



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

October 28, 2021

- **Cash is still 'King' as digital divide between Bharat and India continues:** The demand for currency, which has seen a steady surge with the onset of festival season this month, has once again proved that cash is king as the digital divide between Bharat and India still remains startling. Cash in circulation (CIC) increased by ₹11,115 crore in the week-ended October 15 to ₹29,25,263 crore against ₹29,14,148 crore logged on October 8, as per the latest RBI weekly statistics report. The CIC is up nine per cent at ₹29,25,263 crore till October 15 this year compared to ₹26,79,937 crore logged in October 16, 2020. In fact, currency with the public has increased by ₹63,103 crore to ₹28,14,931 crore as of September 24 against ₹27,51,828 crore as of March-end, as per RBI data.
<https://www.thehindubusinessline.com/money-and-banking/cash-is-still-king-as-digital-divide-between-bharat-and-india-continues/article37193912.ece#:~:text=The%20demand%20for%20currency%2C%20which,and%20india%20still%20remains%20startling.&text=Historically%2C%20the%20cash%20in%20circulation,12%20per%20cent%20till%20FY20.>
- **CBI arrests six persons in connection with Rs 6,000 crore remittance scam in Bank of Baroda :** The CBI on Wednesday arrested six persons in connection with the Rs 6,000-crore foreign exchange remittance scam in the Bank of Baroda, which was detected in 2015, officials said. The Central Bureau of Investigation (CBI) also carried out searches at 14 locations in connection with the case, they said. The agency had filed a chargesheet in the Court of Special Judge on December 12, 2015, against then AGM of the Bank of Baroda and then Forex officer of the bank, CBI spokesperson RC Joshi said.
<https://economictimes.indiatimes.com/news/india/cbi-arrests-six-persons-in-connection-with-rs-6000-crore-remittance-scam-in-bank-of-baroda-officials/articleshow/87313750.cms>
- **KV Kamath will now head the National Bank for Financing Infrastructure and Development: FinMin:** The central government has appointed veteran banker Kundapur Vaman Kamath, to head the National Bank for Financing Infrastructure and Development (NaBFID), a newly set up DFI in India.
<https://www.moneycontrol.com/news/business/kv-kamath-will-now-head-the-national-bank-for-financing-infrastructure-and-development-finmin-7638131.html>
- **Indian Overseas Bank net profit up 154% to Rs 376 crore in Q2:** State-run Indian Overseas Bank (IOB) has posted a 154 per cent increase in net profit during the second quarter of the current financial year ended on September 30 to Rs 376 crore, as compared to Rs 148 crore during the same quarter in 2020-21. The lender's total income for the reporting quarter was down marginally by about 1 per cent to Rs 5,376 crore, from Rs 5,430 during the July to September quarter of 2020-21. The bank's managing director and chief executive officer P P Sengupta said the reasons for the better financial numbers is owing to a better outlook in the economy due to higher rates of vaccination and better performance in retail, agriculture, MSME (RAM) and corporates.
<https://www.financialexpress.com/industry/banking-finance/indian-overseas-bank-net-profit-spurts-154-bad-assets->



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[decline/2358064/#:~:text=The%20bank%20has%20made%20required,quarter%20of%20the%20previ
ous%20fiscal.](#)

