



**THE INSTITUTE OF  
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(STATUTORY BODY UNDER AN ACT OF PARLIAMENT)  
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## DAILY NEWS DIGEST BY BFSI BOARD, ICAI

June 5, 2021

- **Bank credit grows by 5.98%; deposits by 9.66%: RBI data:** Bank credit grew by 5.98 percent to Rs 108.33 lakh crore while deposits rose by 9.66 percent to Rs 151.67 lakh crore in the fortnight ended May 21, 2021, RBI data showed. In the fortnight ended May 22, 2020, bank credit stood at Rs 102.22 lakh crore and deposits at Rs 138.29 lakh crore, according to RBI's Scheduled Banks' Statement of Position in India as on May 21, 2021, released on Friday. In the previous fortnight ended May 7, advances grew by 6.02 percent to Rs 108.69 lakh crore and deposits increased by 9.87 percent to Rs 152.17 lakh crore. In FY 2020-21, bank credit had grown by 5.56 percent and deposits by 11.4 percent. <https://www.moneycontrol.com/news/business/economy/bank-credit-grows-by-5-98-deposits-by-9-66-rbi-data-6990531.html>
- **SBI's domestic advances growth rebounds to 5.67% in FY21; corporate segment de-grows:** The country's largest lender SBI witnessed a rebound in domestic advances growth to 5.67 per cent in 2020-21, while corporate credit de-grew over 3 per cent, the bank said in its annual report for FY21 released on Friday. State Bank of India (SBI) said that despite the ongoing pandemic, its business growth remained robust in the financial year ended March 2021. Deposits grew in double digits, while advances rebounded compared to the preceding fiscal year, it said. Credit off-take of all the scheduled commercial banks (SCBs) continued its downward momentum and grew at a 59-year low of 5.6 per cent, SBI said. However, SBI's domestic advances growth has rebounded and grew 5.67 per cent to over Rs 21.82 lakh crore as against 3.75 per cent growth in FY2020, SBI said in its annual report. The foreign offices' advances growth contracted 0.14 per cent to Rs 3.57 lakh crore. Thus, the gross advances grew 4.81 per cent to Rs 25.39 lakh crore in FY2020-21 from the previous year level of Rs 24.23 lakh crore, it said. <https://www.financialexpress.com/industry/banking-finance/sbis-domestic-advances-growth-rebounds-to-5-67-in-fy21-corporate-segment-de-grows/2265461/>
- **PNB Q4 net up 16% sequentially:** Punjab National Bank, the country's second largest public sector bank, on Friday reported a standalone net profit of ₹586 crore for the fourth quarter ended March 31, 2021. This was 16 per cent higher over the net profit of ₹506 crore recorded in the previous quarter ended December 31, 2020. For the full year ended March 31, 2021, PNB has recorded standalone net profit of ₹2,021.62 crore. This is the first full year after PNB got into a three-way amalgamation with Oriental Bank of Commerce and United Bank of India from April 1 last year. However, operating profit of the bank for the quarter under review came in at ₹5,634 crore, lower than operating profit of ₹6,391 crore in previous quarter. The bottomline boost came from lower provisioning of taxes. It maybe recalled that PNB Managing Director and CEO Ch SS Mallikarjuna Rao had in February this year guided that the bank would record profits in the fourth quarter ( FY 20-21) and achieve the overall indicated profit of ₹ 2,000 crore in FY20-21 despite pandemic induced challenges. PNB's net interest income stood at ₹6,938 crore for the quarter under review. <https://www.thehindubusinessline.com/money-and-banking/pnb-q4-net-up-16-sequentially/article34730594.ece>



