



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

August 31, 2021

- **Depositors of stressed banks to get up to Rs five lakh back from November 30:** Depositors of stressed banks like Punjab & Maharashtra Cooperative (PMC) Bank are now set to get up to Rs 5 lakh back from November 30 as the government has notified the amendment to the DICGC Act. Parliament earlier this month passed the Deposit Insurance and Credit Guarantee Corporation (Amendment) Bill, 2021 ensuring that account holders get up to Rs 5 lakh within 90 days of the RBI imposing moratorium on the banks. The amount of Rs 5 lakh would be provided by the Deposit Insurance and Credit Guarantee Corporation (DICGC). The government has notified September 1, 2021 as the date on which the provisions of the Act shall come into force, according to a gazette notification dated August 27, 2021. "In exercise of the powers conferred by sub-section (2) of section 1 of the Deposit Insurance and Credit Guarantee Corporation (Amendment) Act, 2021 (30 of 2021), the Central Government hereby appoints the 1st day of September, 2021, as the date on which the provisions of the said Act shall come into force," it said.  
<https://economictimes.indiatimes.com/industry/banking/finance/banking/depositors-of-stressed-banks-to-get-up-to-rs-five-lakh-back-from-november-30/articleshow/85772726.cms?from=mdr>
- **RBI issues direction on compensation of private banks' top officials:** The RBI said on Monday the fair value of the share-linked incentives paid to chief executive officers, whole-time directors and other key functionaries by the private banks should be recognised as an expense during the relevant accounting period. The RBI has also asked all banks, including local area banks, small finance banks and foreign banks to comply with its directions for all share-linked instruments granted after the accounting period ending March 31, 2021. The central bank had issued guidelines on the compensation of whole-time directors/ chief executive officers/ material risk takers and control function staff in November 2019.  
[https://www.business-standard.com/article/finance/rbi-issues-direction-on-compensation-of-private-banks-top-officials-121083001040\\_1.html](https://www.business-standard.com/article/finance/rbi-issues-direction-on-compensation-of-private-banks-top-officials-121083001040_1.html)
- **Bank of Baroda ED SL Jain appointed as Indian Bank MD & CEO:** Bank of Baroda on Monday said Shanti Lal Jain would cease to be its executive director from September due to his appointment as the MD & CEO of Indian Bank. Jain's cessation as the executive director of Bank of Baroda will be effective from September 1, 2021, the bank said in a regulatory filing. Giving reason for his cessation, the public sector lender said Jain has been appointed as the Managing Director and Chief Executive Officer of Indian Bank, to be effective on or after September 1, 2021.  
<https://www.livemint.com/companies/news/bank-of-baroda-executive-director-sl-jain-appointed-as-indian-bank-md-ceo-11630330295365.html>



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- **Former SBI chairman Rajnish Kumar joins HSBC board in Asia:** Former State Bank of India (SBI) chairman Rajnish Kumar has been appointed as independent non executive director in Hongkong and Shanghai Banking Corporation Limited (HSBC)'s board in Asia. Kumar will also be a member of the bank's audit committee and risk committee. Kumar retired as chairman of State Bank of India (SBI) in October 2020 after a 40-year career.  
<https://economictimes.indiatimes.com/industry/banking/finance/banking/former-sbi-chairman-rajnish-kumar-joins-hsbc-board-in-asia/articleshow/85764882.cms?from=mdr>
- **Bank of India executive director P R Rajagopal's tenure extended by two years:** State-run Bank of India on Monday said the government has extended the term of its executive director P R Rajagopal by two years. The central government vide notification No. dated 26 August 2021 extended the term of office of P R Rajagopal, Executive Director of the Bank for a period of two years, beyond his currently notified term or until further orders, whichever is earlier, the bank said in a regulatory filing. His current term was to expire on February 28, 2022. The government last week extended the term of executive directors of various public sector banks. It also extended the terms of MD & CEOs of Punjab National Bank and Bank of Maharashtra.  
<https://economictimes.indiatimes.com/industry/banking/finance/banking/bank-of-india-executive-director-p-r-rajagopals-tenure-extended-by-two-years/articleshow/85760272.cms?from=mdr>
- **Government extends the tenure of Canara Bank, Bank of India executive directors by two years:** The government has extended the tenure of two executive directors of Canara Bank and Bank of India for two years, the state-run lenders said on Monday. Canara Bank in a regulatory filing said that the central government has extended the term of office of A Manimekhalai, Executive Director, for a period of two years beyond her currently notified terms that expires on 10 February 2022, or until further orders, whichever is earlier. Bank of India in a separate filing said that the term of office of P R Rajagopal, Executive Director, has been extended for a period of two years, beyond his currently notified term or until further orders, whichever is earlier. His current term was to expire on February 28, 2022, the bank said.  
[https://www.business-standard.com/article/finance/govt-extends-tenure-of-canara-bank-of-india-eds-by-2-years-121083000843\\_1.html](https://www.business-standard.com/article/finance/govt-extends-tenure-of-canara-bank-of-india-eds-by-2-years-121083000843_1.html)
- **Tally Solutions seeks small finance banking license:** Financial technology company Tally Solutions and Cosmea Financial Holdings, a Maharashtra-based firm incorporated as recently as in November 2020 have applied for a small finance bank license, Reserve Bank of India announced on Monday. These firms thus joined VSoft Technologies, Calicut City Service Co-operative Bank, Dvara Kshetriya Gramin Financial Services and Akhil Kumar Gupta in seeking to set up small finance banks under the central bank's on-tap licensing policy. Gupta, the vice chairman at Bharti Enterprises Sources, applied for the license in his personal capacity.  
<https://economictimes.indiatimes.com/industry/banking/finance/banking/tally-solutions-seeks-small-finance-banking-license/articleshow/85768158.cms?from=mdr>



