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E-Bulletin

THE ASSOCIATED CHAMBERS OF COMMERCE AND INDUSTRY OF INDIA

DEPARTMENT OF BANKING & FINANCIAL SERVICES

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Project Execution Challenges and its Mitigation Strategy

We are seeing bouncing the Indian economy bouncing back to pre-covid levels in many sectors. There is a surge in demand that is an encouraging sign of economic revival post pandemic. While governments have been investing a lot in new infrastructures such as Road Projects, Metro Projects, Flyovers, Railway expansion projects, Airports, Power Generation and Distribution, etc., there is a rise in Capex investment in different sectors by private firms, on greenfield or brownfield projects. Several industry leaders opine that most of the industrial sectors would see huge CAPEX in the next few years to augment their existing capacities.

Delay in completion of the project and cost overruns over and above the budgeted cost are avoidable, if the risks involved in project executions are identified, and risk mitigation plans are implemented throughout the tenure of the project i.e. from project conceptualisation to handing over to operations. Some of the high risks that the owner/investors of a CAPEX project are exposed to are:

- Selection of the right technology
- Unpredicted changes in design and hence the cost
- Inefficient use of plant and machineries at project site
- Cost and time overrun
- Ineffective control and monitoring on undue payment claims by the contractors
- Poor workmanship deviating from designed specifications finalised
- Frequent design changes, delay in design finalisation or additional work
- Sub-optimal procurement strategy
- Inadequate availability of skilled manpower
- Non-compliance to statutory and regulatory compliances
- Non-compliance to project Safety and Environment requirements
- Risk of use of inferior quality of materials by the contractors, compromising the design quality, etc.
- Ineffective project monitoring and control systems
- Lack of effective project management program with close co-ordination with all stake holders.

As per the Ministry of Statistics and Program Implementation, as many as 438 infrastructure projects, each worth Rs 150 crore or more, have been hit by cost overruns totalling more than Rs 4.3 lakh crore. Of the 1,670 such projects, 438 projects reported cost overruns and 563 were delayed (reference- Business Standard, 25 October 2021). Though similar organised data is not available for private sector projects, the data reflects the serious challenges that projects face, in order to avoid cost and time overrun considering the current project management eco-system.

RSM India has been providing Project Management Services, Techno-commercial Concurrent Audit services and customised services such as BOQ Validation, Review of

PO/WO prior to release, project contractors' bills certification, Materials Reconciliation of free issue materials, Project componentisation considering useful life of assets etc. for small, medium, and large CAPEX projects, especially in Manufacturing, Power Transmission, NHs, Commercial and Residential buildings, and other related services for over two decades. Our project team comprising of experienced multi-disciplinary engineers and commercial persons, led by senior management persons, gets engaged for project management services and project audits covering a 360° view of the projects, bringing immense value to the owners in terms of adherence to quality of project execution, mitigation of risks, control on cost and time overrun.



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SPEECHES

Contours of Economic Recovery

**Inaugural Address by Shri Shakti Kanta Das, Governor, Reserve Bank of India,
8th SBI Banking & Economics Conclave November 16, 2021, Mumbai**

Vast swathes of the global economy were held hostage by COVID-19 over the last two years. To save humanity as well as the economies from the clutches of the virus, speedier and equitable access to vaccines remained the only hope. India's remarkable progress on this front is a shining example of our scientific capabilities and tech-enabled public delivery. With a scale of vaccine production, which is among the highest in the world, India is poised to lead the fight against COVID-19. It is a moment to pay our tribute to everyone who has made this possible. Improved vaccination and reduced infections have materially reduced extreme health outcomes like hospitalisation and mortality. This has boosted consumer confidence. With additional boost coming from the festival fervour and pent-up demand, numerous high-frequency indicators suggest that economic recovery is taking hold.

A Quest for Sustained Growth

While it is heartening to note that the economy is gradually getting back on its feet after a devastating second wave, recovery has progressed in an uneven manner. Contact-intensive services are still to regain the lost capacity despite rapid improvement in the recent period. The Q1:2021-22 data on GDP

revealed that there still exists significant gap in both private consumption and investment, relative to their pre-pandemic levels in 2019-20. So, while the economy is picking up pace, it is yet to cover a lot of ground before it gets broad-based and entrenched. This points to the need for sustained impetus so that growth could return to, or better still, exceed the pre-pandemic trend.

Private Consumption – Backbone of Growth

Contributing the largest share of aggregate demand (around 56 per cent of GDP), private consumption is critical for inclusive, durable and balanced growth of our country. Daily wage earners and workers at the lower rungs of the society have incurred significant losses of income and employment during the pandemic that will take time to repair. The International Monetary Fund (IMF) estimates that less than 70 per cent of emerging economies will be able to achieve 2019 employment levels even by end of 2022. In India, demand for work under MGNREGA¹ remains about 10 million higher than pre-COVID levels, suggesting that the recovery in informal sector has still to cover a distance. A minimum tenure of contract for semi-skilled labour, especially in infrastructure

sector and linked to duration of projects may perhaps induce employment certainty and consumption. Small businesses have also been hit harder and would require support to recover and achieve their full employment potential.

Reviving Investment

Reinvigorating private investment is crucial to realise India's growth potential. Various policy measures have been taken to support investment. These include cut in corporate taxes, taxation reforms, introduction of Performance Linked Incentive Scheme for 13 major sectors, enhanced focus on infrastructure development and asset monetization by the government, initiatives by the government under the Atma Nirbhar programme and proactive liquidity measures by the RBI. Encouragingly, some improvement in investment activity has been observed in the recent period. Leading indicators of investment like production and Import of capital goods are higher than pre-pandemic level in September 2021. Early results of firms in Q2:2021-22 suggest robust sales and resilient profitability despite input cost pressures. Such trends could provide impetus to capacity expansion by the corporate sector in the coming quarters.

The investment outlook is bolstered by the entry of next generation firms, or the Start-ups. India has emerged as one of the top performers in the Start-up landscape, which is a reflection of the immense potential for innovation and dynamic entrepreneurship. A large proportion of the investment flowing into tech Start-ups has been in response to the post-pandemic spurt in demand for internet-based services across various sectors such as food delivery,

education and health. Policy emphasis on Start-up development through exemption of angel tax and improved governance measures have also supported this sector.

Conclusion

As we tread ahead on the growth path after the pandemic, India's rightful place in the global economy will be built on a sound, stable and resilient financial system. Banks and NBFCs, being the power engines of our economy, must undergo continual metamorphosis to accelerate this transformational journey. I wish to see the senior bankers here as the 'change agents' in their respective institutions to catalyse this whole transformation.

Source : https://www.rbi.org.in/Scripts/BS_SpeechesView.aspx?Id=1141

Governance and Prudential Supervision of Financial Institutions: Recent Initiatives

**Address by Shri M K Jain, Deputy Governor, Reserve Bank of India
November 2, 2021, Business Standard BFSI Summit**

The Reserve Bank's regulatory and supervisory approach has largely been driven by ownership neutral approach with focus on ensuring financial stability and resilience of its financial entities. Banking practices evolved rapidly post liberalisation. The ever changing financial landscape of the country and advent of Information Technology posed newer challenges for the banks as well as its regulator and supervisor. Banks being the engine of growth for the Indian economy, quickly adopted to this new reality of competitive environment and resorted to various new practices to maintain their bottom line. The adoption of new business models without adequate risk management and weakness in internal controls at times resulted in weak underwriting standards.

Governance

Corporate Governance is the corner stone for any enterprise, but for banks, it assumes a distinctly different undertone and importance. It is well-known that banks are special in terms of services they render and the segments they touch while rendering these functions. By providing financial intermediation and maturity transformation, payment and settlement services, reducing information asymmetries, and engaging in deposit mobilisation, banks

act as catalysts in growth of the economy. Most importantly, they enjoy the privilege of mobilizing uncollateralized public deposits and operating with high levels of leverage. The negative externalities of banks and NBFCs are also much higher than those for any non-financial entity due to their interconnectedness. That's why, globally, banks are regulated and supervised very closely. Governance reforms have been an area of continued focus for the Reserve Bank. The various regulatory measures including the mandatory listing of private sector banks, composition of the Board and its Committees, guidance on "fit and proper" criteria and on remuneration, separation of chairperson from managing director / chief executive officer have all been driven to improve the corporate governance and internal controls in banks.

