



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

July 31, 2021

- **FM moves bill to shed a part of government's shareholding in general insurance companies :** Finance Minister Nirmala Sitharaman on Friday introduced a bill in the Lok Sabha to offload a part of government's stake in public sector general insurance companies. The bill will amend the General Insurance Business (Nationalisation) Act, 1972. Although, the bill has a provision to enable government to bring down its shareholding below 51 per cent, but Sitharaman clarified that this bill is not for privatisation. "The apprehensions mentioned by the members is not well-founded at all. What we are trying to in this is not to privatise. We are bringing some enabling provision so that the government can bring in public, participation, Indian citizens, the common people's participation in the general insurance companies," she said while introducing the bill amid dins.  
<https://www.thehindubusinessline.com/money-and-banking/a-bill-to-kick-off-privatising-general-insurance-firm-introduced-in-lok-sabha/article35622892.ece>
- **Govt introduces Deposit Insurance and Credit Guarantee Corporation (Amendment) Bill in Rajya Sabha :** The government on Friday introduced the Deposit Insurance and Credit Guarantee Corporation (Amendment) Bill in the Rajya Sabha, which aims to provide timely support to depositors of stressed banks. Minister of State for Finance Bhagwat Karad introduced the Bill, which seeks to provide immediate relief to thousands of depositors who have their money parked in stressed lenders. The Bill has proposed that even if a bank is temporarily unable to fulfil its obligations due to restrictions such as moratorium, depositors can access their deposits to the extent of the deposit insurance cover through interim payments by the Deposit Insurance and Credit Guarantee Corporation (DICGC). For this, the Bill seeks to insert a new Section in the DICGC Act, 1961. It also seeks to amend Section 15 of the DICGC Act to enable the Corporation to increase the ceiling on the amount of premium, with the prior approval of the Reserve Bank of India (RBI).  
<https://economictimes.indiatimes.com/news/economy/policy/deposit-insurance-llp-amendment-bills-introduced-in-rs/articleshow/84903499.cms>
- **Punjab & Sind Bank back in black on higher other income, lower provisions:** Public sector lender Punjab & Sind Bank on Thursday reported a net profit of Rs 174 crore for the quarter ended June 2021 (Q1FY22). It had incurred a loss of Rs 117 crore in Q1FY21. The lender was back in black due to a surge in other income and reduced provisioning. Total provisions were down 31% year-on-year (y-o-y) to Rs 237 crore, compared to Rs 343 crore in the corresponding quarter last year (Q1FY21). Other income of the lender grew 127% y-o-y to Rs 349 crore. S Krishnan, MD and CEO of the bank, said that lender has shown robust and resilient performance in almost all the business parameters, despite the pandemic. He added that bank continued its special focus on NPA recovery and, thus, recovered Rs 858 crore including recovery of Rs 124 crore in technically written-off (TWO) accounts. The asset quality of the lender improved during the June quarter. The gross non-performing assets (NPAs) ratio of the lender improved 43 basis points (bps) to 13.33%, compared to gross NPAs of 13.76% in the previous quarter. Similarly, net NPAs ratio also improved 43 bps to 3.61% from 4.04% in the March quarter.



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<https://www.financialexpress.com/industry/banking-finance/punjab-sind-bank-back-in-black-on-higher-other-income-lower-provisions/2300489/>

