



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

August 27, 2021

- **RBI appoints Ajay Kumar as ED:** The Reserve Bank of India (RBI) has appointed Ajay Kumar as Executive Director (ED) with effect from August 20. Prior to being promoted as ED, Kumar was heading RBI's New Delhi Regional Office as Regional Director. As ED, he will look after Department of Currency Management, Foreign Exchange Department and Premises Department. The RBI now has 13 EDs. Kumar has, over a span of three decades, served in foreign exchange, banking supervision, financial inclusion, currency management and other areas in the Reserve Bank.  
<https://www.thehindu.com/business/rbi-elevates-ajay-kumar-as-executive-director/article36127788.ece>
- **Three MDs and ten EDs of various PSU banks get term extensions:** The Appointments Committee of the Cabinet (ACC) gave its nod for the extension of terms of three serving Managing Director and CEOs and ten Executive Directors in various public sector banks. The three MD and CEOs who got tenure extensions include Ch SS Mallikarjuna Rao of Punjab National Bank, Atul Kumar Goel of UCO Bank and AS Rajeev of Bank of Maharashtra. While Mallikarjuna Rao's term has been extended till January 31 next year, the term of office of Anil Kumar Goel has been extended for two years till November 1, 2023. A S Rajeev's tenure has been extended by two years till December 1, 2023. The EDs who received extension for two years beyond their currently notified term expiry date are Ajay Khurana (Bank of Baroda), A Manimekhalai (Canara Bank) and PR Rajagopal (Bank of India). The other seven EDs whose term have been extended till the date of their superannuation are Sanjay Kumar (Punjab National Bank), Gopal Singh Gussain (Union Bank of India), Vikramaditya Singh Khichi (Bank of Baroda), Shenoy Vishwanath Vittal (Indian Bank), Vijay Dube (Punjab National Bank), Alok Srivastava (Central Bank of India) and Manas Ranjan Biswal (Union Bank of India ), according to an executive order issued by the Department of Personnel and Training.  
<https://www.thehindubusinessline.com/economy/policy/three-mds-and-ten-eds-of-various-psu-banks-get-term-extensions/article36115860.ece>
- **Govt may explore CPSE-PSB HR synergy:** The government may tap senior management of central public sector enterprises (CPSEs) such as Power Finance Corporation, ONGC and NTPC for non-executive posts and independent directors in public sector banks and financial institutions. The government could explore such synergies after the Department of Public Enterprises (DPE) was brought under the finance ministry in July this year. At present, 10 state-run lenders are functioning without an executive chairman.  
<https://economictimes.indiatimes.com/industry/banking/finance/banking/govt-may-explore-cpse-psb-hr-synergy/articleshow/85635207.cms?from=mdr>