Supervisory Initiatives

Improving the governance practices and internal defenses in supervised entities, including an assessment of business model adopted. Identifying early warning signals, increasing the focus on root cause of vulnerabilities and initiating corrective actions, as also refining supervisory processes and communications.

In order to ensure a unified and systemic approach, a unified Department of Supervision (DoS) was created bringing all SEs, namely, Scheduled Commercial Banks, NBFCs and UCBs under one umbrella. Unifying the supervisory functions shall reduce the supervisory arbitrage and information asymmetries across SEs and address the complexities arising from their inter-connectedness.

Banks are in the business of taking risks, sound risk culture lies at the heart of every decision that they take. In alignment with global developments, Reserve Bank too has made risk culture and business model analysis as part of its supervisory assessment. The focus has been to ensure that entities put in place a well-defined risk appetite framework, and business decision making is broadly in alignment with their risk appetite and risk bearing capacity.

Conclusion

Globally, banking is seeing rapid transformations and questions on the traditional bank model are being raised. Technology players are challenging banks with offerings which provide more convenience, better reach and lower cost to customers. Developments in AI/ML, robotics and chat advisory, digitalisation, Distributed Ledger Technology (DLT), quant computing, cloud arrangements, data analytics, new ways of remote working, etc are giving benefits but also generating new risks. Climate change, KYC / AML, cyber security, virtual currencies as well as increasing reliance on outsourcing are some of the other major challenges that will need to be addressed.

Agile and creative thinking is going to be essential in staying ahead of the digital curve when it comes to the evolution of financial services. Financial institutions would need to experiment with new technologies and tailor their products and services in alignment with business strategy and competitive considerations as well as in compliance with existing laws and regulations. Leveraging on technology will also require enhanced financial investments, building expertise and capacities, proper resource allocation and further strengthening of the operational capabilities.

Lastly, in this ever evolving and challenging environment, ultimately it is the operations of a financial entity in terms of its governance standards, business model, risk culture, and assurance functions that will decide how well it fares in the long run. Reserve Bank would expect all its supervised entities to give due weightage and consideration to these elements.

Source : https://www.rbi.org.in/Scripts/BS_SpeechesView.aspx?Id=1138

BANKING, FINANCIAL SERVICES & INSURANCE (BFSI) ACTIVITIES IN THE MONTH

**Prime Minister, Shri Narendra Modi, Address the Session
“Creating Synergies for Seamless Credit Flow and Economic Growth”**

Addressing the gathering, the Hon'ble Prime Minister said the reforms initiated by the government in the banking sector in the last 6-7 years, supported the banking sector in every way, due to which the banking sector of the country is in a very strong position today. The financial health of banks is now in a much improved condition. Many ways were found to address the problems and challenges from before 2014 one by one. “We addressed the problem of NPAs, recapitalized banks and increased their strength. We brought reforms like IBC, reformed many laws and empowered debt recovery tribunal. A dedicated Stressed Asset Management Vertical was also formed in the country during the Corona period”.

According to the Hon'ble Prime Minister, “Indian banks are strong enough to play a major role in imparting fresh energy to the country's economy, for giving a big push and making India self-reliant. I consider this phase as a major milestone in the banking sector of India”. Steps taken in the recent years have created a strong capital base for the banks. Banks have sufficient liquidity and no backlog for provisioning of NPAs as NPA in public sector banks is at the lowest in the last five years. This has led to upgrading of outlook for the Indian Banks by the International

agencies, the Prime Minister pointed out. Apart from being a milestone, this phase is also a new starting point and asked the banking sector to support wealth creators and Job creators. “It is the need of the hour that now the banks of India work proactively to bolster the wealth sheet of the country along with their balance sheets”.

The Hon'ble Prime Minister emphasized the need to proactively serve the customers and asked the banks to provide customised solutions to customers, companies and MSMEs after analyzing their needs. The Prime Minister urged the banks to do away with the feeling that they are approver, and the customer is an applicant, they are giver and client a receiver. Banks will have to adopt the model of partnership. He praised the banking sector for their enthusiasm in implementing Jan Dhan Scheme. He added that, banks should feel stakes in the growth of all the stakeholders and proactively get involved in the growth story. He gave an example of PLI where the government is doing the same by giving the Indian manufacturers an incentive on production. Under the PLI scheme the manufacturers have been incentivized to increase their capacity manifold and transform themselves

into global companies. Banks can play a big role in making projects viable through their support and expertise.

According to the Hon'ble Prime Minister, due to major changes that have taken place in the country and the schemes that have been implemented, a huge pool of data has been created in the country. The banking sector must take advantage of this. He listed the opportunities presented by the flagship schemes like PM Awas Yojana, Swamiva, and Svanidhi and asked the banks to participate and play their role in these schemes. Speaking on the overall impact of financial inclusion, Shri Modi said that when the country is working so hard on financial inclusion, it is very important to unlock the productive potential of the citizens. He gave an example of a recent research by the banking sector

itself where more Jan Dhan accounts are opened in the states have led to reduction in the crime rate. Similarly according to the Hon'ble Prime Minister, the scale at which corporates and start-ups are coming forward today is unprecedented. "In such a situation, what can be a better time to strengthen, fund, invest in India's aspirations?"

The Hon'ble Prime Minister called upon the banking sector to move by attaching themselves with national goals and promises. He praised the proposed initiative of web-based project funding tracker to bring together ministries and banks. He suggested that it will be better if it is added to the GatiShakti Portal as an interface. He wished that in the 'Amrit Kaal' of independence, the Indian banking sector will move with big thinking and innovative approach.

TOP BANKING NEWS

- **Finance Ministry issues uniform norms for accountability to protect bonafide decision of bankers**

To protect the people taking bonafide business decisions, the finance ministry has issued a uniform staff accountability framework for NPA accounts up to Rs 50 crore. These guidelines shall be implemented with effect from April 1, 2022, for accounts turning non-performing assets (NPAs) beginning next financial year.

Source: https://economictimes.indiatimes.com/industry/banking/finance/banking/finance-ministry-issues-uniform-norms-for-accountability-to-protect-bonafide-decision-of-bankers/articleshow/87428966.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

- **PSBs told to revise staff accountability policies for NPAs**

The finance ministry has advised state-run lenders to adopt broad guidelines on staff accountability for bad loans of up to ₹ 50 crore. The new guidelines - Staff Accountability Framework for NPA Accounts up to ₹50 crore (Other than Fraud Cases) - are aimed to protect the commercial decisions taken by bank employees and quicker resolution of vigilance cases taking into account the past track record of such staff. With the approval of their Boards, lenders may decide on a threshold of ₹10 lakh or ₹20 lakh, depending on their business size, to examine all aspects of staff accountability.

Source: https://economictimes.indiatimes.com/industry/banking/finance/banking/psbs-told-to-revise-staff-accountability-policies-for-npas/articleshow/87441765.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

- **Unity Bank begins operations, paving way for merging PMC**

Unity Small Finance Bank, the 51:49 joint venture between Centrum Group and payments app Bharatpe, on Monday launched their first branch that will go a long way in resolving the crippled cooperative PMC Bank by merging it with the new entity. Early evening, the Reserve Bank said Unity SFB began operations with the first branch going operational in the city.

Source: https://economictimes.indiatimes.com/industry/banking/finance/banking/unity-bank-begins-operations-paving-way-for-merging-pmc/articleshow/87472556.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

- **Bandhan Bank now an Agency Bank of RBI, to conduct govt business**

The Reserve Bank of India has now appointed Bandhan Bank an Agency Bank of the RBI to conduct government business. Bandhan Bank now joins several other private banks that have been empanelled as an Agency Bank of the RBI.