- **Bandhan Bank Q1 profit falls 32% on higher provisioning:** Riding on the back of higher provisioning, Bandhan Bank witnessed a 32 per cent decline in net profit at ₹373 crore for the quarter ended June 30, 2021, compared with ₹550 crore in the same period last year. Provisioning was up by nearly 62 per cent at ₹1,375 crore during the quarter under review against ₹849 crore. The bank has made accelerated provision on NPA accounts of ₹751 crore, resulting in PCR (provision coverage ratio) of 62 per cent against 50 per cent in Q4 FY21. In addition to this, it is also carrying additional standard assets provision amounting to ₹323 crore and provision on restructured assets amounting to ₹529 crore.  
<https://www.financialexpress.com/industry/banking-finance/bandhan-bank-q1-net-falls-32-on-higher-provisioning/2301277/>
- **Maharashtra: Bank robbers kill manager, injure cashier as both women raise alarm:** A manager of an ICICI Bank branch in Virar (east) was killed and a cashier seriously wounded when they were slashed in the neck while resisting two robbers who were trying to escape with cash and gold from the lockers on Thursday evening. Both victims are women. Locals nabbed one of the robbers, a former manager of the bank and currently working as a manager in another private sector bank in Naigaon, and handed him over to the police. Police said the robbers struck at the bank, located close to Virar railway station, around 8pm. The manager, Yogita Vartak, and cashier, Sweta Devrukh, were inside the bank with shutters half down. The other staffers had left for the day around 7.30pm, said Virar police inspector Suresh Warade. An officer at the crime scene said the manager and cashier were winding up when the duo barged into the bank, which is located on the ground floor.  
<https://timesofindia.indiatimes.com/city/mumbai/bank-robbers-kill-manager-injure-cashier-as-both-women-raise-alarm/articleshow/84876489.cms>
- **Rs 1.12 lakh crore outstanding loan with SHGs under DAY-NRLM; 97.17% repayment rate:** A loan of over Rs 1.12 lakh crore is outstanding with self-help groups (SHGs) under the Deendayal Antyodaya Yojana-National Rural Livelihoods Mission (DAY-NRLM) as on June 30, 2021 while the loan repayment rate by SHGs to banks is 97.17%, rural development minister Giriraj Singh said. “Loans are sanctioned by the banks in the name of SHGs. Distribution of loan to individual SHG members is done by the SHG, which is used by them for various activities,” the minister said in response to a question in Rajya Sabha.  
<https://economictimes.indiatimes.com/news/economy/finance/rs-1-12-lakh-crore-outstanding-loan-with-shgs-under-day-nrlm-97-17-repayment-rate/articleshow/84891893.cms?from=mdr#:~:text=The%20Economic%20Times-,Rs%201.12%20lakh%20crore%20outstanding%20loan%20with%20SHGs,%20DNRLM%3B%2097.17%25%20repayment%20rate&text=The%20loan%20repayment%20rate%20by,development%20minister%20Giriraj%20Singh%20said.>
- **Forex reserves down by USD 1.581 billion to USD 611.149 billion:** The country's foreign exchange reserves declined by USD 1.581 billion to stand at USD 611.149 billion for the week ended July 23, RBI data showed on Friday. The reserves had reached a lifetime high of USD 612.730 billion after rising by



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USD 835 million in the previous week ended July 16, 2021. In the reporting week, the drop in the reserves was mainly due to a fall in foreign currency assets (FCAs), a major component of the overall reserves, as per weekly data by the Reserve Bank of India (RBI). FCAs declined by USD 1.12 billion to USD 567.628 billion.

<https://economictimes.indiatimes.com/news/economy/finance/forex-reserves-down-by-usd-1-581-billion-to-usd-611-149-billion/articleshow/84892657.cms#:~:text=The%20country's%20foreign%20exchange%20reserves,we%20ended%20July%2016%2C%202021.>