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- **Bank of India posts Q4 profit of ₹250 crore:** Bank of India (BoI) reported a standalone net profit of ₹250 crore in the fourth quarter ended March 31, 2021 against a net loss of ₹3,571 crore in the year ago quarter. The profit came on the back of a rise in other income and lower non-performing asset (NPA) provisions. Net interest income (difference between interest earned and interest expended) was down 23 per cent y-o-y at ₹2,936 crore (₹3,793 crore). Other income, including income from non-fund based activities such as commission, exchange, brokerage, fees, forex income, profit/ loss on sale of investments, and recovery from written off accounts, rose 22 per cent to ₹2,053 crore (₹1,688 crore). Loan loss provisions were 58 per cent lower y-o-y at ₹3,089 crore (₹7,316 crore).  
<https://www.thehindubusinessline.com/money-and-banking/bank-of-india-posts-q4-profit-of-250-crore/article34725952.ece>
- **Banks, NBFCs need to augment their capital, says RBI Governor Das:** Reserve Bank of India (RBI) Governor Shaktikanta Das on Friday said banks and non-banking financial companies (NBFCs) need to strengthen their capital position as there could be stress due to the second wave of COVID-19. Das also said he was confident that the non-performing loans of banks will be within the projections made in its Financial Stability Report (FSR) in January this year. "Banks and NBFCs need to augment their capital because there could be stress arising out of the second wave," Das told reporters post the monetary policy announcement. He, however, added that in response to the RBI's call and based on their own assessment, private and public sector banks raised capital from the market throughout last year and so their overall capital position is at a very stable level currently.  
[https://www.business-standard.com/article/finance/banks-nbfc-need-to-augment-their-capital-says-rbi-governor-das-121060400953\\_1.html](https://www.business-standard.com/article/finance/banks-nbfc-need-to-augment-their-capital-says-rbi-governor-das-121060400953_1.html)
- **RBI allows banks to buy-back Certificates of Deposits:** The Reserve Bank of India (RBI) has decided to permit issuers of Certificates of Deposit (CD) to buy back their CDs before maturity, subject to certain conditions. This move is aimed at facilitating flexibility in liquidity management by issuers (Banks) of CDs. RBI also decided to permit Regional Rural Banks (RRBs) to issue Certificates of Deposit (CDs). This will provide RRBs greater flexibility in raising short term funds. CDs are negotiable money market instruments and issued in dematerialised form or as a Usance Promissory Note, for funds deposited at a bank or other eligible financial institution (FI) for a specified time period. Banks can issue CDs for maturities from 7 days to one year whereas eligible FIs can issue for maturities from 1 year to 3 years.  
<https://www.thehindubusinessline.com/money-and-banking/rbi-allows-banks-to-buy-back-certificates-of-deposits/article34724162.ece>
- **National Automated Clearing House to be available on all days from August 1: RBI:** Reserve Bank of India (RBI) Friday said National Automated Clearing House (NACH) will be available on all days of the week, effective August 1, 2021. NACH, a bulk payment system operated by the National Payments Corporation of India (NPCI) facilitates one-to-many credit transfers such as payment of dividend, interest, salary and pension. It also facilitates collection of payments pertaining to electricity, gas, telephone, water, periodic instalments towards loans, investments in mutual funds and insurance premium. "In order to further enhance customer convenience, and to leverage the 24x7 availability of real-time gross settlement (RTGS), NACH which is currently available on bank working days, is



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proposed to be made available on all days of the week effective from August 1, 2021,” RBI Governor Shaktikanta Das said while announcing the bi-monthly monetary policy review.

<https://timesofindia.indiatimes.com/business/india-business/national-automated-clearing-house-to-be-available-on-all-days-from-august-1-rbi/articleshow/83228594.cms>

- **RBI keeps rates unchanged to support growth:** The Monetary Policy Committee of the Reserve Bank of India has decided to maintain status quo on key policy rates. “The MPC took stock of the evolving macroeconomic and financial conditions and the impact of the second wave of Covid on the economy. Based on its assessment, the MPC voted unanimously to maintain the status quo on repo rates and maintain an accommodative stance for as long as possible to revive growth,” said RBI Governor Shaktikanta Das on Friday after the meeting of the MPC. The policy repo rate remains unchanged at 4 per cent while the reverse repo rate is at 3.35 per cent. The move comes amidst expectations of slowing growth after the second surge of the Covid-19 pandemic and local level lockdowns that have impacted economic activity. However, inflationary risks persist.  
<https://www.thehindubusinessline.com/money-and-banking/rbi-keeps-rates-unchanged-to-support-growth/article34723555.ece>
- **New audit rules aimed at ensuring auditor independence: RBI:** New rules limiting the terms and number of assignments of financial-company audits are aimed at avoiding conflicts of interest and cleaning up a system where the quantum of bad loans has risen through the years, the Reserve Bank of India (RBI) signalled Friday. “The larger objective of these guidelines is to put in place ownership neutral regulations, ensuring independence of auditors, avoiding conflict of interest and improving the quality of audit,” said MK Jain, deputy governor, RBI. “We should also see these measures as part of RBI’s efforts to strengthen the assurance functions in the regulated entities.” The regulator also said that the new auditing rules will help strengthen the system and bring about independence of regulated entities.  
<https://economictimes.indiatimes.com/industry/services/consultancy/-/audit/new-audit-rules-aimed-at-ensuring-auditor-independence-rbi/articleshow/83229469.cms?from=mdr>
- **RBI increases exposure threshold for Resolution Framework 2.0:** In a bid to expand the coverage of the Resolution Framework 2.0, the Reserve Bank of India on Friday announced a doubling of the maximum aggregate exposure to Rs 50 crore. “With a view to enabling a larger set of borrowers to avail of the benefits under Resolution Framework 2.0, it has been decided to expand the coverage of borrowers under the scheme by enhancing the maximum aggregate exposure threshold from ₹25 crore to ₹50 crore for MSMEs, non-MSME small businesses and loans to individuals for business purposes,” RBI Governor Shaktikanta Das said on Friday as part of the Monetary Policy Statement. The Resolution Framework 2.0 was announced by the RBI on May 5 to help small borrowers tide over the impact of the second wave of the Covid-19 pandemic and lockdowns.  
<https://www.thehindu.com/business/rbi-enhances-exposure-thresholds-under-resolution-framework-20-to-50-crore/article34731350.ece>