Source: <https://economictimes.indiatimes.com/industry/banking/finance/banking/>

bandhan-bank-now-an-agency-bank-of-rbi-to-conduct-govt-business/articleshow/87458749.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

- **To ease lending , FinMin moves to boost banker's Morale**

In a move aimed at lifting the morale of public sector banks, the Finance Ministry has issued broad guidelines on staff accountability for NPA accounts up to ₹50 crore. Banks have been advised to revise their staff accountability policies based on the new guidelines and get their respective boards to approve the new procedures.

Source: <https://www.thehindubusinessline.com/money-and-banking/to-ease-lending-finmin-moves-to-boost-bankers-morale-growth/article37273674.ece>

- **Reserve Bank's new current account rules put bankers, customers in a spot**

After two extensions and revisions, the Reserve Bank of India's (RBI's) new norms on current account opening have once again left bankers and customers confused as many banks have already complied with the earlier deadline of 31 October, according to bankers.

Source: <https://www.livemint.com/industry/banking/reserve-bank-s-new-current-account-rules-put-bankers-customers-in-a-spot-11636312183287.html>

- **HSBC exceeds China wealth hiring targets, explores India private banking re-entry**

HSBC Holdings is ahead of its hiring targets for its Chinese retail wealth management

business and is exploring re-entering India's private banking business, senior executives said, as part of its plan to make Asia and wealth key pillars of growth. Under a strategy spearheaded by Group CEO Noel Quinn, HSBC is ploughing \$3.5 billion into its wealth and personal banking business, in line with its ambition to become Asia's top wealth manager by 2025.

Source: https://economictimes.indiatimes.com/industry/banking/finance/banking/hsbc-exceeds-china-wealth-hiring-targets-explores-india-private-banking-re-entry/articleshow/87599816.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

- **Banks see corporate lending revive by March**

State Bank of India, which has sanctioned corporate loans worth ₹4.6 trillion, expects a large portion of the unutilized limits to be drawn by March, with demand raising further. Lenders are expecting demand for corporate loans to rebound by March, as the continued revival in economic activities calls for capital expenditure to meet the rising demand for goods and services.

Source: <https://www.livemint.com/industry/banking/banks-see-corporate-lending-revive-by-march-11636311675504.html>

- **Moody's upgrades Yes Bank on improved financing health**

Moody's Investors Service Wednesday upgraded Yes Bank credit rating citing improved financial health. The global rating company provided a new grade of B2, a notch higher than its previous level B3. The

bank, which was once counted among top rated private sector lenders, remains in the high-yield category that has higher funding costs compared to lenders in the investment grade.

Source: <https://economictimes.indiatimes.com/industry/banking/finance/banking/moodys-upgrades-yes-bank-on-improved-financing-health/articleshow/87630714.cms>

- **Axis Bank inks pact with Army Insurance Group for retail mortgage loans**

To offer higher home loans with extended repayment period, Axis Bank on Wednesday signed an MoU with the Army Insurance Group (AGI) to offer retail mortgage loans to the Indian Army. "The bank will offer best-in-class products and services to defence personnel to cater to their home loan requirements," .

Source: <https://www.thehindubusinessline.com/money-and-banking/axis-bank-inks-pact-with-army-insurance-group-for-retail-mortgage-loans/article37416916.ece>

- **RBI tells banks to specify exact repayment due dates in loan contracts**

The Reserve Bank of India (RBI) on Friday, 12th November issued a set of clarifications on its existing asset classification guidelines and said banks must specify the exact due dates for repayment in loan agreements. The current norms state that a loan turns overdue if is not repaid on the due date fixed by the bank.

Source: <https://www.livemint.com/industry/banking/rbi-tells-banks-to-specify-exact-repayment-due-dates-in-loan-contracts-11636723155360.html>

- **RBI asks banks to standardise NPAs only on full interest, principal payments**

The Reserve Bank of India (RBI) has directed banks that that loan accounts classified as non-performing assets (NPAs) should be upgraded as 'standard' asset only if entire arrears of interest and principal are paid by the borrower. According to the central bank, some lending institutions upgrade accounts classified as NPAs to 'standard' asset category upon payment of only interest overdues and partial overdues.

Source: <https://indianexpress.com/article/business/economy/rbi-asks-banks-to-standardise-npas-only-on-full-interest-principal-payments-7620469/>

- **Sitharaman to meet heads of banks, FIs today for credit push**

Union finance minister Nirmala Sitharaman will meet heads of banks and financial institutions to remove friction in credit flow to productive sectors of the economy battered by the coronavirus pandemic. The two-day conference will also see the participation of the CEOs of top-six private-sector lenders and non-banking financial companies (NBFCs), including HDFC Bank, ICICI Bank, Kotak Mahindra Bank, Cholamandalam Investment and Finance, Shriram Transport Finance and Tata Capital.

Source: <https://www.hindustantimes.com/india-news/sitharaman-to-meet-heads-of-banks-fis-today-for-credit-push-101637029880314.html>

- **Canara Bank receives affirmation in LT issuer ratings**

Canara Bank announced that India Ratings & Research (Ind-Ra) has upgraded the

rating of Bank's Basel III AT1 bonds to 'IND AA+/Stable'. India Ratings & Research has also affirmed its Long Term Issuer rating and rating on the Basel III Tier 2 instruments to 'IND AAA/Stable'.

Source: https://www.business-standard.com/article/news-cm/canara-bank-receives-affirmation-in-its-issuer-ratings-12111700274_1.html

- **Banks' strategies, business models under RBI lens: Shaktikanta Das**

The Reserve Bank of India (RBI) has started taking a close look at the business models of banks and their strategies after it transpired that some of them are interested in serving their investors rather than their depositors. Speaking at the banking conclave of State Bank of India (SBI), RBI Governor Shaktikanta Das sounded a word of caution to commercial banks over their business practices while acknowledging that they had weathered the pandemic shock better than expected.

Source: https://www.business-standard.com/article/finance/banks-strategies-business-models-under-rbi-lens-shaktikanta-das-12111700025_1.html

- **Union Bank of India ranks third in PSB reforms**

Union Bank of India ranked third amongst 12 PSBs in EASE 4.0 Reforms Index for Q1 FY22, as per the rank list released by Indian Banks' Association (IBA). The Bank has been actively adopting the reforms initiatives recommended under the EASE Agenda enabling it to retain the overall position of Second Runner Up from the last three consecutive quarters since December 2020.

Source: <https://www.livemint.com/industry/banking/union-bank-of-india-ranks-third-in-psb-reforms-11637300790339.html>

- **Dash-led Reserve Bank committee suggests regulating digital loan apps**

A committee set up by the central bank has suggested reining in controversial digital loan apps through a mix of measures, including the creation of a nodal agency to verify their credentials and legislation to prevent "illegal lending".

Source: <https://www.livemint.com/industry/banking/dash-led-reserve-bank-committee-suggests-regulating-digital-loan-apps-11637260011222.html>

- **Punjab National Bank receives ratings action from India Ratings**

Punjab National Bank has received upgrade in rating on Basel III AT1 Bonds from 'IND AA/Stable' to 'IND AA+/Stable' while affirming its Long-Term Issuer Rating at 'IND AAA/ Stable', Short-Term Issuer Rating at 'IND A1+' and ratings on Basel III Tier 2 Bonds & Senior Infrastructure Bonds at 'IND AAA/Stable'.

Source: https://www.business-standard.com/article/news-cm/punjab-national-bank-receives-ratings-action-from-india-ratings-12111700242_1.html

- **Freecharge announces neo-banking platform, to offer fixed deposits, digital credit card and more**

Payments and recharge platform Freecharge have announced the rollout of its neo-banking platform. The Axis Bank-owned company has revealed that over 18,000 customers have already signed up for the

new platform. Some of the services that its customers will be able to avail include – fixed deposits, recurring deposits, buy now, pay later (BNPL) services, digital debit and credit cards, personal loans and more.