- **Govt readies pension law revamp:** The government is ready with amendments to the law to allow the Pension Fund Regulatory & Development Authority (PFRDA) offer more flexibility to subscribers when it comes to withdrawing funds at the time of their retirement, apart from bringing under-regulated superannuation funds within its ambit. The bill — which was being discussed by a committee of secretaries for several months — will also delink the National Pension System Trust from the regulator, while ensuring that the FDI is aligned with the one for the insurance sector, which is currently capped at 74%, official sources told TOI. Further, there are several smaller amendments, such as giving PFRDA powers to recover penalties.  
<https://timesofindia.indiatimes.com/business/india-business/govt-readies-pension-law-revamp/articleshow/84878554.cms>
- **Allow MSMEs to open multiple current accounts in same bank: KCCI President:** The Kanara Chamber of Commerce and Industry (KCCI) has asked the Indian Banks' Association (IBA) to inform its member banks to permit the MSMEs (micro, small and medium enterprises) to open multiple current accounts with the same bank and to permit opening the collection account with other banks as per RBI's notification. In a letter to the Chief Executive of IBA, the President of KCCI, Isaac Vas, said that RBI had imposed certain restrictions for creating bank accounts with multiple banks in order to prevent diversion of funds, via a notification dated August 6, 2020.  
<https://www.thehindubusinessline.com/money-and-banking/allow-multiple-current-accounts-in-same-bank-to-msmes-kcci/article35633976.ece>
- **DHFL plans to start transfer of recovery amount to depositors:** The resolution of mortgage financier Dewan Housing Finance Corporation Ltd (DHFL) seems to be under way, with the company planning to transfer the recovery amount to its depositors. DHFL has sent messages to fixed deposit and NCD holders, asking them to update their bank account and contact details. "To ensure receipt of proceeds/ settlement in accordance with the Resolution Plan approved by NCLT, Mumbai Bench vide its order dated June 7, 2021, for your NCD holdings in DHFL, it is important that your latest bank account and contact details are updated in the list of debenture holders," said DHFL in its communication to NCD holders. It has also sent a similar message to FD holders. Further, in a stock exchange filing, DHFL has said the record date for de-listing NCDs from the stock exchanges has been fixed as July 30.  
<https://www.thehindubusinessline.com/money-and-banking/dhfl-plans-to-start-transfer-of-recovery-amount-to-depositors/article35635505.ece>



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- **Non-food credit growth of banks a tad lower in June:** Scheduled commercial banks' non-food credit growth was a shade slower at 5.9 per cent in June 2021 against 6 per cent in June 2020 due to deceleration in credit growth to industry and services sector. However, credit to agriculture and allied activities and personal loans segments showed accelerated growth. According to the Reserve Bank of India's statement on 'Sectoral Deployment of Bank Credit – June 2021', credit to agriculture and allied activities continued to perform well, registering an accelerated growth of 11.4 per cent in June compared to 2.4 per cent in June last year.  
<https://www.thehindubusinessline.com/money-and-banking/non-food-credit-growth-of-banks-a-tad-lower-in-june/article35635522.ece>
- **Auction of five-year G-Secs devolves on primary dealers:** The auction of the five-year Government Security (G-Sec) devolved on primary dealers (PDs) on Friday to the tune of 68 per cent of the notified amount, indicating the central bank's discomfort with market players bid to buy the paper a lower price. The auction of the remaining three securities sailed through. At the auction of the G-Sec/GS 2026 (coupon rate: 5.63 per cent), against the notified amount of ₹11,000 crore, the RBI devolved ₹7,465 crore on PDs. The cut-off price on the aforementioned GS was lower at ₹99.53 (previous closing price: ₹99.62) and yield was higher at 5.7433 per cent (5.7210 per cent), respectively. Bond yields and prices are inversely related and move in opposite directions.  
<https://www.thehindubusinessline.com/money-and-banking/auction-of-five-year-g-secs-devolves-on-primary-dealers/article35636738.ece>
- **RBI aligns deposit-taking norms for HFCs with NBFCs:** The Reserve Bank of India (RBI) has decided to align the provisions for Housing Finance Companies (HFCs) relating to the rating of deposits taken by them with provisions on the subject prescribed for non-banking finance companies (NBFCs). Accordingly, the central bank has approved seven Credit Rating Agencies (CRAs) – Crisil, ICRA, CARE Ratings, Fitch Ratings India Pvt Ltd, Brickwork Ratings, Acuite Ratings & Research and Infomerics Valuation and Rating – and their respective minimum investment-grade credit rating.  
<https://www.thehindubusinessline.com/money-and-banking/rbi-aligns-deposit-taking-norms-for-hfcs-with-nbfc/article35635675.ece>
- **Shriram City Union Finance Q1 net up 8% at ₹208 crore:** Shriram City Union Finance has posted an 8 per cent growth in standalone net profit for the first quarter of FY22 at ₹208 crore. The company's net profit for the same period last year stood at ₹192 crore. The total income of the NBFC grew marginally to ₹1,496 crore during the April-June quarter as against ₹1,415 crore in the year-ago quarter. "During this quarter, the company has implemented resolution plans to relieve Covid-19 pandemic related stress of eligible borrowers under Covid-19 Resolution Framework 2.0 in terms of RBI Circular dated May 5, 2021, following board-approved policy. The total amount outstanding as on June 30, 2021 is ₹195.71 crore wherein relief was extended to 713 accounts," the company said in its quarterly results filed with the exchanges.  
<https://www.thehindubusinessline.com/money-and-banking/shriram-city-union-finance-q1-net-up-8-at-208-crore/article35621830.ece>



