



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

November 27, 2021

- **Bank privatisation not in one go, govt may retain at least 26% in 2 PSBs:** The government may not fully exit from the two state-run banks that are to be privatised and instead retain at least a 26% stake for the first few years. A senior official said the extent of the stake sale will depend on interest from investors and market conditions. The government will introduce a bill in the winter session of parliament to make the changes needed before privatising the two banks. The Central Bank of India and Indian Overseas Bank have reportedly been shortlisted by Niti Aayog for disposal. However, a final decision is yet to be taken. "The upcoming bill will clear decks for regulatory approvals required for privatisation of two PSBs (public sector banks) but we may like to retain some stake and dilute it at a later stage," the official said, reasoning that the government may like to cash in on the upside in valuation after the stake sale.
<https://economictimes.indiatimes.com/industry/banking/finance/banking/bank-privatisation-not-in-one-go-govt-may-retain-at-least-26-in-2-psbs/articleshow/87920400.cms>
- **Private bank promoters' stake limit raised to 26% from 15%:** The Reserve Bank of India has raised the stake promoters can hold in their banks to 26 per cent from 15 per cent now. The RBI has also given small finance banks (SFBs) more time to list as part of its move to align regulations to meet the requirements of a dynamic banking landscape. These are part of 21 recommendations of an Internal Working Group (IWG) that have been accepted by the RBI, with modifications. The IWG had made 33 recommendations. The central bank said the remaining 12 are under examination.
<https://www.thehindubusinessline.com/money-and-banking/private-bank-ownership-rbi-accepts-recommendations-of-internal-working-group/article37700068.ece>
- **Bank of Maharashtra eyes a total business size of ₹5-lakh crore by the end of FY24:** Bank of Maharashtra (BoM) is planning to have a presence in most of the 727 districts in the country as part of its strategy to achieve a total business size (deposits plus advances) of ₹5-lakh crore by March-end 2024 against about ₹2.97-lakh crore at September-end 2021. In an interaction with BusinessLine, MD & CEO, AS Rajeev, underscored that his bank has put in place systems and processes to ensure that the quality of sanctions improve, slippages are reined in, and costs associated with the outsourcing of ATMs and IT, rent, and electricity, among others, are cut.
<https://www.thehindubusinessline.com/money-and-banking/bank-of-maharashtra-eyes-a-total-business-size-of-5-lakh-crore-by-the-end-of-fy24/article37708362.ece>
- **Bank of Baroda raises ₹1,997 crore via AT-1 bonds:** Bank of Baroda (BoB) has raised ₹1,997 crore via an issue of Additional Tier 1 bonds at a coupon rate of at 7.95 per cent. Bonds of ₹1 crore are unsecured, rated, listed, subordinated, non-convertible, fully paid-up Basel III compliant perpetual bonds. The public sector bank informed exchanges that it has received total bids aggregating ₹5,308 crore against issue size of ₹2,000 crore. The issuance was finalised for ₹1,997 crore. The Bank of Baroda has allotted the bonds to 21 investors.



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<https://www.thehindubusinessline.com/money-and-banking/bank-of-baroda-raises-1997-crore-via-at-1-bonds/article37700257.ece#:~:text=The%20Bank%20has%20allotted%20the,Basel%20III%20compliance%20perpetual%20bonds.>