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- **How much can a buyer initially hold in IDBI, Centre to ask the Reserve Bank:** The government will ask the Reserve Bank of India (RBI) about the maximum holding a prospective buyer may be allowed in IDBI Bank initially and the post-acquisition glide path to reduce the stake in line with banking sector norms. Formal discussions will shortly be initiated with the banking regulator to get information on these matters, a senior government official told ET. The government is hopeful of some flexibility from the RBI on the glide path for stake reduction for the new promoter on the lines of other private banks. "We will be holding discussions with the RBI soon to get clarity on these issues," the official said. Offers for the stake sale will be invited after the RBI elaborates on this, the official said.  
<https://economictimes.indiatimes.com/industry/banking/finance/banking/how-much-can-a-buyer-initially-hold-in-idbi-govt-to-ask-rbi/articleshow/85642490.cms?from=mdr>
- **Step out to step up loan disbursement, Nirmala Sitharaman tells banks:** Finance minister Nirmala Sitharaman on Wednesday said that she has asked state-run banks to step up credit flow and hold outreach programmes across India from October to give further momentum to the government's stimulus packages. She also said it was too early to conclude that credit demand in the economy is sluggish. The minister was speaking at the launch of EASE 4.0 banking reforms in Mumbai. "This year, too, sometime in October, there will be a credit outreach in every district of the country," the finance minister said Wednesday. "To keep up the momentum of the stimulus that we are periodically giving, we have also asked banks to go out and give credit."  
<https://economictimes.indiatimes.com/industry/banking/finance/banking/step-out-to-step-up-loan-disbursement-fm-tells-banks/articleshow/85642500.cms?from=mdr>
- **Only card networks and issuing banks may get to tokenise data:** Only card-issuing banks and card scheme operators, such as the National Payments Corporation of India, Visa and Mastercard, would be allowed to tokenise customer card data, Reserve Bank of India (RBI) is said to have indicated to the industry in a meeting Monday. The central bank has clarified to the industry that none of the intermediaries, even licensed payment gateways and acquiring banks, would be allowed to store card data and offer tokenised files to merchants under the upcoming payment aggregator and payment gateway regulatory regime kicking in from 2022, two sources aware of the matter told ET.  
<https://economictimes.indiatimes.com/tech/technology/only-card-networks-and-issuing-banks-may-get-to-tokenise-data/articleshow/85644211.cms>
- **Barclays infuses Rs 3000 cr into Indian operations:** UK based Barclays Bank Plc has infused Rs 3,000 crore in India in its single largest one time capital infusion in the country indicating its confidence in the growth prospects. With this infusion, the bank's total invested capital in the country will increase to over Rs. 8,300 crore. It had last invested Rs 540 crore in 2009-10. "The expansion in Tier 1 capital reinforces Barclays' commitment to India, and will enable further growth of the bank's corporate & investment banking and private clients businesses," the bank said in a statement.  
<https://economictimes.indiatimes.com/industry/banking/finance/confident-of-growth-barclays-infuses-3k-cr-into-india-unit/articleshow/85667752.cms>



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- **Second wave of COVID infections increased bank's asset quality risks: Moody's:** Moody's Investors Service on Thursday said second wave of Covid infections has increased asset risks for Indian banks, but a severe deterioration is unlikely. It said that the second wave of coronavirus infections in India has exacerbated stress among individuals and small businesses that were hit the hardest by the initial outbreak. Still, a number of factors will prevent sharp increases in problem loans, and banks have sufficient buffers to absorb anticipated loan losses. The country's economic recovery, a tightening of loan underwriting criteria and continued government support will prevent a sharp spike in problem loans, it said.  
<https://www.moneycontrol.com/news/world/second-wave-of-covid-infections-increased-banks-asset-quality-risks-moodys-7392521.html>
- **Strong buffers to help Indian banks withstand fresh surge in bad loans, says Moody's:** State-owned banks are likely to witness fresh non-performing loans which would be 1.5% of their gross loan portfolio in each of the next two years, mostly on account of loans given to small and enterprises, but the banking system would be able to weather it as legacy bad loans are being resolved and adequately provided for and are backed up by higher capital, Moody's Investors Service said. The global rating company however projected a fall in gross NPA for the entire banking industry to 9% by March 2023 from 9.4% at the end of March 2021 as the rise in credit growth would offset the fresh bad loan addition. India's second coronavirus wave is increasing asset risks for banks, but the country's economic recovery, a tightening of loan underwriting criteria and continued government support will prevent a sharp spike in problem loans, it observed.  
<https://economictimes.indiatimes.com/industry/banking/finance/banking/strong-buffers-to-help-indian-banks-withstand-fresh-surge-in-bad-loans-says-moodys/articleshow/85651681.cms?from=mdr#:~:text=Moody's%20said%20that%20the%20banks,loan%20loss%20reserves%20and%20profitability.>
- **Jana Small Finance Bank ties up with two co-op banks to offer digital, payment services:** Jana Small Finance Bank (Jana SFB) will provide its digital infrastructure and payments services to HCBL Co-operative Bank and Mysore Merchants Co-operative Bank under the bank sponsorship programme. Under the bank sponsorship programme, the RBI has permitted Core Banking Solution (CBS) enabled co-operative banks to issue ATM cards or ATM-cum debit cards to its customers in association with the sponsor bank. Jana Small Finance Bank signed a memorandum of understanding (MoU) with HCBL Co-operative Bank, Lucknow and Mysore Merchants Co-operative Bank, Mysore to provide digital infrastructure and payments services to the respective banks under the bank sponsorship programme of the RBI, Jana SFB said in a release on Thursday.  
[https://www.business-standard.com/article/finance/jana-sfb-ties-up-with-two-co-op-banks-to-offer-digital-payment-services-121082600774\\_1.html](https://www.business-standard.com/article/finance/jana-sfb-ties-up-with-two-co-op-banks-to-offer-digital-payment-services-121082600774_1.html)
- **HDFC Bank lists \$1-bn AT-1 bonds on IFSC exchanges:** Leading private sector lender HDFC Bank on Thursday listed its USD 1 billion additional tier- I (AT-1) bonds on the IFSC (International Financial Services Centre) exchanges at Gujarat International Finance Tec-City (GIFT). "The primary listing of HDFC AT 1 bond demonstrates the competitiveness of both the IFSC exchanges --India INX and NSE IFSC internationally," Manoj Kumar, Executive Director, IFSCA said. According to him, this is a major