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- **Shriram Housing Finance Q1 net profit up 82%:** Shriram Housing Finance reported an 81.8 per cent rise in its net profit to ₹10.87 crore for the first quarter of the fiscal as against ₹5.98 crore a year ago. Its total revenue from operations shot up by 62.4 per cent to ₹115.39 crore in the quarter ended June 30, 2021 from ₹71.06 crore a year ago. Assets Under Management (AUM) grew by 65 per cent to ₹3,910 crore on a year-on-year basis. However, disbursements for the first quarter of the fiscal were subdued at ₹221 crore, impacted by state level lockdowns.  
<https://www.thehindubusinessline.com/money-and-banking/shriram-housing-finance-q1-net-profit-up-82/article35626394.ece>
- **Max Life to digitally hire 40,000 agent advisors this fiscal:** Max Life Insurance Company Ltd (Max Life), a private life insurer, on Friday said that the company has digitised its entire recruitment process and targets hiring of nearly 40,000 agent advisors in current fiscal. Launched last year, in the backdrop of Covid-19, a new recruitment approach was designed and implemented to digitally enable quick, seamless identification, verification, and onboarding of prospects. The new process enabled the it to recruit more than 23,000 agent advisors in FY21, out of which 38 per cent were diverse candidates. Bolstered by the success of last year, the company now aims to build the agency force with even more efficiencies in place to recruit a record number of agent advisors.  
<https://www.thehindubusinessline.com/money-and-banking/max-life-to-digitally-hire-40000-agent-advisors-this-fiscal/article35623284.ece>
- **Shriram Transport Finance Q1 net drops 47 per cent to ₹170 cr on higher provisions:** Shriram Transport Finance Company (STFC) on Friday reported a 47 per cent decline in consolidated net profit at ₹170 crore for the June quarter due to accelerated provisions against expected credit loss. The company had registered a net profit of ₹320 crore in the same quarter a year ago. Compared sequentially, the net was down by 77.5 per cent from ₹755 crore in the March 2021 quarter.  
<https://www.thehindubusinessline.com/money-and-banking/shriram-transport-finance-q1-net-drops-47-per-cent-to-170-cr-on-higher-provisions/article35636260.ece>
- **Deposit insurance: Urban cooperative banks major beneficiaries, shows data:** The Union Cabinet has cleared the Deposit Insurance and Credit Guarantee Corporation Bill, 2021, which will allow depositors to withdraw up to Rs 5 lakh in 90 days if their bank fails. While the entire banking sector — public sector, private sector, cooperative banks, etc — is covered by this insurance, claims have predominantly come from the cooperative sector where lenders frequently face problems and are liquidated. By March 2020, 357 urban cooperative banks (UCBs) had failed in the country, leading to payment of Rs 4,903 crore in claims, including Rs 70.8 crore paid during FY20 and Rs 9.8 crore under the settlement policy.  
[https://www.business-standard.com/article/economy-policy/deposit-insurance-urban-cooperative-banks-major-beneficiaries-shows-data-121073000036\\_1.html#:~:text=The%20Union%20Cabinet%20has%20cleared,days%20if%20their%20bank%20fails.](https://www.business-standard.com/article/economy-policy/deposit-insurance-urban-cooperative-banks-major-beneficiaries-shows-data-121073000036_1.html#:~:text=The%20Union%20Cabinet%20has%20cleared,days%20if%20their%20bank%20fails.)



