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DAILY NEWS DIGEST BY BFSI BOARD, ICAI

June 29, 2021

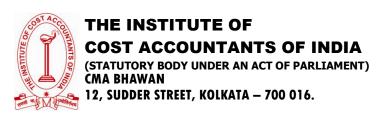
• Huge slowdown in credit offtake a cause of concern for banking industry: SBI DMD: The huge slowdown in credit offtake is worrying banking sector with growth in hit due to lack of investments from the private sector and low capital expenditure by corporates, said VS Radhakrishnan, Deputy Managing Director at State Bank of India. Deposit growth has been close to 10 per cent in May 2021 as customers opt for savings rather than consumption. "The slowdown in credit growth has been at around 5.3 per cent in FY21, the lowest in the last three-four years. It is a matter of serious concern. Private sector is seeing a huge slowdown in fresh capex commitment and large corporates have gone in a big way deleveraging themselves," Radhakrishnan said at a webinar on outlook on the economy due to Covid surge and impact on the banking sector, organised by the Merchants' Chamber of Commerce & Industry.

https://www.thehindubusinessline.com/money-and-banking/huge-slowdown-in-credit-offtake-a-cause-of-concern-for-banking-industry-sbi-dmd/article35025184.ece

• Banks need to operate on lower margins: SBI official: Banks need to operate on lower net interest margins for the good of the economy, an official of State Bank of India said on Monday. Speaking at a webinar organised by MCCI, Deputy Managing Director V S Radhakrishnan said lenders must develop the capability to function with NIMs less than the existing 3 3.5 per cent range. "Working on lower NIMs is good for the economy, though high margins are definitely good for the banking system," he said. Radhakrishnan, however, said the right eco-system has to be put in place for banks to operate on lower NIMs. "High credit cost is one of the reasons for higher margins," he said. He also said lenders need to forge alliances with NBFCs and fintech companies to reach out to unbanked areas. Radhakrishnan said low credit growth among large corporations is a cause for concern, as most companies are deleveraging balance sheets by accessing equity markets and selling non-core assets. Asset quality is another worry for the banking sector as the real economy has been hit by the COVID-19 pandemic, he said.

https://www.financialexpress.com/industry/banking-finance/banks-need-to-operate-on-lower-margins-sbi-official/2280081/

• Nitin Gadkari launches Indian Bank's 'MSME Prerana' in Maharashtra: Indian Bank launches its flagship Business Mentoring Program 'MSME Prerana' in the state of Maharashtra. 'MSME Prerana' is a novel, unique and innovative business mentoring program, first of its kind to empower MSME Entrepreneurs. The program will begin from Nagpur followed by other important cities in Maharashtra. While launching this flagship program, Shri Nitin Gadkari, Hon'ble Union Minister of MSME and Road, Transport and Highway said, "I thank and appreciate Indian Bank team for thinking out of the box and introducing this great initiative for MSMEs." He further added, "The sector contributes 30% to Indian GDP and 48% to exports while creating 11 crore jobs in India. I suggest banks to introduce a mechanism which can help in evaluating the financial ratings of the MSMEs at the preliminary stage. New entrepreneurs have the energy, skill and talent and timely support to MSMEs by financial institutions like Indian Bank will help expedite the growth of this sector. Such



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steps can helps us in bringing down the imports by becoming Atmanirbhar. With this initiative I am confident that the MSME sector will succeed in this field."

https://www.livemint.com/industry/banking/nitin-gadkari-launches-indian-bank-s-msme-prerana-in-maharashtra-11624887168914.html

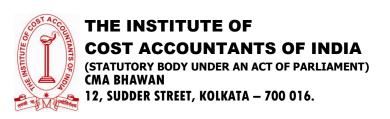
• Co-op banks shall not outsource core management functions: RBI: The Reserve Bank of India on Monday directed cooperative banks not to outsource core management functions such as policy formulation, internal audit and compliance, compliance with KYC norms, credit sanction and management of investment portfolio. Issuing guidelines for managing risk in outsourcing of financial services by cooperative banks, the central bank said the lenders can hire experts, including former employees, on a contractual basis subject to certain conditions. Outsourcing' is defined as use of a third-party to perform activities on a continuing basis that would normally be undertaken by a cooperative bank itself, now or in the future. 'Continuing basis' would include agreements for a limited period. Cooperative banks are increasingly using outsourcing as a means for reducing costs as well as for availing specialist expertise, where these are not available internally.