- **IndusInd Bank Q2 net profit up 72%:** Private sector lender IndusInd Bank reported a 72.09 per cent year-on-year jump in standalone net profit for the second quarter of the fiscal, supported by a drop in provisions and a robust net interest income and fee income. For the quarter ended September 30, 2021, the bank had a standalone net profit of ₹1,113.53 crore, against ₹647.04 crore during the same period last fiscal. As Indian banking digitises rapidly, is it spending enough on IT systems? Net interest income increased by 11.6 per cent to ₹3,658.4 crore (₹3,277.9 crore).
<https://www.thehindubusinessline.com/money-and-banking/indusind-bank-q2-net-profit-up-72/article37191960.ece>
- **Healthy growth in home loans, may consider extending festive offer: Kotak Mahindra Bank:** Private sector lender Kotak Mahindra Bank has seen robust growth in home loan demand and said it may consider extending the festive season rates depending on the interest rates and demand. The bank had with effect from September 10 reduced home loan rates by 15 basis points to 6.5 per cent per annum. The offer is scheduled to end on November 8. “Overall, growth has been healthy in the home loan segment. If the demand momentum continues and depending on how the interest rates behave, we may consider extending it,” said Dipak Gupta, Joint Managing Director, Kotak Mahindra Bank on Tuesday in a media call after the lender’s second quarter results.
<https://www.thehindubusinessline.com/money-and-banking/healthy-growth-in-home-loans-may-consider-extending-festive-offer-kotak-mahindra-bank/article37183888.ece>
- **Karnataka Bank gets award for HR practices:** Karnataka Bank has been conferred with the ‘Top Organizations with Innovative HR Practices’ award at the 19th edition of the Asia Pacific HRM Congress. Quoting Mahabaleshwara MS, Managing Director and Chief Executive Officer of the bank, a statement said that the award is yet another feather in the cap for Karnataka Bank for its innovative HR practices such as ‘online e-learning module’ to equip its workforce with the relevant new age skills to cater to the varying demands of the customers. The award is also a recognition for the efforts put in by the 8,400-plus staff of the bank to align themselves to the call of the bank’s change management and efficiency enhancement programmes to emerge as the ‘digital bank of future’, he said.
<https://www.thehindubusinessline.com/money-and-banking/karnataka-bank-gets-award-for-hr-practices/article37194710.ece>
- **Centre consults RBI for liberal PSB sale norms, looks for bigger pool of bidders:** The government is in consultations with the Reserve Bank of India (RBI) on a special framework for the privatisation of public sector banks that would allow bids from corporate-owned shadow banks such as Bajaj Finance, Shriram Capital and Cholamandalam Finance, as well as global sovereign wealth funds. This could help speed up the disinvestment of state-owned lenders, according to people familiar with the matter. If approved, these tweaks would also pave the way for corporate ownerships of banks, so far a highly regulated space.
<https://economictimes.indiatimes.com/industry/banking/finance/banking/centre-consults-rbi-for-liberal-psb-sale-norms-looks-for-bigger-pool-of-bidders/articleshow/87293637.cms>



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- **Axis Bank to elevate Rajiv Anand as Deputy Managing Director:** The country's third largest private sector lender Axis Bank on Wednesday announced that it will elevate Rajiv Anand as the Deputy Managing Director. Anand, an Executive Director in charge of wholesale banking at present, has been with the Axis Group for 12 years. The bank's board of directors has approved the appointment and the same will have to be ratified by the Reserve Bank and shareholders of the lender, according to a statement. In his new role, Anand will continue to lead the wholesale banking side and also work closely with the board in strengthening control and governance aspects, it said.
<https://economictimes.indiatimes.com/industry/banking/finance/banking/axis-bank-to-elevate-rajiv-anand-as-deputy-managing-director/articleshow/87314440.cms>
- **Citi consumer business sale: Kotak Mahindra, Axis and IndusInd submit bids:** Three of the country's leading private lenders - Kotak Mahindra Bank, Axis Bank and IndusInd Bank - have made binding offers to buy Citi's consumer business in India, valued at about \$2 billion, said people with knowledge of the matter. The US bank under CEO Jane Fraser is looking to exit consumer banking in 13 countries, including India. The offers were submitted on Friday. Citi is expected to start bilateral negotiations and announce a formal winner in the next one-two months. None of the bidders have offered stocks, and have submitted all-cash bids. The first two are the most aggressive bidders and are the frontrunners. Singapore's DBS, ICICI Bank and HDFC Bank had evaluated the prospects of a deal, but eventually did not bid, said the people mentioned above.
<https://economictimes.indiatimes.com/industry/banking/finance/banking/citi-consumer-business-kotak-mahindra-axis-and-indusind-submit-bids/articleshow/87293878.cms>
- **RBI approves appointment of Baldev Prakash as J&K Bank MD & CEO:** Jammu & Kashmir Bank on Wednesday said the Reserve Bank has approved the appointment of Baldev Prakash as its next Managing Director and CEO from the next year. The Reserve Bank of India has vide letter dated October 26, 2021 accorded approval to the candidature of Prakash as MD & CEO of the Bank for a period of three years from the date of taking charge or April 10, 2022, whichever is earlier, J&K Bank said in a regulatory filing. The state-owned lender will separately inform about the appointment of Baldev Prakash as MD & CEO by its board and the actual date of assuming charge by him.
https://www.business-standard.com/article/pti-stories/rbi-approves-appointment-of-baldev-prakash-as-j-k-bank-md-ceo-121102700949_1.html
- **Microfinance lenders should not throw caution to the winds while chasing growth, says RBI's Rajeshwar Rao:** The Indian microfinance sector needs to exercise caution while chasing growth and lenders to the economically weaker section should not overlook the social objectives embedded in their business, Reserve Bank of India (RBI) deputy governor M Rajeshwar Rao said Wednesday. "While chasing higher asset growth and returns, lenders should not throw caution to the winds," Rao said. "Any slip-up through adverse actions of the MFIs may undo the tremendous progress achieved over the decades and the sector can ill-afford to do that," Rao said at Sa-Dhan National Conference on 'Revitalizing Financial Inclusion'.