Source: <https://www.businessinsider.in/tech/apps/news/freecharge-announces-neo-banking-platform-to-offer-fixed-deposits-digital-credit-card-and-more/articleshow/87750610.cms>

- **RBI details draft amalgamation plan for PMC Bank**

The Reserve Bank of India (RBI) has detailed a draft scheme for the merger of sick Punjab and Maharashtra Cooperative (PMC) Bank with the newly-formed Unity Small Finance Bank Ltd (USFB), more than two years after PMC was put under restrictions on account of fraud that led to a steep deterioration in the network of the bank.

Source: <https://economictimes.indiatimes.com/industry/banking/finance/pmc-bank-in-focus-rbi-announces-draft-scheme-of-amalgamation/articleshow/87848810.cms>

- **Equitas Bank ties up with HDFC Bank to offer co-branded credit cards**

India's largest private sector bank HDFC Bank and Equitas Small Finance Bank Limited today announced its partnership to launch its new co-branded credit cards. The credit cards will be available for Equitas Small Finance Bank's customers, with an aim to provide them with the facilities of the banking ecosystem. The new co-branded credit cards aim to provide the Equitas Small Finance Bank customers a better banking ecosystem.

Source: <https://www.livemint.com/companies/equitas-bank-ties-up-with-hdfc-bank-to-offer-co-branded-credit-cards-11637653999799.html>

- **Niti Aayog floats idea of full-stack digital banks**

Government think-tank Niti Aayog on Wednesday proposed setting up of full-stack 'digital banks', which would principally rely on the internet and other proximate channels to offer their services and not physical branches, to mitigate the financial deepening challenges being faced in the country. The Aayog, in a discussion paper titled 'Digital Banks: A Proposal for Licensing & Regulatory Regime for India', makes a case and offers a template and roadmap for a digital bank licensing and regulatory regime for the country.

Source: https://economictimes.indiatimes.com/news/economy/policy/niti-aayog-floats-idea-of-full-stack-digital-banks/articleshow/87893694.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

- **Centre may continue to hold at least 26% stake in public sector banks**

The Centre may continue to hold at least 26 per cent stake in public sector banks (PSBs) that are being considered for privatisation, sources aware of the development said. Currently, the government is looking at privatising two banks. At present, the government has to hold 51 per cent in PSBs at all times, according to the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970.

Source: <https://www.google.com/search>

SELECT RBI CIRCULAR'S

Date of issue	Circular name	Subject
26.11.2021	https://rbi.org.in/Scripts/BS_CircularIndexDisplay.aspx?Id=12203	Implementation of Section 51A of UAPA, 1967: Updates to UNSC's 1267/ 1989 ISIL (Da'esh) & Al-Qaida Sanctions List: Addition of one entry
22.11.2021	https://rbi.org.in/Scripts/BS_CircularIndexDisplay.aspx?Id=12202	Inclusion in/exclusion from the Second Schedule to the Reserve Bank of India Act, 1934-Regional Rural Banks (RRBs)
16.11.2021	https://rbi.org.in/Scripts/BS_CircularIndexDisplay.aspx?Id=12201	Regulations Review Authority (RRA 2.0) – Interim Recommendations – Withdrawal of Redundant Circulars
16.11.2021	https://rbi.org.in/Scripts/BS_CircularIndexDisplay.aspx?Id=12200	Withdrawal of Obsolete Regulatory Circulars/ Instructions - Interim Recommendations of the Regulations Review Authority 2.0
16.11.2021	https://rbi.org.in/Scripts/BS_CircularIndexDisplay.aspx?Id=12199	Regulations Review Authority (RRA 2.0) – Interim Recommendations – Withdrawal of Circular
16.11.2021	https://rbi.org.in/Scripts/BS_CircularIndexDisplay.aspx?Id=12198	Regulations Review Authority (RRA 2.0) – Interim Recommendations – Withdrawal of Circulars
16.11.2021	https://rbi.org.in/Scripts/BS_CircularIndexDisplay.aspx?Id=12197	Regulations Review Authority (RRA) 2.0 – Interim Recommendations – Withdrawal of Redundant Circulars
16.11.2021	https://rbi.org.in/Scripts/BS_CircularIndexDisplay.aspx?Id=12196	Withdrawal of Obsolete Regulatory Circulars / Instructions – Interim Recommendations of the Regulations Review Authority 2.0
15.11.2021	https://rbi.org.in/Scripts/BS_CircularIndexDisplay.aspx?Id=12195	Appointment of Internal Ombudsman by Non-Banking Financial Companies
12.11.2021	https://rbi.org.in/Scripts/BS_CircularIndexDisplay.aspx?Id=12194	Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances - Clarifications
12.11.2021	https://rbi.org.in/Scripts/BS_CircularIndexDisplay.aspx?Id=12193	Auction of Government Securities: Non-Competitive Bidding Facility to retail investors

11.11.2021	https://rbi.org.in/Scripts/BS_CircularIndexDisplay.aspx?Id=12191	Foreign Currency (Non-resident) Accounts (Banks) Scheme [FCNR(B)] - Master Direction on Interest Rate on Deposits
11.11.2021	https://rbi.org.in/Scripts/BS_CircularIndexDisplay.aspx?Id=12190	Exim Bank's Government of India supported Line of Credit (LoC) of USD 10.40 million to the Government of the Kingdom of Eswatini (Swaziland)
09.11.2021	https://rbi.org.in/Scripts/BS_CircularIndexDisplay.aspx?Id=12189	Master Circular - Guarantees and Co-acceptances
08.11.2021	https://rbi.org.in/Scripts/BS_CircularIndexDisplay.aspx?Id=12188	Investment by Foreign Portfolio Investors (FPIs) in Debt – Review
02.11.2021	https://rbi.org.in/Scripts/BS_CircularIndexDisplay.aspx?Id=12187	Master Circular- Guarantees, Co-Acceptances & Letters of Credit - UCBs
02.11.2021	https://rbi.org.in/Scripts/BS_CircularIndexDisplay.aspx?Id=12186	Prompt Corrective Action (PCA) Framework for Scheduled Commercial Banks
01.11.2021	https://rbi.org.in/Scripts/BS_CircularIndexDisplay.aspx?Id=12185	Master Circular- Income Recognition, Asset Classification, Provisioning and Other Related Matters - UCBs

WEEKLY STATISTICAL SUPPLEMENT – RBI

Weekly Statistical Supplement – Extract					
1. Reserve Bank of India - Liabilities and Assets*					
(₹ Crore)					
Item	2020	2021		Variation	
	Nov. 20	Nov. 12	Nov. 19	Week	Year
	1	2	3	4	5
4 Loans and Advances					
4.1 Central Government	0	0	0	0	0
4.2 State Governments	10731	10350	8631	-1719	-2100
* Data are provisional.					