https://www.business-standard.com/article/finance/co-operative-banks-can-t-outsource-core-management-functions-rbi-121062900049 1.html

• FM Nirmala Sitharaman announces new 'streamlined' processes for PPP projects, asset monetisation: Union Finance Minister Nirmala Sitharaman, on June 28, announced a new 'streamlined' processes for public-private partnership (PPP) projects and asset monetisation. The new process is aimed at ensuring speedy clearance of projects to facilitate private sector's efficiencies in financing construction and management of infrastructure, the finance minister said during a press conference. "Current process for approvals of PPP projects is long and involves multiple levels of approvals," the finance ministry said in its presentation. The new policy will be formulated for appraisal and approval of PPP proposals and monetisation of core infrastructure assets, including through InvITs, FM Sitharaman said.

https://www.moneycontrol.com/news/business/economy/fm-nirmala-sitharaman-announces-new-streamlined-processes-for-ppp-projects-asset-monetisation-7098391.html

• Asset quality concerns remain, bad bank to lessen the burden, says BCG: Establishment of the National Asset Reconstruction Company (NARC), a state-driven bad bank for soured loans, and healthy provisioning buffers against doubtful advances should help India's high-street banks mitigate the impact of delinquencies and asset-quality slippages in the aftermath of the second Covid wave. The NARC would help reduce sticky assets exposure to 1.8% - 2.3% of total loans, Boston Consulting Group said. Asset quality is still a major concern for many Indian banks even as non-performing assets (NPA), on average, could be contained, the global consultancy firm said. "The second wave of the coronavirus pandemic poses risk to asset quality even as banks retain healthy provisioning buffers," said BCG. https://economictimes.indiatimes.com/industry/banking/finance/banking/asset-quality-concerns-remains-bad-bank-to-lessen-the-burden-says-bcg/articleshow/83924234.cms



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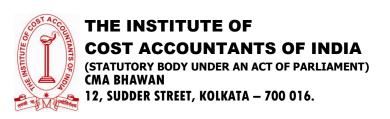
• Standard Life to sell 7 crore shares of HDFC Life Insurance via block deals: Standard Life is looking to sell seven crore shares, or 3.46 per cent, in HDFC Life Insurance. This will be through block deals on June 29. The price range has been fixed at ₹658-678 a share. At the lower end of the price range, the base offer size would amount to ₹4,606 crore. JP Morgan India and BoFA Securities India are the joint book runners. As on March 31, 2021, Standard Life held 17.95 crore shares amounting to 8.88 per cent in HDFC Life Insurance. HDFC Life stock closed at ₹696 a piece on the BSE on Monday. hdfc-life-insurance-via-block-deals/article35021675.ece

• Commercial Bank of Kuwait selects TCS BaNCS for transforming treasury operations: Tata Consultancy Services (TCS) on Monday announced that the Commercial Bank of Kuwait (CBK) had picked TCS BaNCS for Treasury to transform its operations to manage risk better, enhance asset class coverage, drive future growth, and ensure regulatory compliance. The software product will help CBK offer a wider range of cash and derivative treasury products, integrate various trading and messaging platforms, manage cash and positions in real time, and offer extensive accounting and reporting capabilities. This front-to-back, cross-asset solution will enable the bank to lay a firm foundation for digitisation and expand its customer base.

https://www.thehindubusinessline.com/money-and-banking/commercial-bank-of-kuwait-selects-tcs-bancs-for-transforming-treasury-operations/article35014065.ece

- 'Urgent need to fast-track insurance penetration': The fear of the pandemic may have accelerated purchase of health insurance and life cover among the public, but India still has miles to go in increasing overall insurance penetration and building awareness of its benefits, according to the CEOs of private life insurers and intermediaries. On the occasion of the National Insurance Awareness Day (June 28), most of them felt that there is a need to fast-track insurance penetration, given that only 3 per cent of the population are covered under life insurance. One may have to take a leaf out of India's vaccination drive and get insurance penetration levels up on a mission mode, they added. https://www.thehindubusinessline.com/money-and-banking/urgent-need-to-fast-track-insurance-penetration/article35019251.ece
- KVG Bank targets ₹31,000 crore business for 2021-22: Karnataka Vikas Grameen Bank (KVGB), a regional rural bank headquartered in Dharwad, is targeting a business of ₹31,000 crore for 2021-22. Addressing a virtual media conference on Monday, P Gopikrishna, Chairman of the bank, said the bank reached a business level of ₹27,818 crore during 2020-21 as against ₹26,268.81 crore in the previous fiscal, recording a growth of 5.9 per cent. Stating that this growth is well comparable with growth percentage of other banks, he said more thrust will be given to agriculture, MSME (micro, small and medium enterprises), retail lending during the year. The bank is targeting a deposit of ₹17,500 crore and advances of ₹13,500 crore during the year.