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- **Coronavirus stress evident in financial sector as stressed loans jump:** Indian financial system's stress loans jumped at least by Rs 4.60 lakh crores during the Covid period, taking the gross stressed loans to 12.6% of total loans in June 2021, from 8.2% of loans as of March 2020, estimates Nomura Securities. On an aggregate basis, gross NPAs and restructured assets across banks and NBFCs increased to Rs 13.2 lakh crore in June 2021 from Rs 8.6 lakh crore in March 2020 due to an addition of Rs 3.7 lakh crore in loans due past 90 days and also Rs 2.4 lakh crore of restructured assets after adjusting for recoveries and write offs during the period.  
<https://economictimes.indiatimes.com/industry/banking/finance/banking/coronavirus-stress-evident-in-financial-sector-as-stressed-loans-jump/articleshow/85768663.cms>
- **Axis Bank begins issuing debt securities under ₹35,000 crore-debt raise plan:** Axis Bank on Monday said it has started issuing debt securities under its ₹35,000 crore-debt raise plan announced earlier this year. In April, the private sector lender had said that its board had approved capital raise proposal up to ₹35,000 crore by issuing various debt instruments in Indian or foreign currency in domestic/overseas markets in one or more tranches. The shareholders of the bank had approved the proposal in the annual general meeting held in July. "The bank has initiated the process of issuing of the debt instruments, in the form of the additional tier 1 notes (notes) in foreign currency, subject to market conditions," Axis Bank said in a regulatory filing.  
[https://www.business-standard.com/article/companies/axis-bank-begins-issuing-debt-securities-under-rs-35-000-cr-debt-raise-plan-121083000431\\_1.html](https://www.business-standard.com/article/companies/axis-bank-begins-issuing-debt-securities-under-rs-35-000-cr-debt-raise-plan-121083000431_1.html)
- **Aceware Fintech launches Acemoney UPI/QR code payments in Kerala:** Aceware FinTech Services, a fintech start-up mentored by the Kerala Start-up Mission and registered with Start-up India, has launched QR-based unified payments interface (UPI) payments in Kerala. Aceware FinTech Services, a subsidiary of Aceware, is the first Kerala-based company to launch UPI/QR payments. Registered in 2020, the Kochi-based start-up offers ATM to home and neobanking services, beside UPI/QR payments. Aceware FinTech Services plans to take on its larger counterparts by providing better services and cashback offers to the merchants as well as the public.  
<https://www.thehindubusinessline.com/companies/aceware-fintech-launches-acemoney-upiqr-code-payments-in-kerala/article36175859.ece>
- **Chennai-based NBFC Shriram City looks to disburse up to Rs 23K cr in FY22:** Chennai-based non-banking finance company Shriram City Union Finance (Shriram City) is eyeing total disbursements of Rs 22,000-23,000 crore in the current financial year, a top company official said. During the first quarter of 2021-22, it disbursed Rs 4,560 crore compared to Rs 6,570 crore in March 2021 quarter. The lender's managing director and CEO Y S Chakravarti said July 2021 was better than June with disbursements crossing Rs 3,000 crore. Even the collection efficiency had touched closed to 100 per cent in July compared to 93 per cent in June. "On an average it (disbursements) is around Rs 6,200-6,300 crore per quarter. In the remaining three quarters, we expect to touch about Rs 18,000-19,000 crore. For the financial year, we should end up with Rs 22,000-23,000 crore (of disbursements)," Chakravarti said.  
[https://www.business-standard.com/article/finance/chennai-based-nbfc-shriram-city-looks-to-disburse-up-to-rs-23k-cr-in-fy22-121083001047\\_1.html](https://www.business-standard.com/article/finance/chennai-based-nbfc-shriram-city-looks-to-disburse-up-to-rs-23k-cr-in-fy22-121083001047_1.html)