2. Foreign Exchange Reserves								
Item	As on November 19, 2021		Variation over					
			Week		End-March 2021		Year	
	₹ Cr.	US\$ Mn.	₹ Cr.	US\$ Mn.	₹ Cr.	US\$ Mn.	₹ Cr.	US\$ Mn.
	1	2	3	4	5	6	7	8
1 Total Reserves	4757480	640401	-7678	289	538528	63417	491281	65111
1.1 Foreign Currency Assets	4276977	575712	-7087	225	352810	39019	323627	42610
1.2 Gold	300065	40391	514	152	52342	6511	32990	4376
1.3 SDRs	141970	19110	-842	-74	131106	17624	130903	17618
1.4 Reserve Position in the IMF	38469	5188	-263	-13	2271	263	3762	508
*Difference, if any, is due to rounding off								

3. Scheduled Commercial Banks - Business in India

(₹ Crore)

Item	Outstanding as on Nov. 5, 2021	Variation over				
		Fortnight	Financial year so far		Year-on-year	
			2020-21	2021-22	2020	2021
	1	2	3	4	5	6
2 Liabilities to Others						
2.1 Aggregate Deposits	16048797	335776	835820	935285	1405333	1645485
2.1a Growth (Per cent)		2.1	6.2	6.2	10.8	11.4
2.1.1 Demand	1973114	145773	-121981	111921	169658	478092
2.1.2 Time	14075683	190003	957801	823364	1235675	1167393
2.2 Borrowings	261010	3977	-51165	16985	-70557	2736
2.3 Other Demand and Time Liabilities	633348	62844	2979	-23259	104952	26693
7 Bank Credit	11163570	118951	48410	214061	572896	744299
7.1a Growth (Per cent)		1.1	0.5	2.0	5.8	7.1
7a.1 Food Credit	76866	13169	31867	15612	3582	-6765
7a.2 Non-food credit	11086703	105782	16543	198449	569313	751064

4. Money Stock: Components and Sources

(₹ Crore)

Item	Outstanding as on 2021		Variation over									
			Fortnight		Financial Year so far				Year-on-Year			
					2020-21		2021-22		2020		2021	
	Mar. 31	Nov. 5	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	1	2	3	4	5	6	7	8	9	10	11	12
M3	18844578	19915804	392475	2.0	1134891	6.8	1071226	5.7	1945250	12.2	1980950	11.0
1 Components (1.1.+1.2+1.3+1.4)												
1.1 Currency with the Public	2751828	2879130	53485	1.9	287938	12.3	127302	4.6	461516	21.2	241443	9.2
1.2 Demand Depos- its with Banks	1995120	2109705	147129	7.5	-121856	-7.0	114585	5.7	174015	12.1	493869	30.6
1.3 Time Deposits with Banks	14050278	14879087	191144	1.3	965658	7.6	828808	5.9	1299934	10.5	1239413	9.1
1.4 'Other' Deposits with Reserve Bank	47351	47882	717	1.5	3150	8.2	531	1.1	9786	30.7	6225	14.9
2 Sources (2.1+2.2+2.3+2.4- 2.5)												
2.1 Net Bank Credit to Government	5850374	6171255	193686	3.2	755707	15.2	320881	5.5	746260	15.0	455186	8.0
2.1.1 Reserve Bank	1099686	1186805	143702		4154		87120		-14113		190459	
2.1.2 Other Banks	4750689	4984449	49984	1.0	751553	18.9	233761	4.9	760373	19.2	264726	5.6
2.2 Bank Credit to Commercial Sector	11668466	11876051	126525	1.1	40905	0.4	207584	1.8	616360	5.9	796501	7.2

5. Liquidity Operations By RBI

(₹ Crore)

Date	Liquidity Adjustment Facility				MSF*	Standing Liquidity Facilities	Market Stabilisation Scheme	OMO (Outright)		Long Term Repo Operations	Targeted Long Term Repo Operations#	Special Long-Term Repo Operations for Small Finance Banks	Special Reverse Repo£	Net Injection (+)/ Absorption (-) (1+3+5+6+9+10+11+12-2-4-7-8-13)
	Repo	Reverse Repo*	Variable Rate Repo	Variable Rate Reverse Repo				Sale	Purchase					
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Nov. 15, 2021	–	250255	–	–	0	–	–	10	–	–	250	105	–	-249910
Nov. 16, 2021	–	251559	–	200010	100	–	–	255	–	–	–	–	–	-451724
Nov. 17, 2021	–	237185	–	–	9	–	–	290	–	–	–	–	–	-237466
Nov. 18, 2021	–	97803	–	445742	1215	2500	–	625	–	–	–	–	–	-540455
Nov. 19, 2021	–	46619	–	–	7201	–	–	–	–	–	–	–	–	-39418
Nov. 20, 2021	–	15620	–	–	68	–	–	–	–	–	–	–	–	-15552
Nov. 21, 2021	–	1898	–	–	25	–	–	–	–	–	–	–	–	-1873

TOP NBFC'S-MFI NEWS

- **Banks and NBFCs fuel higher consumer spending in India with easy credit**

Some of India's top lenders and shadow finance companies are helping fuel demand among consumers wanting to splurge on everything from clothes to two-wheelers and homes, offering hopes of a consumption-driven recovery in Asia's third-largest economy.

Source: <https://www.livemint.com/industry/banking/banks-and-nbfc-fuel-higher-consumer-spending-in-india-with-easy-credit-11635724048503.html>

- **NBFCs: Reserve Bank to step up vigil with four-layered regulatory framework**

The Reserve Bank of India (RBI) will put in place a four-layered regulatory structure for non-banking financial companies to keep a stricter vigil on the shadow banking sector and minimise risks for the overall financial system. The detailed set of norms, which will come into force from October 2022, provides for a Scale Based Regulation (SBR) framework that takes into consideration capital requirements, governance standards, prudential regulation and other aspects of the Non-Banking Financial Companies (NBFCs).

Source: <https://www.moneycontrol.com/news/business/economy/nbfc-reserve-bank-to-step-up-vigil-with-four-layered-regulatory-framework-7615581.html>

- **PAG bet \$1 billion on Indian real estate post NBFC liquidity crisis**

Asia-focused investor PAG has taken a contra credit bet in Indian real estate over the past couple of years while most lenders have shied away from the sector in the aftermath of the NBFC liquidity crisis following IL&FS' defaults in September 2018. What has been noteworthy is that PAG scaled up lending at a time when most of the big lenders such as Indiabulls, Edelweiss, and Piramal undersold their real estate loans. In fact, PAG significantly scaled up lending through the pandemic not just in.

Source: https://www.business-standard.com/article/companies/pag-bet-rs-1-billion-on-indian-real-estate-post-nbfc-liquidity-crisis-121110800016_1.html

- **Government To Soon Appoint Managing Director Of Infrastructure Finance Bank**

Finance Ministry will soon start the process for appointing a managing director (MD) and deputy managing directors (DMDs) of the newly set up ₹ 20,000 crore development finance institution, namely National Bank for Financing Infrastructure and Development (NaBFID). Government has envisioned the institution for expediting investment in the fund-starved infrastructure sector

Source: <https://www.ndtv.com/business/government-to-soon-appoint-managing-director-for-infrastructure-finance-bank-2602015>

- **Veteran banker KV Kamath appointed as senior advisor for KKR India**

Global investment firm KKR today announced the appointment of K.V. Kamath

as a Senior Advisor to KKR India. His appointment is effective immediately. KV Kamath commented, 'KKR has consistently demonstrated its strong commitment to India, and the firm today stands out as one of the highest-caliber investors in innovative, market-leading companies in the country and worldwide.

Source: <https://www.livemint.com/companies/people/veteran-banker-kv-kamath-appointed-as-senior-advisor-for-kkr-india-11636443229886.html>

- **Vayana Network raises ₹283 crore in Series C funding round**

Trade financing platform, Vayana Network, on Thursday said it has raised ₹283 crore in Series C funding round from new and existing investors, including Chiratae Ventures, CDC group, Jungle Ventures, March Capital, and Marshall Wace. New and existing investors, including Chiratae Ventures, CDC group, Jungle Ventures, March Capital, and Marshall Wace, participated in the funding round.

Source: <https://www.livemint.com/companies/start-ups/vayana-network-raises-rs-283-crore-in-series-c-funding-round-11636626070902.html>

- **NBFC's lender outsmarts peers, promoter's image makeover bid, fintech firm's ESOP woes, Bitcoin scam and more**

The main lender to this NBFC has been way smarter than other lenders. While PSU banks recognized the exposure to this NBFC as NPA in Q2FY22 results, the primary banker to this NBFC has outsmarted all its peers. Word on street is that the loans given by the

lender to the NBFC have been routed and deployed legally in the other entities where the payment was owed by the NBFC.

