



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

August 3, 2021

- **SBI launches 'SIM binding' feature in YONO, YONO Lite:** Aims to protect customers from various frauds and offer 'safer banking experience' State Bank of India (SBI) has launched a 'SIM Binding' feature in its digital banking platforms, YONO and YONO Lite, to protect customers from various frauds. With the new feature, YONO and YONO Lite will work only on those devices which have SIM of mobile numbers registered with the bank, India's largest bank said in a statement. To access the new version of YONO and YONO Lite with enhanced security features, users will have to update their mobile app and complete the one-time registration process on these apps, it added. The registration process verifies the SIM of the registered mobile number (RMN) with the bank in order to complete the registration. "YONO and YONO Lite will work with the basic rule of one mobile device, one user, one RMN. However, the customer can use both YONO and YONO Lite in the same mobile device using the SIM of RMN with the bank," the statement said.  
<https://www.thehindubusinessline.com/money-and-banking/sbi-launches-sim-binding-feature-in-yonoyono-lite/article35677157.ece>
- **HDFC's Q1 net profit down marginally at ₹3,001 crore:** Housing Development Finance Corporation (HDFC) Ltd reported a 1.7 per cent drop in its net profit in the first quarter of the fiscal at ₹3,000.67 crore. Its net profit was ₹3,051.52 crore in the quarter ended June 30, 2020. In a statement on Monday, HDFC Ltd said the profit numbers for the quarter ended June 30, 2021, however, are not directly comparable with that of the previous year. This is due to lower profit on sale of investments, dividend, higher charge for employee stock options and effective tax rate of 23.1 per cent in 2021-22 as against 15.4 per cent last fiscal. "In the previous year, the tax on capital gains on sale of equity shares was low on account of grandfathering provisions as per the Income Tax Act, 1961," it said. HDFC provided ₹903.9 crore for tax in the quarter ended June 30, 2021 as against ₹555.31 crore a year ago.  
<https://www.thehindubusinessline.com/money-and-banking/hdfc-ltd-q1-net-profit-marginally-down-at-3001-crore/article35680110.ece>
- **PNB Q1 net up 75% sequentially to ₹1,023 crore:** Aided by lower provisioning for non-performing assets and tight control on operating expenses, Punjab National Bank (PNB) on Monday reported a 75 per cent growth in standalone net profit for the first quarter ended June 30 at ₹1,023.46 crore against ₹586.33 crore in the March quarter. On a year-on-year basis, its net profit grew a whopping 231.81 per cent compared to ₹308.45 crore in the same quarter last year. It maybe recalled that the three way amalgamation of Punjab National Bank, United Bank of India and Oriental Bank of Commerce had come into effect from April 1 last year. This is the first time when a like-to-like comparison of Q1 of the banking behemoth (amalgamated bank) is available, say some banking industry observers. For the quarter under review, PNB's total income for the quarter under review stood at ₹22,515 crore, slightly lower than total income of



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₹22,532 crore recorded in the previous quarter. In the first quarter last fiscal, it had registered total income of ₹ 24,293 crore.

<https://www.thehindubusinessline.com/money-and-banking/pnb-q1-net-up-75-sequentially-to-1023-crore/article35685146.ece>

- **India defers sale of state-run banks to next year:** India's plan to sell two state-controlled lenders may get deferred to next financial year as the government is yet to seek parliament's nod for changes in laws required to start the transaction, according to people familiar with the matter. The Finance Ministry hasn't finalized modalities to seek approval from lawmakers for the sale, which leaves little time for the process to be completed this year, the people said, asking not to be named as the information is not public. The government will seek buyers for two state-run banks by March 2022, Finance Minister Nirmala Sitharaman had said in February, as she outlined the nation's budget for the current financial year that began April 1. A spokesperson for the Finance Ministry could not be immediately reached for a comment.  
<https://economictimes.indiatimes.com/industry/banking/finance/banking/india-defers-sale-of-state-run-banks-to-next-year/articleshow/84970825.cms?from=mdr#:~:text=The%20government%20will%20seek%20buyers,immediately%20reached%20for%20a%20comment.>
- **No specific proposal to merge more PSBs currently under consideration: Govt :** There is no specific proposal to amalgamate more Public Sector Banks (PSBs) is currently under consideration of the government, the Minister of State (MoS) Finance said on Monday. "No specific proposal to amalgamate more PSBs is currently under consideration of the Government," the MoS Finance stated in a written reply in Lok Sabha. "Government, after consulting RBI, approved that respective Board of Public Sector Banks (PSBs) may consider amalgamation. Bank Boards concerned considered the amalgamation and approved the same in-principle. The government, after considering inputs of RBI and in-principle approval and inputs of banks, amalgamated Vijaya Bank and Dena Bank into Bank of Baroda w.e.f. 1.4.2019 and Oriental Bank of Commerce and United Bank of India into Punjab National Bank, Andhra Bank and Corporation Bank into Union Bank of India, Syndicate Bank into Canara Bank, and Allahabad Bank into Indian Bank, w.e.f. 1.4.2020," the statement further added.  
<https://www.livemint.com/industry/banking/no-specific-proposal-to-merge-more-psbs-currently-under-consideration-govt-11627893161686.html>
- **Bypassing rule: Banks' use of FD-OD fix irks RBI:** Banks are cutting new deals with corporates to dodge a recent Reserve Bank of India (RBI) rule. The tactic is not going down well with the regulator, which has got wind of it. Loosely called the 'FD-OD' deal, it's a simple arrangement where a company parks some funds as fixed deposits (FD) and the bank gives an overdraft (OD) to the client. The innocuous transaction is being used as a ploy to overcome the rule prohibiting a bank from having a current account of a company to which it has given little or no loans. According to the regulation, a bank with less than 10% of total approved facilities — comprising loans, non-fund businesses such as guarantees and overdrafts — to a company cannot have its current accounts, which are sought after by lenders as zero-interest deposits lower cost of funds.