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milestone for GIFT IFSC in onshoring offshore financial services for Indian entities. IFSCA envisions that the recently notified regulations on issuance and listing of securities will enable more financial instruments to be listed and traded in this jurisdiction. "We along with our regulator IFSCA have an endeavour to provide the issuers with a comprehensive and seamless issuance and listing process at par with best global practices and hope to onboard more and more issuers on our platform in the near future," V Balasubramaniam, Managing Director, and Chief Executive Officer, India INX, said in a statement.

<https://economictimes.indiatimes.com/markets/bonds/hdfc-bank-lists-1-bn-at-1-bonds-on-ifsc-exchanges/articleshow/85656019.cms>

- **Bumper-to-bumper insurance of new vehicles must for five years: Madras HC:** The Madras High Court has directed the Tamil Nadu Transport Secretary to ensure that new motor vehicles sold in the State from September 1 get bumper-to-bumper insurance cover, along with coverage for driver, owner, passengers and third parties, for five years. Justice S Vaidyanathan, in an order on Wednesday, said it is mandatory for any new vehicle sold after September 1 to have bumper-to-bumper insurance every year, in addition to covering the driver, passengers and owner of the vehicle, for five years.  
<https://www.thehindubusinessline.com/economy/logistics/bumper-to-bumper-insurance-of-new-vehicles-must-for-five-years-madras-hc/article36113786.ece>
- **Few takers for restructuring under RBI's Resolution Framework 2.0: Crisil:** There are only a few takers for the debt restructuring facility offered by the Reserve Bank of India (RBI) under its Resolution Framework 2.0 amid demand recovery, according to a Crisil Ratings survey of about 4,700 companies rated by it. Crisil Ratings' investment grade rated corporates have shown resilience amid the pandemic and hardly anyone is planning to avail restructuring 2.0. In fact, the survey shows that as much as 95 per cent of those opting for, or are inclined to seek restructuring, belong to the sub-investment grade rating category.  
<https://www.thehindubusinessline.com/money-and-banking/few-takers-for-restructuring-under-rbis-resolution-framework-20-crisil/article36114287.ece>
- **PhonePe gets in-principle approval as an account aggregator from RBI:** PhonePe Account Aggregator Pvt Ltd, a fully owned subsidiary of the PhonePe Group, has got in-principle approval from RBI to operate as an account aggregator (AA). The licence permits PhonePe to launch its account aggregator platform that will enable free and instant exchange of financial data between the financial information users (FIUs) and financial information providers (FIPs) with due consent from customers, in a safe and secure manner. This will help Indian consumers avail financial services in a more convenient manner. Commenting on the development, Rahul Chari, CTO and Co-founder of PhonePe, said, "The account aggregator licence will allow us to play a pivotal role in shaping the emergent account aggregator ecosystem for consent-based financial data sharing. Our AA technology stack will enable any FIU to instantly retrieve financial information with customer consent from the FIP. We are looking forward to working closely with all the industry stakeholders to take forward RBI's vision of driving deeper financial inclusion across the country."