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- **IFC investment to raise green portfolio financing: Federal Bank:** Federal Bank said on Thursday the equity investment by World Bank arm IFC is expected to increase green portfolio financing for projects related to energy efficiency, renewable energy, climate-smart agriculture, green buildings and waste management. IFC and two investment funds managed by IFC Asset Management Company – IFC Financial Institutions Growth Fund, LP and IFC Emerging Asia Fund, LP – have made an equity investment of \$126 million (Rs 916 crore) for a 4.99% stake in the Kerala-based lender. The investment will support the bank's commitment to environmental, social and governance standards, while strengthening its tier 1 capital adequacy ratio (CAR) and expanding MSMEs and climate finance portfolios.  
<https://www.financialexpress.com/industry/banking-finance/ifc-investment-to-raise-green-portfolio-financing-federal-bank/2300471/>
- **Gold prices remain steady at Rs 48,400/10 gm; silver rises by Rs 172:** Gold prices rose marginally by Rs 72 to hit Rs 48,430 per 10 gram in the Mumbai retail market on the sluggish global trend and rupee depreciation. The yellow metal was pressured by strength in the US dollar and positive economic data from Eurozone. The bullion price climbed Rs 727 or 1.52 percent during the week in the domestic market. The price of 10 gram, 22-carat gold in Mumbai was Rs 44,362 plus 3 percent GST, while 24-carat 10 gram stood at Rs 48,430 plus GST. The 18-carat gold is quoted at Rs 36,323 plus GST in the retail market. Silver prices jumped by Rs 172 to Rs 68,053 per kg against its closing price on July 29.  
<https://www.moneycontrol.com/news/business/commodities/gold-prices-remain-steady-at-rs-4840010-gm-silver-rises-by-rs-172-7253761.html>
- **Rupee inches 2 paise higher at 74.27 against US dollar:** The Indian rupee opened on a flat note and inched higher by 2 paise to 74.27 against the US dollar in early trade on Friday amid a positive trend in domestic equities. At the interbank foreign exchange, the domestic unit opened at 74.30 against the dollar, then inched higher to 74.27, registering a gain of 2 paise over its previous close.  
<https://www.thehindubusinessline.com/markets/forex/rupee-inches-2-paise-higher-at-7427-against-us-dollar/article35620296.ece>
- **Sensex, Nifty end flat after a volatile session:** The BSE Sensex closed at 52,586.84, down 66.23 points or 0.13 per cent. The Sensex moved in a narrow range between 52,910.23 and 52,533.91 during the day. The Nifty 50 closed at 15,763.05, down 15.40 points or 0.1 per cent. It hit an intraday high of 15,862.80 and a low of 15,744.85. The market breadth remained positive with 1,837 stocks advancing, 1,397 declining, and 133 stocks remaining unchanged on the BSE. While 477 stocks hit an upper circuit, 194 were locked in the lower circuit. As many as 458 stocks touched 52-week high level and 19 touched a 52-week low. Sun Pharma, Tech Mahindra, Cipla, Adani Ports and Shree Cements were the top gainers on the Nifty 50 while Bajaj Finance, Bajaj Finserv, Hindalco, State Bank of India and UPL were the top laggards.  
<https://www.thehindubusinessline.com/markets/stock-markets/sensex-nifty-end-flat-after-a-volatile-session/article35628356.ece>



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