Source: <https://www.moneycontrol.com/news/business/mc-insider-nbfc-lender-outsmarts-peers-promoters-image-makeover-bid-fintech-firms-esop-woes-bitcoin-scam-and-more-7718571.html>

- **RBI's new norms may lead to surge in NBFC bad loans**

In a move that could result in more non-banking finance companies' loans being categorised as NPAs and raise provisioning requirements, the RBI has tightened NBFC asset classification norms. The guidelines which come into effect on March 30, next year bring the NBFC classification norms on a par with that of banks.

Source: http://timesofindia.indiatimes.com/articleshow/87706507.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

- **NBFC NPAs: What impact asset classification norms by RBI will have on bad loans in MSME, other segments**

Credit and Finance for MSMEs: As per RBI, loan accounts can be upgraded to 'standard from NPA only if all the arrears of interest and principal are paid by the borrower. This, RBI said is to avoid any ambiguity as "some lending institutions upgrade accounts classified as NPAs to 'standard' asset category upon payment of only interest overdues, partial overdues, etc."

Source: <https://www.financialexpress.com/industry/sme/msme-fin-nbfc-npas-what-impact-asset-classification-norms-by-rbi-will-have-on-bad-loans-in-msme-other-segments/2369845/>

- **RBI Asks Select Non-Banking Finance Companies To Appoint Ombudsman**

Reserve Bank of India (RBI) has directed a select few non-banking finance companies (NBFCs) to appoint an internal ombudsman to head their respective internal grievance redressal mechanism within six months of the issue of this notice. In a statement issued by the RBI on Monday, all deposit taking NBFCs with 10 or more branches as well as non-deposit taking NBFCs with asset size of ₹ 5,000 crore and more and having public customer interface, to appoint internal ombudsman at the top of their internal grievance redressal mechanism.

Source: <https://www.ndtv.com/business/rbi-asks-select-non-banking-finance-companies-to-appoint-ombudsman-2612124>

- **Cred founder Kunal Shah's firm acquires NBFC Parfait**

Kunal Shah, a serial entrepreneur and founder of fintech firm Cred, has acquired a non-banking finance company (NBFC) through an entity he has floated personally. Shah, through Newtap Technologies Pvt Ltd, has acquired Parfait Finance & Investment, looking at a wider fintech play for Cred with lending. The Reserve Bank of India (RBI) has approved the acquisition. Shah had previously cofounded mobile recharge firm Freecharge and sold it to Snapdeal for \$400 million in 2015. Cred, which is valued at around \$4 billion, has also applied to the banking regulator for an account aggregator licence.

Source: <https://economictimes.indiatimes.com/tech/startups/cred-founder-promoted-firm-acquires->

[non-bank/articleshow/87744799.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst](https://www.financialexpress.com/industry/banking-finance/nbfc-bad-loans-set-to-rise-with-rbi-clarification-on-irac-norms-say-analysts/2370521/)

- **NBFC bad loans set to rise with RBI clarification on IRAC norms, say analysts**

Bad loans reported by non-banking financial companies (NBFCs) may rise after March 2022 as the Reserve Bank of India's (RBI's) latest clarification on upgradation of non-performing assets (NPAs) kicks in. Analysts said while banks have been following the new rule on upgrades, it will be a fresh start for most NBFCs

Source: <https://www.financialexpress.com/industry/banking-finance/nbfc-bad-loans-set-to-rise-with-rbi-clarification-on-irac-norms-say-analysts/2370521/>

- **Avail Finance acquires neobank, seeks approval to buy NBFC**

Avail Finance, which offers loans to blue-collar workers, has acquired YeLo, a neobank operating in the same segment, and is seeking regulatory nod to purchase non-bank lender Art Climate Finance (India) Pvt. Ltd.

Source: <https://www.livemint.com/companies/people/avail-finance-acquires-neobank-seeks-approval-to-buy-nbfc-11637174049223.html>

- **Lower base: NBFC loan sanctions pick up in Q2, but below last year's levels**

The Reserve Bank of India's (RBI's) guidelines on initial public offer (IPO) financing should further restrict LAS growth in the next quarter, FIDC expects. The value of loans sanctioned by NBFC's rose 17% on y-o-y basis in Q2FY22, but remained

below the amount of sanctions made in the comparable quarter of FY20. A data sheet released by industry association Finance Industry Development council showed that NBFCs sanctioned loans worth Rs. 2.17 lakh crore during the quarter ended September 2021, down 9% from the value of transactions made in Q2FY20.

Source: <https://www.financialexpress.com/industry/banking-finance/nbfc-loan-sanctions-pick-up-in-q2-but-below-last-years-levels/2372663/>

- **Finance Minister announces clearance to 3 key projects worth more than Rs500cr for IFSCA**

Union Minister for Finance & Corporate Affairs Nirmala Sitharaman lead a delegation including the two Ministers of State for Finance and Secretaries from the Ministry of Finance and Ministry of Corporate Affairs to GIFT City. The delegation engaged in discussions on matters of development and growth of India's maiden International Financial Services Centre (IFSC) at GIFT City, Gandhinagar.

Source: https://www.indiaonline.com/article/news-economy/finance-minister-announces-clearance-to-3-key-projects-worth-more-than-rs500cr-for-ifsc-121112200010_1.html

- **NBFCs ask RBI Guv to relax NPA classification deadline**

Non-bank lenders have reached out to the Reserve Bank of India Governor Shaktikanta Das for a relaxation in the deadline to comply with the new bad loan classification rules to October 2022. In an eight-page letter sent by the NBFC industry body Finance Industry

Development Council (FIDC), NBFCs have also sought that smaller loans up to Rs 2 crore be kept out of the circular.

Source: https://economictimes.indiatimes.com/markets/stocks/news/nbfc-ask-rbi-guv-to-relax-npa-classification-deadline/articleshow/87791003.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

- **Spandana Sphoorty founder Padmaja Reddy to float new NBFC with former colleagues**

Padmaja Reddy, founder and former head of Spandana Sphoorty Financial, is planning to float a new non-banking finance company (NBFC) teaming up with a few former senior management colleagues. Reddy recently resigned from Spandana following major differences with the Board. The new company was incorporated around three to four days ago and the promoters will soon apply to the Reserve Bank of India (RBI) for a licence.

Source: <https://www.moneycontrol.com/news/business/exclusivespandana-sphoorty-founder-padmaja-reddy-to-float-new-nbfc-with-former-colleagues-7753431.html>

- **NBFC auto loans hit new high in H1 FY22, but pain points persist**

As an indication of improving sentiments, more people in the country are now borrowing to purchase new vehicles. With the pickup in economic activities and raising demand and rates for goods transport, fresh auto loan disbursements by non-banking financial companies have almost touched the pre-covid levels in the first half of FY22.

Source: <https://auto.economictimes.indiatimes.com/news/auto-finance/nbfc-auto-loans-hit-new-high-in-h1-fy22-but-pain-points-persist/87859479>

- **300% jump in microfinance loans by value disbursed during April-June quarter from year-ago**

Banks and non-banking financial companies (NBFCs) had contributed over 75 per cent to the portfolio outstanding. Despite the second Covid wave, the microfinance industry disbursed Rs 25,808 crore loans during April-June 2021 – up 300 percent from 6,460 crore loans during the year ago period. However, disbursements as of June 2021 had declined by 72 percent.

Source: <https://www.financialexpress.com/industry/sme/msme-fin-300-jump-in-microfinance-loans-by-value-disbursed-during-april-june-quarter-from-year-ago-report/2374770/>

TOP INSURANCE NEWS

- **Insurance market impacted by offshore wind cost-cutting'**

Increasing focus on cost-competitiveness has led to cost-cutting in the design, manufacture, construction and operation of offshore wind farms over the past decade, which is putting pressure on the insurance market, according to a report by GCube Insurance. The GCube report – 'Uncharted Waters' – said the increased competitiveness has increasingly come at the expense of quality control, increasing the frequency and severity of insurance claims in the sector.