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<https://economictimes.indiatimes.com/industry/banking/finance/banking/bypassing-rule-banks-use-of-fd-od-fix-irks-rbi/articleshow/84962347.cms>

- **PM Modi to launch digital payment solution e-RUPI today:** Prime Minister Narendra Modi will launch e-RUPI, a person and purpose specific digital payment solution, on Monday via video conferencing, his office said. Underlining that Modi has always championed digital initiatives, the Prime Minister's Office said over the years, several programmes have been launched to ensure that the benefits reach its intended beneficiaries in a targeted and leak-proof manner, with limited touch points between the government and the beneficiary. The concept of electronic voucher takes forward this vision of good governance, it said. In its statement, the PMO said e-RUPI is a cashless and contactless instrument for digital payment.

<https://economictimes.indiatimes.com/industry/banking/finance/banking/pm-to-launch-digital-payment-solution-e-rupi-today/articleshow/84955783.cms>

- **Banks close lakhs of current accounts, clients open grievance accounts:** Indian banks have closed hundreds of thousands of current accounts, inconveniencing many small business owners, as the time to comply with a Reserve Bank of India directive has ended. Banks have sent emails to customers about closing or freezing their current accounts, citing RBI rules that don't allow lenders to open such accounts for borrowers who have loans with other banks. "As per RBI instructions, we advise that while you may continue maintaining your cash credit/overdraft account with the branch, your current account will have to be closed as the same can no longer be maintained while availing CC/OD facility," one such letter sent by State Bank of India to a customer read. "We request you to please arrange closure of your current account within 30 days." SBI alone is said to have closed more than 60,000 accounts after sending repeated reminders to customers.

<https://economictimes.indiatimes.com/industry/banking/finance/banking/banks-close-lakhs-of-current-a/cs-clients-open-grievance-a/c/articleshow/84956054.cms>

- **RBI imposes Rs 50.35 lakh penalty on Nashik-based Janalaxmi Co-operative Bank:** Reserve Bank of India on Monday said it has imposed a penalty of Rs 50.35 lakh on Janalaxmi Co-operative Bank, Nashik for non-compliance with certain regulatory requirements. The penalty on Janalaxmi Co-operative Bank has been imposed for non-compliance with directions issued by RBI on 'Placement of Deposits with Other Banks by Primary (Urban) Co-operative Banks' and 'Membership of Credit Information Companies (CICs)'. A statutory inspection conducted by RBI with reference to the bank's financial position as on March 31, 2019 and the inspection report pertaining thereto, and examination of all related correspondence revealed non-compliance with the directions, it said in a statement. RBI has also imposed a penalty of Rs 3 lakh on the Noida Commercial Co-operative Bank, Ghaziabad.

<https://economictimes.indiatimes.com/industry/banking/finance/banking/rbi-imposes-rs-50-35-lakh-penalty-on-nashik-based-janalaxmi-co-operative-bank/articleshow/84977333.cms>



