:** Union Finance Minister Nirmala Sitharaman on Saturday, addressing the launch of the 'Ubharte Sitaare Fund' said the micro, small and medium enterprises (MSMEs) are the backbone of the economy, and that the government has given the sector its rightful place. The 'Ubharte Sitaare Fund' has been set up by Exim Bank and SIDBI. The fund is expected to identify Indian enterprises with potential advantages by way of technology, products or processes along with export potential, but which are currently underperforming or unable to tap their latent potential to grow. Accordingly, India Exim Bank's Ubharte Sitaare Programme (USP) identifies Indian companies that have the potential to be future champions in the domestic arena while catering to global demands. The fund is a mix of structured support, both financial and advisory services through investments in equity or equity like instruments, debt (funded and non-funded) and technical assistance (advisory services, grants and soft loans) to the Indian companies.
<https://www.thehindu.com/business/Economy/fm-launches-ubharte-sitaare-fund-says-msmes-are-the-backbone-of-the-economy/article36035073.ece>



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- **Banks recast loans worth Rs 35,000 crore under RBI's second scheme:** Banks have recast loans worth Rs 35,000 crore under the Reserve Bank of India's (RBI's) regulatory package 2.0 till June this year. This is much lower than the Rs 1 trillion of loans restructured under the earlier package announced after Covid took hold in the country in 2020, according to CARE Ratings. Retail and loans to micro, small and medium enterprises have the largest share in the two schemes combined. The resurgence of the pandemic from March 2021 and the subsequent steps to contain its spread impacted economic activities and created new uncertainties. In May 2021, the RBI came up with a restructuring scheme to alleviate the potential stress on individual borrowers and small businesses.
https://www.business-standard.com/article/finance/banks-recast-loans-worth-rs-35-000-crore-under-rbi-s-second-scheme-121082100046_1.html
- **Bandhan Bank approves 10,887 equity shares under ESOP Series 1:** Bandhan Bank on Saturday said it has allotted 10,887 equity shares to the employees of the bank pursuant to the exercise of options under its Employee Stock Option Plan Series 1 (ESOP). "We wish to inform that the Nomination and Remuneration Committee of the Board ("NRC") of the Bank on August 21, 2021, has approved the allotment of 10,887 Equity Shares of face value of Rs. 10/-each fully paid-up to eligible employees of the Bank upon exercise of the Options vested with them under the ESOP Series 1" according to filing to the stock exchanges. Post allotment, the issued and paid-up equity share capital of the bank stands increased from Rs. 1610,67,38,920 /- comprising of 161,06,73,892 equity shares of Rs. 10/- each fully paid-up to Rs. 1610,68,47,790 /- comprising of 161,06,84,779 equity shares of Rs. 10/- each fully paidup, the bank said.
<https://www.livemint.com/industry/banking/bandhan-bank-approves-10-887-equity-shares-under-esop-series-1-11629551268219.html>
- **Banks tap fintechs to deliver new-age credit products:** Banks and non-bank financiers are partnering with fintech companies to offer new-age digital products to their customers in areas they would otherwise have to invest significantly more if developed in-house. While the thrust is on retail products, banks are also working with these nimbler fintechs on business products. Areas of collaboration include buy now pay later (BNPL) for retail and merchant credit, trade finance for small businesses and commodity financing. For instance, public sector lender Bank of Baroda (BoB) is implementing a project for digitization of both the liabilities and the asset side, particularly when it comes to retail. "We are closely collaborating with fintechs. We believe that half of all our retail loans will get processed digitally with the help of our fintech partners. I think covid-19 has accelerated the process of digitization and the next 12 months will see deep transformation in terms of how the bank works," said Sanjiv Chadha, chief executive, Bank of Baroda.
<https://www.livemint.com/industry/banking/banks-tap-fintechs-to-deliver-new-age-credit-products-11629516721459.html>
- **Carol Furtado likely to become Ujjivan Small Finance Bank's interim MD, CEO:** Ujjivan Small Finance Bank is scheduled to hold a board meeting on August 25 to appoint an officer on special duty (OSD) to oversee the bank as Nitin Chugh has tendered his resignation from the position of the MD and CEO. "Ujjivan SFB will have a board meet on August 25. We have to appoint a person temporarily at the



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place of Chugh. First, the person will be appointed as the OSD to oversee the bank as Chugh will be with the bank till September 30. After September 30, the person can become the interim chief executive officer until we get a permanent CEO,” Samit Ghosh, founder of Ujjivan, told FE.

<https://www.financialexpress.com/industry/banking-finance/carol-furtado-likely-to-become-ujjivan-small-finance-banks-interim-md-ceo/2314562/>

- **Market ends with marginal losses; 82 smallcap stocks fall 10-23%:** Indian benchmark indices continued to make new record highs but ended with marginal losses in the last week dragged by selling seen in the metal, realty and banking names. Benchmark indices, Sensex and Nifty, touched their fresh record high levels of 56,118.57 and 16,701.85, on August 18 but on the weekly basis, BSE Sensex fell 107.97 points to close at 55,329.32, and Nifty50 lost 78.6 points to end at 16,450.5 levels. The broader indices underperform the main indices with BSE Mid-cap and Small-cap indices fell 1-2 percent and Largecap Index was down 0.7 percent in the last week. Among smallcaps, 82 stocks fell between 10-23 percent including names like Ujjivan Small Finance Bank, Apex Frozen Foods, Indostar Capital Finance, RattanIndia Power, Sandur Manganese, Centrum Capital and Jaiprakash Power Ventures.

<https://www.moneycontrol.com/news/business/markets/market-ends-with-marginal-losses-82-smallcap-stocks-fall-10-23-7368621.html>

- **IDBI Bank sale: Link Legal emerges as front-runner for role of legal advisor:** Law firm Link Legal has emerged as the front-runner for the role of legal advisor for the strategic sale process of IDBI Bank, one of the several high-profile deals which are part of the government’s mega disinvestment programme, multiple industry sources in the know told Moneycontrol. The evaluation process, a combination of technical rounds and financial bids, was carried out by DIPAM (Department of Investment & Public Asset Management), the nodal arm of the Finance Ministry for PSU stake sales. “Link Legal is ahead of other bidders post the technical round and opening of financial bids. They have substantial experience working with banks,” said one of the persons cited above. Three other persons confirmed the development. On August 14, Moneycontrol was the first to report that KPMG was the lead contender to be appointed a s transaction advisor for the IDBI Bank sale.

<https://www.moneycontrol.com/news/business/idbi-bank-sale-link-legal-emerges-as-front-runner-for-role-of-legal-advisor-7368071.html>

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