Source: <https://renews.biz/73295/insurance-market-impacted-by-offshore-wind-cost-cutting/>

- **CCI Approves HDFC Life Insurance's Acquisition Of Exide Life Insurance**

Competition Commission of India (CCI) approved HDFC Life Insurance's acquisition of Exide Life Insurance on Monday. The regulator informed that post the completion of the share acquisition, Exide Life would operate as a wholly-owned subsidiary of HDFC Life. HDFC Life aspires to strengthen its presence in Southern India, especially in tier-2 and tier-3 cities, with this acquisition.

Source: <https://www.outlookindia.com/website/story/business-news-cci-approcces-hdfc-life-insurances-acquisition-of-exide-life-insurance/399593>

- **Taxation of maturity proceeds of single premium life insurance policy**

Since the insurance company has deducted tax at source, presume the premium paid

for the single premium policy exceeded 20% of the sum assured as the policy was taken between 01-04-2003 and 31-03-2012. Since the insurance company has deducted tax at source I presume the premium paid for the single premium policy exceeded 20% of the sum assured as the policy was taken between 01-04-2003 and 31-03-2012

Source: <https://www.livemint.com/insurance/news/taxation-of-maturity-proceeds-of-single-premium-life-insurance-policy-11636175414962.html>

- **Ola Financial Services to expand insurance business internationally**

Ola Financial Services (OFS) -- a subsidiary of Ola -- is looking to expand its insurance business internationally to support the company's mobility service through products designed for the UK and Australia and New Zealand (ANZ) markets. Ola's parent company ANI Technologies said OFS had a turbulent year (FY21) with the impact of external factors on the lending environment in general and the double impact on mobility business and its spillover to the OlaMoney brand.

Source: https://www.business-standard.com/article/companies/ola-financial-services-to-expand-insurance-business-internationally-121110700213_1.html

- **18% GST on insurance premium is atrocious: Former IRDAI member Nilesh Sathe**

According to the former Insurance Regulatory and Development Authority

(IRDAI) member Nilesh Sathe. Insurance is a necessity in India in the absence of a social security net, but the government is taxing the sector heavily even as others in the financial sector are exempted.

Source: https://www.business-standard.com/article/finance/18-gst-on-insurance-premium-is-atrocious-former-irdai-member-nilesh-sathe-121110801513_1.html

- **LIC's tepid show pulls life insurers' new business premium down 5% in Oct**

After recording impressive growth in September, new business premiums (NBP) of 24 life insurance companies degrew 5 per cent year-on-year (YoY) in October, mainly due to Life Insurance Corporation (LIC) of India's muted performance. In October, the industry received NBP to the tune of Rs 21,606 crore, down 5.14 per cent YoY from the year-ago period. While private insurers' NBP recorded double-digit growth of 12 per cent to Rs 8,105.46 crore, LIC's NBP degrew more than 13 per cent to Rs 13,500.78 crore due to massive decline in individual single premiums and muted

Source: https://www.business-standard.com/article/finance/lic-s-tepid-show-pulls-life-insurers-new-business-premium-down-5-in-oct-121110900877_1.html

- **Embedded insurance: The new frontier of insurance product innovation**

In the wake of the Covid pandemic, an increasing number of consumers have transitioned to buying products and services online, and insurance is no different. Insurance companies have been quick to

focus on leveraging digital infrastructure and disrupting traditional models of buying and servicing insurance policies. To put it simply, embedded insurance refers to bundling of insurance coverage within a product or service itself, offered at the point of sale or service.

Source: <https://timesofindia.indiatimes.com/blogs/voices/embedded-insurance-the-new-frontier-of-insurance-product-innovation/>

- **Insurance products emerge as preferred financial tools to meet future goals:**

Insurance products emerged as the preferred choice of savings and investments for parents after the pandemic, as they consider these as low-risk and reliable financial tools to meet future goals, according to a survey. The #FutureFearless survey – conducted by Ageas Federal Life Insurance and YouGov India to understand the impact of the COVID-19 pandemic on the financial preparedness of Indian parents in planning for their children's education.

Source: https://economictimes.indiatimes.com/industry/banking/finance/insure/insurance-products-emerge-as-preferred-financial-tools-to-meet-future-goals-survey/articleshow/87697153.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

- **Life Insurance: Premium collections up for private players**

Individual annualised premium equivalent (APE) growth remained strong in October 2021 for private players. Strong traction in non-par savings reflecting substitution of fixed deposits/ Small saving and rally

in capital markets supporting unit-linked insurance plans, are likely drivers.

Source: <https://www.financialexpress.com/money/insurance/life-insurance-premium-collections-up-for-private-players/2367302/>

- **Scripbox ties up with Max Life, Aegon Life, HDFC Life to offer term insurance**

Scripbox has partnered with Max Life Insurance, Aegon Life and HDFC Life to offer term life insurance products of these leading insurers to its customers, the company said on Tuesday.

Source: <https://www.livemint.com/insurance/news/scripbox-ties-up-with-max-life-aegon-life-hdfc-life-to-offer-term-insurance-11637047201976.html>

- **Mis-selling and claim rejections tops complaints at insurance ombudsman**

Mumbai and Kolkata figured amongst the top three cities that saw the highest number of insurance complaints being registered during the financial year 2020-21. Insurance ombudsman offices in these cities received 3,137 and 2,021, complaints respectively during the period, as per the Council of Insurance Ombudsman's annual report for the financial year ended March 31, 2021.

Source: <https://www.moneycontrol.com/news/business/personal-finance/some-customers-sign-proposal-forms-assuming-insurance-policies-to-be-fixed-deposits-ombudsman-report-7729671.html>

- **PhonePe, Liberty General Insurance Join Hands to Offer Motor Insurance Digitally**

Liberty General Insurance has recently announced that it has partnered with PhonePe to offer motor insurances digitally.

Through PhonePe, a digital payments app, Liberty General Insurance's motor insurance policy aims to provide easy accessibility to the motor insurance cover, especially to the digitally savvy generation. Motor Insurance, or car insurance, provides one with the monetary cover that he or she needs during an accident. While driving, especially if one is alone in an emergency, the right cover is important.

Source: <https://www.news18.com/news/business/phonepe-liberty-general-insurance-join-hands-to-offer-motor-insurance-digitally-4453223.html>

- **Good news for 60,000 PSU General Insurance employees! 15% wage revision announcement likely soon**

In next few days there will be good news for 60,000 PSU General Insurance employees as after very long wait finally around 15% wage revision announcement to be made in next few days. As per information from Finance ministry in any situation PSU General Insurance employees will get wage revision in year 2021 i.e. it will be announced in next few days

Source: <https://www.zeebiz.com/personal-finance/news-good-news-for-60000-psu-general-insurance-employees-15-wage-revision-announcement-likely-soon-171193>

- **Niva Bupa Health Insurance projects Rs. 5,000-cr gross written premium by 2023-24**

Niva Bupa Health Insurance on Monday announced its mid-term growth target, projecting a gross written premium of Rs 5,000 crore by 2023-24. According to

Krishnan Ramachandra; Niva Bupa MD and CEO, insurer has seen overwhelming growth in the past 24 months, and it is aggressively expanding its direct as well as digital partnership.

Source: https://economictimes.indiatimes.com/industry/banking/finance/insure/niva-bupa-health-insurance-projects-rs-5000-cr-gross-written-premium-by-2023-24/articleshow/87848435.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

- **Rakesh Jhunjhunwala-backed Star Health Insurance IPO to open by November end**

The largest private health insurer Star Health & Allied Insurance Company (SHAICL), which is backed by billionaire investor Rakesh Jhunjhunwala plans to launch its Rs 7,500 core IPO in the last week of November. The company has a market share of 15.8% in the Indian health insurance sector.

Source: <https://www.timesnownews.com/business-economy/markets/article/upcoming-ipo-rakesh-jhunjhunwala-based-star-health-insurance-ipo-to-open-nov-end-know-details/834133>

- **NFHS survey: Health insurance coverage rises, officials credit Ayushman Bharat**

According to National Family Health Survey, 12.3 percentage point increase over the previous edition of the survey in the coverage of health insurance to 41% of households surveyed, an indication of the impact of the government's flagship Ayushman Bharat Pradhan Mantri Jan Arogya Yojna (AB-Pmjay), that was launched in September 2018.