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- **Small businesses face temporary setback as banks freeze current accounts to meet RBI norms:** Operations of thousands of small businesses across the country were disrupted after their current accounts were closed on Monday, as banks rushed to comply with the Reserve Bank of India's directive on the opening of such accounts by borrowers aimed at preventing diversion of funds. As per the RBI's directive issued in August 2020, no bank can open current accounts for customers who have availed of credit facilities in the form of cash credit (CC)/overdraft (OD) from the banking system. While the central bank had given banks time until end-July to implement the new rules, many account holders were caught unaware.  
<https://www.thehindubusinessline.com/money-and-banking/small-businesses-face-temporary-setback-as-banks-freeze-current-accounts-to-meet-rbi-norms/article35683965.ece>
- **LS okays amendment in General Insurance Business (Nationalisation) Act:** The Lok Sabha on Monday approved amendments to General Insurance Business (Nationalisation) Act, 1972. This will help the government shed its shareholding in public sector general insurance companies. Meanwhile, Finance Minister Nirmala Sitharaman has assured that the amended Bill will not take away the rights of anybody. This remark is in response to the allegation that the government is privatising insurance companies that will be against the interest of employees and policyholders. "All these allegations are baseless. The government is not taking away rights of anyone. Private sector insurance companies are raising money from public and with the help of that, providing insurance products at lower premium," she said while responding to allegations on the Bill from the opposition bench. Later the Bill got passed with voice vote.  
<https://www.thehindubusinessline.com/economy/policy/ls-okays-amendment-in-general-insurance-business-nationalisation-act/article35681511.ece>
- **RBL Bank posts Q1 net loss of ₹459 crore:** Private sector lender RBL Bank reported a standalone net loss of ₹459.47 crore for the first quarter ended June 30, 2021 as its provisions shot up by 185 per cent and drop in net interest income. The bank had registered a standalone net profit of ₹141.22 crore in the first quarter last fiscal. Its total income grew by 4.9 per cent to ₹2,720.5 crore for the April to June 2021 quarter compared to ₹2,592.73 crore a year ago. Its net interest income fell by 7 per cent to ₹970 crore for the first quarter of the fiscal as against ₹ 1,041 crore a year ago. Net interest margin also dropped to 4.36 per cent as on June 30, 2021 from 4.85 per cent a year ago.  
<https://www.thehindubusinessline.com/money-and-banking/rbl-bank-posts-q1-net-loss-of-459-crore/article35679398.ece>
- **Geojit post 56% rise in Q1 PAT at ₹38.39 crore :** Geojit Financial Services Ltd has posted 56 per cent rise in its net profit at ₹38.39 crore in Q1 of FY22 compared to ₹24.56 crore in the corresponding period of the previous quarter in the last fiscal. The profit before tax increased by 54 per cent from ₹33 core to ₹50.84 crore, while the consolidated revenue rose by 33 per cent from ₹91 crore to ₹120.96 crore. As on June 30, the company's assets under custody and management is ₹56,000 crore and has over 11 lakh clients. Satish Menon, Executive Director, Geojit Financial Services said, "We have started the year on a positive note as the markets have continued to be resilient and retail investors remain active. Going forward, we will continue to build on our strengths and handhold our clients so they can benefit from the market cycles".



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<https://www.thehindubusinessline.com/money-and-banking/geojit-post-56-rise-in-q1-pat-at-3839-crore/article35679472.ece>

- **Repo rate hike may still be three-four quarters away:** MPC likely to maintain status quo on August 6 and persist with the accommodative policy stance to nurture economic recovery. There has been a lot of volatility in the fixed income market in the last one-and-a-half years on the domestic as well as global fronts amid the pandemic. As the pandemic spread across the world, central banks cut rates and infused liquidity into the market. By December 2020, when the world felt it has overcome the problem, the second wave struck. As we come out of the second wave, governments all over the world are cautious about the Delta wave. In this backdrop, as members of the Monetary Policy Committee (MPC) go into a huddle between August 4 to 6, they will size up the retail inflation reading, which has been above the MPC's upper tolerance level of 6 per cent in May and June, and the anaemic growth.  
<https://www.thehindubusinessline.com/money-and-banking/repo-rate-hike-may-still-be-three-four-quarters-away/article35675458.ece>
- **PhonePe launches UPI-based AutoPay functionality for mutual fund SIP investments:** Homegrown digital payments platform PhonePe on Monday announced the launch of UPI based AutoPay functionality for its mutual fund investment offerings. The functionality will allow PhonePe customers to set up their mutual fund SIPs in a few steps. With UPI Autopay, customers can set up their SIPs in three steps – selecting the fund, input of monthly SIP investment amount, and authentication with a UPI PIN. “It furthers PhonePe’s vision to continually enhance the end-to-end customer experience while catering to their needs in building the investment portfolio of their choice,” the company said in an official release.  
<https://www.thehindubusinessline.com/money-and-banking/phonepe-launches-upi-based-autopay-functionality-for-mutual-fund-sip-investments/article35677906.ece>
- **No agenda listed for FSDC's next meet, FinMin expresses surprise:** The ministry of finance has expressed surprise that no financial sector regulator has offered any agenda for the forthcoming meeting of the Financial Stability and Development Council (FSDC). The sub-committee of the FSDC, which is chaired by the Governor of the Reserve Bank of India (RBI), is scheduled to meet in August. “We are not able to get any regulator to offer any agenda for discussion at the FSDC. It has become a forum for each of them to only make a presentation about their sector,” an official at the ministry said. For every FSDC meeting, the ministry sends a note to the participating regulators to suggest subjects they wish to be discussed and resolved. However, no one has offered any agenda items so far. The ministry has asked the regulators for a fresh list of agenda.  
[https://www.business-standard.com/article/finance/no-agenda-listed-for-fsdc-s-next-meet-finmin-expresses-surprise-121080200018\\_1.html](https://www.business-standard.com/article/finance/no-agenda-listed-for-fsdc-s-next-meet-finmin-expresses-surprise-121080200018_1.html)
- **Q1 results: Private banks' net profit up 33.6%, provisions fall 11.5%:** Private banks’ net profit rose by 33.6 per cent year-on-year (YoY) in the April-June 2021 quarter and 18.8 per cent sequentially over the January-March quarter when the economy was hit by the second wave.