https://www.thehindubusinessline.com/money-and-banking/kvg-bank-targets-31000-crore-business-for-2020-21/article35018697.ece



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Gold loan demand is expected to spike after lockdown: Indel Money CEO: Pledging of household gold is expected to go up across states with the gradual easing of lockdown restrictions, according to Umesh Mohanan, Executive Director and CEO, Indel Money, a Mumbai-based NBFC. He says that customers are strapped for cash to honour committed outflows. The virus has been deadly this time with rising infection rate, caseloads and number of deaths, forcing people to borrow more. All these have added to the financial woes of the common people, he adds.
https://www.thehindubusinessline.com/companies/gold-loan-demand-is-expected-to-spike-after-

https://www.thehindubusinessline.com/companies/gold-loan-demand-is-expected-to-spike-after-lockdown-indel-money-ceo/article35011617.ece

• Mastercard buys stake in Instamojo: Global payments technology major Mastercard has picked up an equity stake in Instamojo, a digital platform catering to small businesses and self-employed workers, for an undisclosed amount. The investment is aimed at empowering millions of MSMEs and gig workers by providing easy to use solutions that will help them to rapidly digitise such as setting up online stores, equipping them with digital payment acceptance capabilities and reaching out to customers, even during the pandemic, Mastercard said in a release on Monday. Instamojo provides small and micro merchants a ready-made virtual platform through which they can set up an ecommerce business and accept digital payments. Using Instamojo's platform, merchants would have ready access to a fully functional online store with in-built payments and shipping capabilities, marketing tools and other value-added services such as logistics and credit facilities, Mastercard said. "This investment and partnership strengthen both companies' initiative to support gig workers like electricians, personal trainers, tutors, and small F&B (Food and Beverages) operators among others, to continue to grow and run their businesses," it said.

https://www.financialexpress.com/industry/banking-finance/mastercard-buys-stake-in-instamojo/2280072/

• Gold price falls by Rs 116 to Rs 47,089/10 gm on weak global cues; silver cheaper by Rs 263: Gold prices dropped by Rs 116 to Rs 47,089 per 10 gram at the Mumbai retail market on the firm rupee and weak global cues. The precious metal fell Rs 61 or 0.13 percent last week in the domestic market. The rate of 10 gram 22-carat gold in Mumbai was Rs 43,134 plus 3 percent GST, while 24-carat 10 gram was Rs 47,089 plus GST. The 18-carat gold quoted at Rs 35,317 plus GST in the retail market. The yellow metal has been trapped in last week trading range amid mixed signals from US Federal Reserve.

https://www.moneycontrol.com/news/business/commodities/gold-price-falls-by-rs-116-to-rs-4708910-gm-on-weak-global-cues-silver-cheaper-by-rs-263-7098371.html

• Rupee inches 1 paisa higher to close at 74.19 against US dollar: The rupee inched 1 paisa higher to settle almost flat at 74.19 (provisional) against the US dollar on Monday amid firm crude oil prices and a muted trend in the domestic equities. At the interbank foreign exchange market, the rupee opened at 74.24 per dollar as against its previous close of 74.20. It hovered in the range of 74.18 to 74.27 during the day before ending at 74.19 against the greenback.

https://www.business-standard.com/article/finance/rupee-inches-1-paisa-higher-to-close-at-74-19-against-us-dollar-121062801162 1.html



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• After hitting record high, benchmarks slip on profit-taking: The BSE Sensex, which recorded a fresh all-time high of 53,126.73 in early trade, closed at 52,735.59, down 189.45 points or 0.36 per cent. It hit an intraday low of 52,673.50. The Nifty 50 closed at 15,814.70, down 45.65 points or 0.29 per cent. It recorded a fresh all-time high of 15,915.65 and a low of 15,792.15. Dr Reddy, Hindalco, Divi's Lab, Tata Steel and Tech Mahindra were the top gainers on the Nifty 50 while HDFC Life, Titan, TCS, Shree Cements and Coal India were the top laggards.

https://www.thehindubusinessline.com/markets/stock-markets/after-hitting-record-high-benchmarks-slip-on-profit-taking/article35015371.ece

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