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- **430 million Jan Dhan accounts have Rs 1.46 trillion, shows data:** The PM Jan Dhan Yojana has about 430.4 million accounts with total deposits amounting to Rs 1.46 trillion as on August 2021. Of these, about 86%, or 368.6 million accounts, are operative. Seven years after the initiative was launched, the average deposit per account is Rs 3,398, which has increased 2.7 times over August 2015. About 312.3 million Rupay cards have been issued to Jan Dhan accountholders.  
[https://www.business-standard.com/article/finance/430-million-jan-dhan-accounts-have-rs-1-46-trillion-shows-data-121083000034\\_1.html](https://www.business-standard.com/article/finance/430-million-jan-dhan-accounts-have-rs-1-46-trillion-shows-data-121083000034_1.html)
- **GIC Housing Finance's bad loans spike to 11.4% in Q1, solvency weakens:** A sharp rise in bad loans to 11.4 per cent in June 2021 from 7.4 per cent in March 2021 has weakened GIC Housing Finance's (GIC HF's) solvency and profitability. With the second wave of Covid-19 coming in April 2021, the country again witnessed a series of lockdowns, which impacted the cash flows of borrowers. Also, the company, which lends predominantly to the salaried class, was unable to collect from borrowers. This led to a sudden rise in slippages and weakening of solvency and profitability metrics. Rating agency ICRA downgraded its rating for long-term bank lines and non-convertible debentures (NCDs) to "AA" from "AA+".  
[https://www.business-standard.com/article/finance/gic-housing-finance-s-bad-loans-spike-to-11-4-in-q1-solvency-weakens-121083000031\\_1.html](https://www.business-standard.com/article/finance/gic-housing-finance-s-bad-loans-spike-to-11-4-in-q1-solvency-weakens-121083000031_1.html)
- **Gold prices jump to Rs 47,478/10 gm, silver climbs Rs 866 a kg:** Gold prices on August 30 jumped by Rs 329 to Rs 47,478 per 10 gram in the Mumbai retail market tracking a sharp spike on Friday evening in the global market after the Fed chief did not give any timeline for increasing rate but the upside was capped by rupee appreciation. The yellow metal gave up early gains amid choppiness in the dollar, uncertainties related to coronavirus cases, and ongoing political upheaval in Afghanistan. The price of 10 gram, 22-carat gold in Mumbai was Rs 43,490 plus 3 percent GST, while 24-carat 10 gram stood at Rs 47,476 plus GST. The 18-carat gold is quoted at Rs 35,609 plus GST in the retail market. Silver prices advanced by Rs 866 to Rs 63,804 per kg against its closing price on August 27.  
<https://www.moneycontrol.com/news/business/commodities/gold-prices-jump-to-rs-4747810-gm-silver-climbs-rs-866-a-kg-7407791.html>
- **Sensex nears 57,000, Nifty moves towards 17,000:** The BSE Sensex, which is nearing the 57,000-mark, recording a fresh all-time high of 56,958.27, closed at 56,889.76, up 765.04 points or 1.36 per cent. It recorded an intraday low of 56,309.86. The Nifty 50 is also nearing the 17,000-mark with a fresh all-time high of 16,951.50. It closed at a record high of 16,931.05, up 225.85 points or 1.35 per cent. It recorded an intraday low of 16,764.85. Bharti Airtel, Divi's Labs, Axis Bank, Tata Steel and Coal India were the top gainers on the Nifty 50 while Tech Mahindra, Nestle India, Eicher Motors, Infosys and Wipro were the top laggards.  
<https://www.thehindubusinessline.com/markets/stock-markets/sensex-nears-57000-nifty-moves-towards-17000/article36180759.ece>
- **Rupee vaults 40 paise to close at a more than 2-month high of 73.29 against dollar:** The rupee surged by 40 paise to close at a more than two-month high of 73.29 against the US dollar on Monday, following dovish comments by the US Federal Reserve Chairman on interest rates. At the interbank



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forex market, the local unit opened strong at 73.46 against the greenback and later moved in a range of 73.21 to 73.54 in day trade. The local unit finally closed at 73.29, the highest closing level since June 14. It had closed at 73.69 on Friday.

<https://www.thehindubusinessline.com/markets/forex/rupee-surges-31-paise-to-7338-against-us-dollar/article36174472.ece>

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