- **RBI imposes Rs 1 crore fine on State Bank of India:** The Reserve Bank of India (RBI) has imposed a monetary penalty of Rs 1 crore on the State Bank of India (SBI) after an inspection found that the bank had held shares in borrower companies, as pledgee, of an amount exceeding 30% of paid-up share capital of those companies in contravention of RBI guidelines. "The Statutory Inspections for Supervisory Evaluation (ISE) of the bank was conducted by RBI with reference to its financial positions as on March 31, 2018 and March 31, 2019 and the examination of the Risk Assessment Reports, Inspection Report and all related correspondence pertaining to the same, revealed, inter-alia, contravention of sub-section (2) of section 19 of the Act to the extent the bank held shares in borrower companies, as pledgee, of an amount exceeding thirty per cent of paid-up share capital of those companies," RBI said.
<https://www.ndtv.com/business/reserve-bank-of-india-rbi-imposes-penalty-of-rs-1-crore-on-state-bank-of-india-sbi-2626213>
- **Metro branches bring life back in bank credit growth:** The rise in credit growth during the current financial year has been led by gradual revival of lending by bank branches in metropolitan centres, while private sector banks raised their market share further, Reserve Bank of India said Friday. Credit-deposit ratio for metropolitan branches stood at 82.8 per cent in September against 88.4 per cent a year ago, reflecting the fact that deposit mobilisation outpaced lending growth. All-India credit-deposit ratio dipped to 70 per cent from 72 per cent over the same period. Banks' deposit growth, however, moderated a bit to 10.1 per cent in September from 11 per cent a year ago. The share of current account and savings account (CASA) deposits in total deposits has been gradually rising and it stood at 44.3 per cent in September 2021.
<https://economictimes.indiatimes.com/industry/banking/finance/banking/metro-branches-bring-life-back-in-bank-credit-growth/articleshow/87935515.cms>
- **Former SBI chief Rajnish Kumar, Choko La founder Vasudha Dinodia join Hero MotoCorp board:** Former SBI chairman Rajnish Kumar has joined the board of Hero MotoCorp as an independent director, the two-wheeler major said on Friday. It has also appointed marketing strategist and entrepreneur Vasudha Dinodia on the board as an independent director, Hero MotoCorp said in a statement. Dinodia, founder of the boutique - chocolate startup Choko La, is a third-generation entrepreneur from the Munjal family. Kumar, a career banker with nearly four decades of service, completed his three-year term as chairman of the State Bank of India (SBI) in October 2020. He is credited with steering the bank successfully through very challenging times and adopting key technology transformations.
<https://auto.economictimes.indiatimes.com/news/two-wheelers/motorcycles/former-sbi-chief-rajnish-kumar-choko-la-founder-vasudha-dinodia-join-hero-motocorp-board/87941861>



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- **IL&FS completes stake sale in Terracis Technologies, resolves Rs 1,275 cr debt:** Debt-ridden Infrastructure Leasing and Financial Services (IL&FS) on Thursday said it has completed sale of its 52.26 per cent stake in Terracis Technologies Ltd (TTL) to Falcon SG Holdings, (Philippines) Inc (Falcon SG). With this, the group has resolved close to Rs 1,275 crore of its debt and has completely exited the technology business, a release said. This is an equity positive transaction wherein the entire debt has been taken over by the new promoter, it said. The transaction would release corporate guarantees extended by various IL&FS Group entities and will also facilitate reduction of five entities within the Group: TTL and its four subsidiaries - Land Registration Systems Incorporation (LARES), IL&FS Technologies Philippines Incorporation (ITPI), LIVIA India Ltd (LIL) and Bhopal e-Governance Ltd (B EGL).
<https://economictimes.indiatimes.com/industry/banking/finance/banking/ilfs-completes-stake-sale-in-terrakis-technologies-resolves-rs-1275-cr-debt/articleshow/87910470.cms>
- **One 97 Communication's Paytm Payments Bank explores possibilities for conversion into SFB:** Paytm Payments Bank, an associate entity of the recently listed Paytm (One 97 Communications), is exploring possibilities for conversion into small finance bank and providing more services and offerings to customers. According to Vijay Shekhar Sharma, Founder and CEO, Paytm, a conversion into small finance bank would help it solve a number of payment problems and also facilitate more services to its customers.
<https://www.thehindubusinessline.com/money-and-banking/one-97-communications-paytm-payments-bank-explores-possibilities-for-conversion-into-sfb/article37687311.ece>
- **Yes Bank collaborates with Amazon Pay and AWS to offer UPI payment services:** Yes Bank on Thursday announced its collaboration with Amazon Pay and Amazon Web Services (AWS) to offer customers an instant real-time payment system through a UPI transaction facility. "The integration enables Amazon Pay to issue UPI IDs with the @yapl handle, allowing customers to make secure, fast, and convenient payments," it said in a statement.
<https://www.thehindubusinessline.com/money-and-banking/yes-bank-collaborates-with-amazon-pay-and-aws-to-offer-upi-payment-services/article37687974.ece>
- **Role reversal: India Inc 'lending' to banks via AT-1 bonds :** A role reversal seems to be happening in the Indian financial markets, with India Inc lending to banks instead of borrowing from them. High returns on investments in Additional Tier-I (AT) bonds issued by public sector banks is proving to be attractive for large corporates even as bank credit to them has declined.
<https://www.thehindubusinessline.com/money-and-banking/role-reversal-india-inc-lending-to-banks-via-at-1-bonds/article37689938.ece>
- **'The insurance sector and governments need to coordinate to hedge natural disaster risks':** A public-private solution in the form of a National Disaster Pool, for hedging natural disaster risks, in close coordination with the insurance sector might offer many benefits over government-induced crisis loans and grants, according to Soumya Kanti Ghosh, Group Chief Economic Adviser, State Bank of India. "If we consider 2020 floods in India, the total economic loss was of \$7.5 billion (₹52,500 crore) but insurance available was only to the magnitude of 11%. If the government had insured it, then the



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premium for the sum assurance of ₹60,000 crore would have been only in the range of ₹13,000 to ₹15,000 crore,” Ghosh said in the latest edition of Ecowrap.