Source: <https://www.hindustantimes.com/india-news/nfhsurvey-health-insurance-coverage-rises-officials-credit-ayushman-bharat-101637781745265.html>

- **Max Bupa Health Insurance rebrands to Niva Bupa Health Insurance, launches ad campaign**

Niva Bupa Health Insurance (formerly known as Max Bupa Health Insurance), one of India's leading standalone health insurers, has just announced a campaign, titled 'Zindagi Ko Claim Kar Le'. This is the first campaign from the company since it rebranded itself as Niva Bupa in July this year.

Source: <https://www.afaqs.com/news/advertising/max-bupa-health-insurance-rebrands-to-niva-bupa-health-insurance-launches-ad-campaign>

TOP CORPORATE BOND MARKET NEWS

- **India's Broken Credit System Is Stalling GDP growth**

India's GDP growth rate hit a high just before the 2008 global financial crisis. Since then, while it has generally kept pace with the global growth rate, its out-performance relative to global growth has started tapering off. In particular, growth has further shrunk over the last five years, after after several serial disasters by the Narendra Modi government. These include the disruption caused by demonetisation in 2016 and a badly planned GST roll out barely six months after the note ban shock. The GST tax gutted tiny firms, forcing them into closure. It hugely disrupted the informal sector and destroyed many jobs.

Source: <https://thewire.in/economy/indias-broken-credit-system-is-stalling-gdp-growth>

- **Economic recovery, healthy corporate earnings to drive equities in Samvat 2078**

According to experts, India's key equity indices are expected to be driven by economic recovery as well as healthy corporate earnings during Samvat 2078. The Hindu New Year Samvat 2078 has started. A special hour-long session was held on November 4, 2021 to mark the start of the new year for the domestic equity market. In Samvat 2077, both the Sensex and Nifty delivered around 40 per cent returns. "Healthy corporate earnings, high forex reserves and economic growth should support the market in Samvat 2078.

Source: <https://www.sify.com/finance/economic-recovery-healthy-corporate-earnings-to-drive-equities-in-samvat-2078-news-sensex-vlig4Cfbaijfg.html>

- **We Need a Vibrant Corporate Bond Market**

According to Morgan Stanley recent report, India will be included in global bond indices in early 2022 and this will lead to huge foreign inflows in the Indian onshore corporate bond market in the medium-to-long term. According to Crisil, outstanding corporate bond market in India is expected to double and reach ₹65-70 lakh crore by 2025. Given the vacuum created by erstwhile development finance institutions (DFIs) such as ICICI and IDBI in the long-term corporate credit market, the government's thrust on infrastructure financing to boost economic growth, and recent improvement in India's ease of doing business, the time is ripe for developing a deep, liquid and vibrant corporate bond market.

Source: <https://www.thehindubusinessline.com/opinion/we-need-a-vibrant-corporate-bond-market/article37403478.ece>

- **Pandemic's digital push shows future of bond trading**

An accelerated shift to digital transactions, in all areas of the economy, has been a lasting legacy of the coronavirus pandemic – and the trading of US bonds has proved no exception. Electronic trading had already

been transforming the US government bond market, in the decade that followed the global financial crisis. Tougher capital rules for banks after 2008 opened up one of Wall Street's more exclusive markets to other computer-orientated dealers, known as principal trading firms.

Source: <https://www.ft.com/content/d07b8753-566d-4cad-98bc-4290e2b92ae5>

- **Addendum Marketplace aims to boost liquidity of corporate bond market**

Addendum Funding Solutions, the fintech division of supply chain financier Addendum Financial Technologies, has launched a locally developed fixed-income bulletin board – a platform on which more than R100m in bonds were traded in its opening week this month. The platform, Addendum Marketplace, is a front-end, deal-making tool that enables debt capital market participants to meet, negotiate pricing and trade various listed and unlisted debt instruments.

Source: <https://www.businesslive.co.za/bd/companies/financial-services/2021-11-14-addendum-marketplace-aims-to-boost-liquidity-of-corporate-bond-market/>

- **LIC IPO to transform Indian capital market: M R Kumar**

According to Chairman M R Kumar, When it comes to financial services in India, the Life Insurance Corp (LIC) holds the record on almost every metric. It is poised to set a new one when it hits the public markets with the IPO. The preparations are in full swing, and explains what the blockbuster IPO means for policyholders, investors and the capital

markets in general. A lot of work has been done since the government announced the IPO. For an insurance company, calculation of embedded value (EV) is very important and that is something that was never done and that was the biggest challenge. To get the EV done, we required software that was not available in India and had to be purchased from Singapore.

Source: https://economictimes.indiatimes.com/markets/expert-view/lic-ipo-to-transform-indian-capital-market-m-r-kumar/articleshow/87706433.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

- **SEBI considers using market makers for Indian corporate bonds**

These entities will help bring liquidity to secondary market for corporate bonds, where trading is limited to a small number of highly-rated notes or restricted to trades by financial institutions, banks and mutual funds, the SEBI said. India's capital market regulator is proposing to create a set of market makers for further deepening and strengthening the country's corporate bond market.

Source: <https://www.livemint.com/mutual-fund/mf-news/sebi-considers-using-market-makers-for-indian-corporate-bonds-11637081958679.html>

- **JM Financial to launch app for retail investors to trade in bonds**

JM Financial jumps onto the retail fixed-income investment bandwagon with the proposed launch of Bondskart.com, a digital application that would enable retail investors to trade or invest in fixed income

securities including corporate bonds, a facility similar to the RBI's retail direct platform for government bonds.

Source: https://economictimes.indiatimes.com/markets/bonds/jm-financial-to-launch-app-for-retail-investors-to-trade-in-bonds/articleshow/87765527.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

- **How Modi government is unshackling debt market to help India navigate the post-Covid-19 economic landscape**

The Centre's decision to widen and deepen India's debt markets is perfectly timed to give the country the much-needed growth momentum. Economic development of a nation is in many ways a function of the vibrancy of its debt market. It is, after all, a great avenue for capital raising by both public and private sector enterprises, thus reducing the need for direct government intervention by other measures such as printing more money or alternative forms of pump "priming".

Source: <https://www.firstpost.com/business/how-modi-government-is-unshackling-debt-market-to-help-india-navigate-the-post-covid-19-economic-landscape-10148331.html>

- **Reliance Industries to bet big on 5-year bonds before RBI decision**

Reliance Industries Ltd., which runs one of India's biggest treasury operations,

went on a shopping spree for local five-year bonds just weeks ahead of a crucial central bank policy meeting, according to people with knowledge of the matter. The company bought about \$270 million worth of state bonds from a single state-run bank, according to one of the people, with others adding that total purchases may have exceeded \$1 billion in last few days based on brokerage orders and trade deals reported on the central bank platform.

Source: https://www.business-standard.com/article/companies/reliance-industries-to-bet-big-on-5-year-bonds-before-rbi-decision-report-121111801455_1.html

- **Bonds go deeper and wider with Digital tech**

Technology is improving almost all aspects of our life, be it searching for information, transacting with money, investing, medical treatment, travelling and so on. One interesting development in this context is about a market that has hitherto not developed or rather, has not been deep enough for retail investors. For investing in corporate bonds in India, the preferred and predominant route is mutual funds. Having said that, direct investment in bonds should be a feasible option.

Source: <https://www.thehindu.com/business/bonds-go-deeper-and-wider-with-digital-tech/article37729128.ece>

Department of Banking & Financial Services Upcoming Programme

ASSOCHAM-EGROW Bi-Monthly Shadow Monetary Policy Committee Meeting	December, 02 nd 2021
8th National E-Summit on Non-Banking Finance companies & Infrastructure financing.	December, 23 rd 2021

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