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Out of the 14 private lenders that have declared results, only one bank — IDFC First Bank — booked a net loss in Q1 of FY22 on account of provisions for Covid. Provisions and contingencies fell both on a YoY basis (down 11.5 per cent) and sequentially (14.5 per cent) in the reporting quarter. This comes at a time when bank balance sheets are showing signs of stress due to a rise in gross non-performing assets (NPAs) and net NPAs in the June 2021 quarter. Anil Gupta, vice-president, financial sector rating, ICRA, said while overall headline numbers look steady, banks are still not out of the woods. More restructuring of loans of borrowers hit by Covid is expected in the second quarter. Also, how the third wave will unfold is still not clear.

[https://www.business-standard.com/article/finance/q1-results-private-banks-net-profit-up-33-6-as-provisions-fall-11-5-121080100931\\_1.html](https://www.business-standard.com/article/finance/q1-results-private-banks-net-profit-up-33-6-as-provisions-fall-11-5-121080100931_1.html)

- **Gold prices drop Rs 396 to Rs 48,034/10 gm on weak global cues, firm rupee; rises 3.59% in July :** Gold prices edged lower by Rs 396 to Rs 48,034 per 10 gram in the Mumbai retail market on the weak global trend and firm rupee. The yellow metal traded in a narrow range ahead of US jobs data later in the week and rising Delta variant of coronavirus cases supporting the safe-haven appeal. The bullion price climbed Rs 1,677 or 3.59 percent in the domestic market during July month. The price of 10 gram, 22-carat gold in Mumbai was Rs 43,999 plus 3 percent GST, while 24-carat 10 gram stood at Rs 48,034 plus GST. The 18-carat gold is quoted at Rs 36,026 plus GST in the retail market. Silver prices eased by Rs 147 to Rs 67,906 per kg against its closing price on July 30.  
<https://www.moneycontrol.com/news/business/markets/gold-prices-drop-rs-396-to-rs-4803410-gm-on-weak-global-cues-firm-rupee-rises-3-59-in-july-7263131.html>
- **Positive economic data push Sensex up 363 points, Nifty ends near 15,900:** The BSE Sensex closed at 52,950.63, up 363.79 points or 0.69 per cent. It hit an intraday high of 52,986.77 and a low of 52,804.08. The Nifty 50 rallied 122.10 points or 0.77 per cent at closing to close near the 15,900-mark at 15,885.15 after reaching an intraday high of 15,892.90. It hit an intraday low of 15,834.65. The market breadth remained positive with the advance to decline ratio being 2:1. 2,178 stocks advanced, 1,158 were declined and 166 stocks remained unchanged on the BSE. While 609 stocks hit an upper circuit, 228 were locked in the lower circuit. As many as 545 stocks touched 52-week high level and 30 touched a 52-week low. Titan, Shree Cements, BPCL, Adani Ports and Eicher Motors were the top gainers on the Nifty 50 while UPL, Tata Steel, Bajaj Finserv, Bajaj Finance and Tech Mahindra were the top laggards.  
<https://www.thehindubusinessline.com/markets/stock-markets/sensex-up-350-points-intraday-nifty-near-15900/article35676463.ece>
- **Rupee gains 8 paise to close at 74.34 against US dollar:** The rupee gained 8 paise to close at 74.34 (provisional) against the US dollar on Monday, supported by a firm trend in domestic equities and a weak American currency. At the interbank forex market, the local unit opened at 74.38 against the greenback and witnessed an intra-day high of 74.30 and a low of 74.43. It finally ended at 74.34 against the American currency, registering a rise of 8 paise over its previous close. On Friday, the rupee had settled at 74.42 against the US dollar.  
[https://www.business-standard.com/article/markets/rupee-gains-8-paise-to-close-at-74-34-against-us-dollar-121080200877\\_1.html](https://www.business-standard.com/article/markets/rupee-gains-8-paise-to-close-at-74-34-against-us-dollar-121080200877_1.html)



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