<https://www.thehindubusinessline.com/money-and-banking/the-insurance-sector-and-governments-need-to-coordinate-to-hedge-natural-disaster-risks/article37696447.ece>

- **50,000 jobs at stake as govt brings laws to regulate cryptocurrencies:** Employees of cryptocurrency companies in India are a worried lot as the fate of the industry hangs in the balance. uVinshu Gupta, Founder and Director, Nonceblox Blockchain Studio said “It is easy to use privacy coins to launder money or use a crypto mixer to hide drug or blood money but crypto also employs over 50,000 people in India and has immense potential to push India as a true 21st century super power.”
<https://www.thehindubusinessline.com/news/national/50000-jobs-at-stake-as-govt-brings-laws-to-regulate-cryptocurrencies/article37697348.ece>
- **ARSS Infrastructure Projects case: SEBI rejects ‘acted in good faith’ rule for SBI nominee:** In a rare case, markets regulator SEBI has disallowed protection under the rule of ‘acted in good faith’ to 75-year old Krishna Chandra Raut, a nominee of government-owned State Bank of India (SBI) on the board of ARSS Infrastructure Projects (AIPL). Government employees or its nominees on the board of companies are protected from prosecution or legal proceedings by any authorities unless it has proved that they acted in a ‘bad faith’. Raut is a retired SBI official who was put as a nominee by the bank on AIPL board in 2013 after the company went into CDR (corporate debt restructuring).
<https://www.thehindubusinessline.com/money-and-banking/sebi-ignores-the-rule-of-acted-in-good-faith/article37703221.ece>
- **Former RBI executive director Lily Vadera joins HDFC Bank board:** HDFC Bank on Friday said its board has approved the appointment of former RBI executive director Lily Vadera as independent director. The board of directors of the bank approved the appointment of Lily Vadera as an additional independent director of the bank for a period of five years effective from November 26, 2021, subject to the approval of the shareholders, HDFC Bank said in a regulatory filing.
<https://bfsi.economictimes.indiatimes.com/amp/news/banking/former-rbi-executive-director-lily-vadera-joins-hdfc-bank-board/87942017>
- **Black Friday: New Covid variant concerns, global cues drag Sensex down over 1,600 pts, Nifty below 17,100:** Sensex crashed 1,687 points to close at 57,107 and the Nifty index plunged 509 points to 17,026. As much as ₹4.5-lakh crore of investor wealth was eroded by the end of the day. Only four stocks- Cipla, Divi’s Lab, Dr Reddy and Nestle India closed in the green on the Nifty 50. JSW Steel, Tata Motors, Hindalco, Adani Ports and IndusInd Bank were the top losers.
<https://www.thehindubusinessline.com/markets/stock-markets/sensex-nifty-down-2-intraday-amid-across-the-board-selling/article37698086.ece>
- **Foreign exchange reserves up by \$289 mn to \$640.40 bn:** India's forex exchange reserves increased by USD 289 million to USD 640.401 billion for the week ended November 19, the Reserve Bank said on Friday. The overall reserves had declined by USD 763 million to USD 640.112 billion in the previous



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reporting week. They had touched a lifetime high of USD 642.453 billion in the week ended September 3, 2021.

<https://www.thehindubusinessline.com/markets/forex/foreign-exchange-reserves-up-by-289-mn-to-64040-bn/article37702670.ece>

- **Rupee plunges 37 paise to close at 74.89 against US dollar on new Covid variant worries:** The rupee on Friday plunged by 37 paise against the US dollar as investors turned cautious in view of massive selloffs in domestic equities and worries over a new variant of Covid-19. At the interbank foreign exchange market, the local currency opened at 74.60 and witnessed an intra-day high of 74.58 and a low of 74.92 against the US dollar in day trade.

<https://www.thehindubusinessline.com/markets/forex/rupee-plunges-37-paise-to-close-at-7489-against-us-dollar-on-new-covid-variant-worries/article37702912.ece>

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