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- **RBI opens ₹31,000-cr tap for MSMEs:** Even as it left the policy repo rate unchanged, the Reserve Bank of India decided to open the liquidity tap a bit more, this time aggregating ₹31,000 crore, to help MSMEs, especially those in contact-intensive sectors as Covid-19 second wave rages on. The central bank decided to open an 'On-tap Liquidity Window' aggregating ₹15,000 crore till March 31, 2022 for sectors, including hotels and restaurants, tourism, and aviation ancillary services. Other services, including private bus operators, car repair services, car rentals, event/conference organisers, spa clinics and beauty parlours/salons will also benefit. All these services were badly impacted by the pandemic, the RBI's latest Annual Report had acknowledged.  
<https://www.thehindubusinessline.com/money-and-banking/rbi-opens-liquidity-tap-for-banks-to-lend-to-contact-intensive-sectors/article34723941.ece>
- **Tax dept issues refunds worth Rs 26,276 cr in 2 months of FY22:** The income tax department on Thursday said it has issued Rs 26,276 crore refunds to more than 15.47 lakh taxpayers in two months of the current fiscal. Of this, personal income tax refunds worth Rs 7,538 crore have been issued in over 15.02 lakh cases. Corporate tax refunds of Rs 18,738 crore have been issued to 44,531 taxpayers. "CBDT issues refunds of over Rs 26,276 crore to more than 15.47 lakh taxpayers between 1st April, 2021 to 31st May, 2021," the income tax department tweeted. The I-T department did not specify for which financial year the refunds pertained to. However, it is believed that the refunds were for tax returns filed for the 2019-20 fiscal.  
[https://www.business-standard.com/article/finance/tax-dept-issues-refunds-worth-rs-26-276-cr-in-2-months-of-fy22-121060401154\\_1.html](https://www.business-standard.com/article/finance/tax-dept-issues-refunds-worth-rs-26-276-cr-in-2-months-of-fy22-121060401154_1.html)
- **India considers Singapore's VCC model to get funds for GIFT City IFSC:** India is likely to adopt Singapore's Variable Capital Company model for investment funds at the International Financial Services Centre (IFSC) in Gujarat's GIFT City --- with a separate legislation that is not part of the Companies Act, 2013, for the same. An IFSC appointed-committee headed by Dr KP Krishnan submitted a report on the feasibility of a VCC structure at IFSC on Tuesday after evaluating structures in jurisdictions such as the UK, Singapore, Ireland and Luxembourg. "We will have to Indianise some of the features but many of the committee's suggestions have come from Singapore's VCC regime. The committee has also suggested that a separate legislation be created for it rather than tweaking the Companies Act," said a person familiar with the matter. Singapore has succeeded with this model, with more than 200 VCCs established since January 2020 despite the coronavirus pandemic, according to reports.  
[https://www.business-standard.com/article/finance/india-considers-singapore-s-vcc-model-to-get-funds-for-gift-city-ifsc-121060400120\\_1.html](https://www.business-standard.com/article/finance/india-considers-singapore-s-vcc-model-to-get-funds-for-gift-city-ifsc-121060400120_1.html)
- **Under G-SAP, RBI to purchase ₹1.20 lakh cr worth G-Secs in Q2:** The Reserve Bank of India (RBI) has decided to purchase Government Securities (G-Sec) aggregating ₹1.20 lakh crore in the second quarter (July-September) of FY22 under its G-Sec Acquisition Programme or G-SAP 2.0. Under G-SAP 2.0, RBI will be purchasing G-Secs aggregating ₹20,000 crore more than under G-SAP 1.0. The third and last tranche of open market purchase of G-Secs aggregating ₹40,000 crore under G-SAP 1.0 will be held on June 17, 2021. Of this, ₹10,000 crore would constitute a purchase of state development loans (SDLs). Under the programme, RBI commits upfront to a specific amount of open market purchases of G-Secs



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to enable a stable and orderly evolution of the yield curve amidst comfortable liquidity conditions. The endeavour is to ensure congenial financial conditions for the recovery to gain traction.