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<https://economictimes.indiatimes.com/industry/banking/finance/banking/microfinance-lenders-should-not-throw-caution-to-the-winds-while-chasing-growth-says-rbis-rajeshwar-rao/articleshow/87311496.cms>

- **RBI's holding of gold in forex reserves rose about 11% y-o-y to 743.84 metric tonnes:** The Reserve Bank of India's holding of gold in foreign exchange reserves went up about 11 per cent year-on-year (y-o-y) to 743.84 metric tonnes as on September-end 2021 against 668.25 metric tonnes as on September-end 2020. However, in value terms, the share of gold in the reserves declined to about 5.88 per cent against about 6.69 per cent in the year-ago period, as per the RBI's half yearly report – Management of Foreign Exchange Reserves: April-September 2021.
<https://www.thehindubusinessline.com/money-and-banking/rbis-holding-of-gold-in-forex-reserves-rose-about-11-y-o-y-to-74384-metric-tonnes/article37196047.ece#:~:text=In%20value%20terms%2C%20share%20of,as%20on%20September%2Dend%202020.>
- **Swiss Re to pick up 23 per cent stake in Paytm Insuretech for ₹920 crore:** Digital payments major Paytm on Wednesday announced that its associate, Paytm Insuretech (PIT), has entered into a strategic partnership with Swiss Re under which the reinsurer will pick up 23 per cent stake in PIT. Swiss Re will invest (by way of equity shares and compulsorily convertible preference shares) approximately ₹920 crore (₹397.3 crore upfront and the remaining in tranches subject to fulfilment of certain milestones) in PIT for an aggregate stake of 23 per cent on a fully diluted basis. "As part of Paytm's financial inclusion offering, this partnership is in furtherance of the company's mission to bring half a billion Indians into the mainstream economy," Paytm said.
<https://www.financialexpress.com/industry/banking-finance/swiss-re-to-buy-23-pc-stake-in-paytm-insuretech-for-about-rs-920-crore/2357826/>
- **Exim Bank lists billion-dollar 10-year bond on AFRINEX:** Export-Import Bank of India has listed its \$1-billion 10-year bond on the Mauritius-based pan-African exchange AFRINEX. Pravind Kumar Jugnauth, Prime Minister of the Republic of Mauritius, K Nandini Singla, High Commissioner of India to Mauritius, and Harsha Bangari, Managing Director, Export-Import Bank of India, rang the digital bell on AFRINEX to mark the listing of Exim Bank's bond. Exim Bank's 10-year bond, issued in January 2021 at a coupon of 2.25 per cent, was the bank's fourth transaction in the 144A/Reg S format.
<https://www.thehindubusinessline.com/money-and-banking/exim-bank-lists-billion-dollar-10-year-bond-on-afrinex/article37185178.ece>
- **Indian banking to see fresh phase of consolidation:** The Indian banking sector is set to witness a fresh phase of consolidation over the medium term, driven by large private sector banks, according to Acuité Ratings and Research. The credit rating agency observed that the next phase of banking sector consolidation is likely over FY 22-24, with large private sector banks (PVBs) set to become larger. The sector has already seen the first round of consolidation in the PSB (public sector bank) sector over the last five years through the initiative taken by the Government of India, with an intent to achieve scale and balance sheet strength.