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<https://www.thehindubusinessline.com/money-and-banking/phonepe-gets-in-principle-approval-as-an-account-aggregator-from-rbi/article36116231.ece>

- **LnD Pool launches certificate programme in banking and insurance:** LnD Pool, a Kochi-based startup, has launched a unique certificate programme -- The Certificate in Bancassurance Channel Management -- to address the skill gap in the Banking, Financial Services and Insurance (BFSI) sector. The certificate programme is offered in association with BFSI Sector Skill Council of India. BFSI Sector Skill Council of India (BFSI SSC) is the assessing and certifying body under the National Skill Development Corporation (NSDC) and Ministry of Skill Development & Entrepreneurship (MSDE). The program is open to young working professional, fresh graduate/ PG or final year student who are interested in banking and insurance careers. The pedagogy is relevant to professionals working in both BFSI as well as other sectors viz. FMCG/FMCD/ automobile /pharma/ paint etc. who are looking for career opportunities in BFSI sectors in India and abroad. The job roles open in banks, insurance, broking and other financial services companies include Relationship Managers, Front line Sales Managers, Area Managers, Territory managers etc.  
<https://www.thehindubusinessline.com/money-and-banking/lnd-pool-launches-a-unique-certificate-programme-for-banking-and-insurance/article36117226.ece>
- **PSBs to make additional provision of over ₹21,300 cr for higher family pension, NPS:** Public sector banks will have to make an additional provision of over ₹21,300 crore annually on account of revision of norms to calculate family pension and higher contribution toward National Pension System (NPS). "Keeping in view the requirements of the Accounting Standard (AS15R) issued by the Chartered Accountants of India and also as per the Companies Accounting Rules (2006), the incremental provision towards the Family pension as per the actuarial estimate is ₹20,302.9 crore," a note prepared for the proposal, seen by BusinessLine, said.  
<https://www.thehindubusinessline.com/money-and-banking/psbs-to-make-additional-provision-of-over-21300-cr-for-higher-family-pension-nps/article36118683.ece>
- **PSBs are showing clear profits; have come out of PCA, says Sitharaman:** Finance Minister Nirmala Sitharaman, while addressing the media after the conclusion of her two-day Mumbai visit, said she had a detailed annual review with public sector banks. She said Department of Finance Services Secretary Debasish Panda had also joined in for a detailed discussion on the PSBs' performance. The FM, during her Mumbai visit, also reviewed actions taken by public sector banks on the previously announced schemes. She said the PSBs have been asked to have detailed discussions with exporters and industry bodies. The banks have also been advised to provide better credit flow to the exporters and export-oriented companies, she said. They have also been directed to interact regularly with Federation of Indian Exporters Organisation so the exporters don't have to shuttle between various bankers, she said.  
<https://www.businesstoday.in/latest/economy/story/psbs-are-showing-clear-profits-have-come-out-of-pca-says-sitharaman-305147-2021-08-25>