<https://www.thehindubusinessline.com/money-and-banking/rbi-to-purchase-120-lakh-cr-worth-of-g-secs-in-q2-under-g-sap/article34723696.ece>

- **NAREDCO-UP requests finance ministry to amend guideline of SWAMIH fund:** The Uttar Pradesh chapter of National Real Estate Development Council (NAREDCO) has urged the finance minister Nirmala Sitharaman to amend the guidelines of SWAMIH fund so that more developers can avail the benefit and complete the stuck projects. The apex body of real estate developers has also requested for one-time rollover and restructuring of disbursed project loans. "Existing project loans from banks and NBFC's has to be rescheduled irrespective of NPA status where the projects are commercially viable having positive net worth," RK Arora, president, NAREDCO-UP has said in the letter.  
<https://economictimes.indiatimes.com/industry/services/property/-/cstruction/naredco-up-requests-finance-ministry-to-amend-guideline-of-swamih-fund/articleshow/83230825.cms?from=mdr>
- **Forex reserves surge \$5.27 bn to lifetime high of \$598.16 bn: RBI data:** The country's foreign exchange reserves surged by USD 5.271 billion to touch a record high of USD 598.165 billion in the week ended May 28, RBI data showed on Friday. In the previous week ended May 21, 2021, the reserves had increased by USD 2.865 billion to USD 592.894 billion. While announcing the second bi-monthly monetary policy review earlier on Friday, RBI Governor Shaktikanta Das said the country's forex reserves may have crossed USD 600 billion currently. "Based on our current expectations, we believe that our (forex) reserves have already exceeded USD 600 billion. That is something which gives us a great amount of confidence to deal with the challenges arising out of global spillovers, should they happen at a future date," Das said.  
[https://www.business-standard.com/article/finance/forex-reserves-surge-usd-5-27-bn-to-lifetime-high-of-usd-598-16-bn-121060401184\\_1.html](https://www.business-standard.com/article/finance/forex-reserves-surge-usd-5-27-bn-to-lifetime-high-of-usd-598-16-bn-121060401184_1.html)
- **Gold prices decline for 3rd consecutive day to Rs 48,578/10 gm, down 0.16% in the week; Silver slumps:** Gold prices continued to fall for the third day by Rs 424 to Rs 48,578 per 10 gram at Mumbai retail market tracking sharp selloff yesterday in the global market on upbeat US economic data and a firm dollar. The yellow metal ended the week in red with a loss of Rs 76 or 0.16 percent in the domestic market. The rate of 10 gram 22-carat gold in Mumbai was Rs 44,497 plus 3 percent GST, while 24-carat 10 gram was Rs 48,578 plus GST. The 18-carat gold quoted at Rs 36,434 plus GST in the retail market. Silver prices tumbled by Rs 1,073 to Rs 70,167 per kg against its closing price on June 3.  
<https://www.moneycontrol.com/news/business/commodities/gold-prices-decline-for-3rd-consecutive-day-to-rs-4857810-gm-down-0-16-in-the-week-silver-slumps-6988541.html>
- **Benchmark indices trade flat as RBI maintains status quo:** At 1 pm, the BSE Sensex was at 52,184.31, down 48.12 points or 0.09 per cent. It hit an intra-day high of 52,389.02 and a low of 52,055.40. The Nifty 50 was at 15,688.90, down 1.45 points or 0.01 per cent. It recorded yet another all-time high of 15,733.60. It hit an intra-day low of 15,642.55. Grasim, Coal India, ONGC, L&T and IOC were the top gainers on the Nifty 50 while Nestle India, Titan, Hindalco, Hindustan Unilever and HDFC Bank were the top laggards.



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<https://www.thehindubusinessline.com/markets/stock-markets/equities-trade-flat-ahead-of-rbis-rate-decision/article34723461.ece>

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