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<https://www.thehindubusinessline.com/money-and-banking/indian-banking-to-see-fresh-phase-of-consolidation/article37185531.ece#:~:text=The%20Indian%20banking%20sector%20is,to%20Acuit%203%A9%20Ratings%20and%20Research.>

- **SBI General Insurance ties up with Google Pay for health insurance:** SBI General Insurance on Wednesday announced its technological collaboration with Google Pay that will enable users to buy SBI General's health insurance on the Google Pay app. "This is in line with SBI General's vision to consistently expand its distribution of general insurance solutions through digital channels," it said in a statement, adding that the collaboration also marks Google Pay's first such alliance with an insurer in the country and will make health insurance available to customers.
<https://www.thehindubusinessline.com/money-and-banking/sbi-general-insurance-collaborates-with-google-pay/article37186296.ece>
- **FPIs stock value soars by \$112 billion to \$667 billion in H1: Report:** Amidst the continuing market rally, the value of the foreign portfolio investors' holdings in the domestic equities jumped by \$112 billion to \$667 billion between April 1 and September 30, 2021, even though they have been getting increasingly jittery about the highly stretched valuations, according to an American brokerage report. The market has been on a song since the second half of 2020 after the pandemic scare shaved off around 23 per cent of the market in March 2020. But since then, the Sensex rallied to touch the 50,000-mark on February 3, 60,000 level on September 25 and 61,000 on October 14. The BSE barometer touched the 62,000-mark on October 19, from under 25,000 points in March 2020.
<https://www.moneycontrol.com/news/business/economy/fpis-stock-value-soars-by-112-billion-to-667-billion-in-h1-report-7637411.html>
- **It's official: Paytm's Rs 18,300-crore IPO to open on November 8:** Mobile payments firm Paytm is all set for its Rs 18,300 crore initial public offering, which will happen between November 8 and 10 at a price band of Rs. 2,080-2,150, the company said in its Red Herring prospectus issued on October 27. This is touted to be India's largest market debut, a record that was previously held by Coal India, which raised Rs 15,000 crore over a decade ago.
<https://www.moneycontrol.com/news/business/startup/its-official-paytm-to-go-ahead-with-its-rs-18300-crore-ipo-on-november-8-7638071.html>
- **Gold price dips to Rs 47,903 on profit-booking, silver declines Rs 879:** Gold prices dropped by Rs 268 to Rs 47,903 for 10 grams in the Mumbai bullion market on profit-booking amid positive economic data and volatility in the global market. The precious metal extended fall as firmer US treasury yields and expectations that the Federal Reserve and other central banks may finally announce the unwinding of economic support. The price of 10 gram 22-carat gold in Mumbai was Rs 43,879 plus 3 percent GST, while 24-carat 10 gram stood at Rs 47,903 plus GST. The 18-carat gold quoted at Rs 35,927 plus GST in the retail market. Silver prices dropped Rs 879 to Rs 64,574 a kg against its closing price on October 26.
<https://www.moneycontrol.com/news/business/commodities/gold-price-dips-to-rs-47903-on-profit-booking-silver-declines-rs-879-7637061.html>



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- **Forex reserves surge by \$58.38 billion in March-September 2021 period: RBI report:** The country's foreign exchange reserves surged by \$58.38 billion in April-September 2021 to \$635.36 billion, says an RBI report released on Wednesday. The forex reserves were at \$576.98 billion at end-March 2021. The Reserve Bank of India (RBI) publishes half-yearly reports on management of foreign exchange reserves. These reports are prepared half yearly with reference to the position as at end-March and end-September each year.
<https://www.moneycontrol.com/news/business/economy/forex-reserves-surge-by-58-38-billion-in-march-september-2021-period-rbi-report-7638241.html>
- **Sensex, Nifty end weak on India Inc's margin worries:** The BSE Sensex closed at 61,143.33, down 206.93 points or 0.34 per cent. It recorded an intraday high of 61,576.85 and a low of 60,989.39. The Nifty 50 closed at 18,210.95, down 57.45 points or 0.31 per cent. It hit an intraday high of 18,342.05 and a low of 18,167.90. Asian Paints, UPL, Divi's Lab, SBI Life and Cipla were the top gainers on the Nifty 50, while Axis Bank, Bajaj Finance, ONGC, Tata Motors and Bajaj Finserv were the top laggards.
<https://www.thehindubusinessline.com/markets/stock-markets/sensex-up-99-pts-intraday-nifty-above-18200/article37185804.ece>
- **Weekly Rupee view: INR might weaken to 75.25:** The rupee (INR) appreciated against the dollar (USD) and marked a two-week high of 74.67 last Friday. On the other hand, the dollar has been largely flat for nearly one month and thus, the year-to-date loss of the domestic currency has come down to 2.6 from 3.1 per cent a week ago.
<https://www.thehindubusinessline.com/portfolio/technical-analysis/weekly-rupee-view-rupee-might-weaken-to-7525/article37184080.ece>

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