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- **RBI imposes penalty on 2 co-op banks, 1 NBFC:** The Reserve Bank of India (RBI) on Thursday said it has imposed penalties on two co-operative banks and a non-banking financial company (NBFC), for deficiencies in certain regulatory compliance. A penalty of Rs 3 lakh has been imposed on Jijamata Mahila Sahakari Bank, Pune, Maharashtra for non-compliance with the directions on exposure norms and statutory/ other restrictions-urban co-operative banks (UCBs), the central bank said. In another statement, it said a penalty of Rs 2 lakh has been imposed on The Muslim Co-operative Bank Limited, Pune, for contravention of/non-compliance with the directions issued by the RBI on Know Your Customer (KYC).  
[https://www.business-standard.com/article/finance/rbi-imposes-penalty-on-2-co-op-banks-1-nbfc-for-compliance-deficiency-121082601469\\_1.html#:~:text=Home-,RBI%20imposes%20penalty%20on%20%20co%20op%20banks,1%20NBFC%20for%20compliance%20deficiency&text=The%20Reserve%20Bank%20of%20India,deficiencies%20in%20certain%20regulatory%20compliance.](https://www.business-standard.com/article/finance/rbi-imposes-penalty-on-2-co-op-banks-1-nbfc-for-compliance-deficiency-121082601469_1.html#:~:text=Home-,RBI%20imposes%20penalty%20on%20%20co%20op%20banks,1%20NBFC%20for%20compliance%20deficiency&text=The%20Reserve%20Bank%20of%20India,deficiencies%20in%20certain%20regulatory%20compliance.)
- **Sensex, Nifty trade flat amid volatility ahead of F&O expiry:** Market, after opening on a negative note amid mixed global cues, remained volatile in the first half ahead of the NSE F&O August monthly contracts expiry today. Indices were sustained by gains in heavyweights such as Reliance and ICICI Bank. At 1 pm, the BSE Sensex was trading at 55,959.50, up 15.29 points or 0.03 per cent. It briefly surpassed the 56,000-mark with an intraday high of 56,112.39. It hit an intraday low of 55,854.07. The Nifty 50 was trading at 16,639.25, up 4.60 points or 0.03 per cent. It hit an intraday high of 16,683.70 and a low of 16,603.40. Britannia, Reliance, ICICI Bank, Mahindra & Mahindra and HDFC Life were the top gainers on the Nifty 50 while Bharti Airtel, Powergrid, Hindalco, JSW Steel and Maruti were the top laggards.  
<https://www.thehindubusinessline.com/markets/stock-markets/sensex-nifty-trade-flat-amid-volatility-ahead-of-fo-expiry/article36113848.ece>
- **Rupee surges 13 paise to 74.11 against US dollar:** The Indian rupee appreciated 13 paise to 74.11 against the US dollar in opening trade on Thursday, tracking a positive trend in domestic equities. At the interbank foreign exchange, the rupee opened at 74.22 against the dollar, then surged higher to 74.11, up 13 paise over its previous close. On Wednesday, the rupee had settled at 74.24 against the US dollar. Global oil benchmark Brent crude futures fell 0.48 per cent to USD 71.90 per barrel. Meanwhile, the dollar index, which gauges the greenback's strength against a basket of six currencies, was up 0.06 per cent at 92.87.  
<https://www.thehindubusinessline.com/markets/forex/rupee-surges-13-paise-to-7411-against-us-dollar/article36111463.ece>
- **Gold prices slip for second day to Rs 47,350 per 10 gm on firm rupee; silver slides:** Gold prices on August 26 fell for the second successive day, down by Rs 98 to Rs 47,350 per 10 gram in the Mumbai retail market on rupee strength and subdued global cues. The yellow metal traded lower as investors were cautious ahead of Jackson Hole Symposium that may provide insight about Fed's bond tapering plan. The price of 10 gram, 22-carat gold in Mumbai was Rs 43,373 plus 3 percent GST, while 24-carat 10 gram stood at Rs 47,350 plus GST. The 18-carat gold is quoted at Rs 35,513 plus GST in the retail market. Silver prices eased by Rs 152 to Rs 62,230 per kg against its closing price on August 25.



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<https://www.moneycontrol.com/news/business/commodities/gold-prices-slip-for-second-day-to-rs-47350-per-10-gm-on-firm-rupee-silver-slides-7393511.html>

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