



**THE INSTITUTE OF  
COST ACCOUNTANTS OF INDIA**  
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### 05.11.2021 : Today's Banking / Financial News at a Glance

- Central Bank of India may exit PCA next year after RBI revises norms : The Reserve Bank of India's modified guidelines on prompt corrective action (PCA) framework will likely aid Central Bank of India to exit the same next year. The central bank has excluded the parameter of return on assets (ROA) from the list of triggers that could put a bank under the PCA framework. The RBI had placed Central Bank of India under the prompt corrective action framework in June 2017 for negative return on assets and higher ratio of bad loans, among others. Presently, it is the only lender facing restrictions under the framework. According to the RBI's revised circular on PCA, capital, asset quality and leverage will be the parameters used to identify lenders weak enough to enter PCA. As on September 30, Central Bank of India's capital adequacy ratio (CRAR) improved to 15.38% from 12.34% a year ago, registering an improvement of 304 basis points. Of this, common equity Tier-I capital stood at 13.41%, while Tier-II capital was 1.97%. The lender's asset quality also improved in the reporting quarter with gross and net bad loans ratio falling to 15.52% and 4.51%, respectively, as on September-end, from 17.36% and 5.60%, respectively, a year ago. - financial express  
<https://www.financialexpress.com/industry/banking-finance/central-bank-of-india-may-exit-pca-next-year-after-rbi-revises-norms/2362823/#:~:text=By%20Piyush%20Shukla,bank%20under%20the%20PCA%20framework.>
- Uday Kotak cautions equity investors of risks ahead : Uday Kotak, MD & CEO of Kotak Mahindra Bank, in a message cautioned investors that markets had run ahead of the economic reality. "We have seen the markets going much ahead than the economic reality over the last 18 months and from Samvat to Samvat the markets have performed outstandingly for investors," Kotak said. He further emphasised the central banks' efforts across the world, including India, to keep the liquidity taps open ever since the pandemic occurred in 2020. The move also resulted in strong inflows in the Indian capital markets for the last 16-18 months. "Central banks around the world, including in India, have opened up the flood gates of money," he said. - financial express  
<https://www.financialexpress.com/industry/banking-finance/uday-kotak-cautions-equity-investors-of-risks-ahead/2362961/>
- Upset over deal with Axis Bank, Spandana MD Gangireddy quits : Another spat between an investor and founder has erupted after the recent dispute between promoters of Zee Entertainment and Invesco. Spandana Sphoorty Financial's Founder and Managing Director Padmaja Gangireddy has resigned from the microfinance lender following a disagreement with private equity investor Kedaara



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Capital over a proposal to sell the company to Axis Bank. Reddy has 17 per cent stake in the company while Kedaara holds 45 per cent. According to Gangireddy, Kedaara wants to sell the country's second-largest microfinance entity to Axis Bank at a throwaway price. "I opposed underselling of the company to Axis Bank at a throwaway price. While other MFIs were acquired at 4.75x and 3,5x BV multiples in the past few months, Kedaara wanted to sell Spandana at 1.6x, which is one-third of other company's valuation. - Business Line.

<https://www.thehindubusinessline.com/money-and-banking/upset-over-deal-with-axis-bank-spandana-md-gangireddy-quits/article37329580.ece>

- Pratip Chaudhuri's arrest: SBI's Dinesh Khara says former banker wasn't given a chance to be heard : State Bank of India (SBI) chairman Dinesh Khara said that executives at the top level in the bank don't get involved in small ticket loans or resolutions as he expressed anguish over the arrest of one of his predecessors Pratip Chaudhuri by the Rajasthan police on a complaint from a defaulter. "Issues of this magnitude are invariably dealt at local level and the top management of the bank including chairman are not involved in such kind of decision making," Khara said. - economic times

<https://m.economictimes.com/industry/banking/finance/banking/pratip-chaudhuris-arrest-sbis-dinesh-khara-says-former-banker-wasnt-given-a-chance-to-be-heard/articleshow/87518840.cms>

- Paytm may consider Bitcoin offerings if its becomes fully legal : IPO bound Paytm's Chief Financial Officer Madhur Deora said the company may consider Bitcoin offerings if it was to become "fully legal" in the country. "Bitcoin is still in a regulatory grey area if not a regulatory ban in India," Deora said in an interview to Bloomberg TV. "At the moment Paytm does not do Bitcoin. If it was ever to become fully legal in the country, then clearly there could be offerings we could launch." The Reserve Bank of India had banned cryptocurrencies but the order was struck down by the Supreme Court in March 2020. – moneycontrol<https://www.moneycontrol.com/news/business/cryptocurrency/paytm-may-consider-bitcoin-offerings-if-its-becomes-fully-legal-7679401.html>
- Bank of England holds rates steady, confounding expectations : The Bank of England confounded market expectations and held U.K. interest rates steady Thursday, saying it wanted to see what



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happens to unemployment after the British government ended a program that subsidized worker pay during the coronavirus pandemic. The decision to keep the bank's main interest rate at 0.1% was a surprise given the sharp pickup in consumer prices in recent months as a result of high energy costs, labor shortages and other factors as the global economy recovers from the pandemic. – moneycontrol

<https://www.moneycontrol.com/news/business/economy/bank-of-england-holds-rates-steady-confounding-expectations-7680781.html>

- Muhurat Trading 2021| Gold price up Rs 571 to close at Rs 47,571/10 gm as BOE holds rates; silvers rises nearly 3% : Gold prices edged higher to settle at Rs 47,571 per 10 gram on special one hour Diwali Muhurat Trading on the MCX, tracking firm global trend as Bank of England kept its interest unchanged a day after the Federal Reserve announced trimming of bond purchases by \$15 billion a month but did not give any indication of a rate hike. However, weighing on the price is strength in the dollar index rebounding to three-and-a-half weeks high capped the upside. Silver prices climbed by Rs 1,759, or 2.83 percent to close at Rs 6,224 per kg on the MCX

<https://www.moneycontrol.com/news/business/commodities/muhurat-trading-2021-gold-price-up-rs-571-to-close-at-rs-4757110-gm-as-boe-hold-rates-silvers-rises-nearly-3-7680711.html>

- Federal Reserve announces cut in bond-buying programme : The Federal Reserve on Wednesday said it will begin trimming its monthly bond purchases in November with plans to end them in 2022, but held to its belief that high inflation would prove "transitory" and likely not require a fast rise in interest rates. However, the US central bank nodded to global supply difficulties as adding to inflation risks, saying that those factors "are expected to be transitory," but would need to ease to deliver the anticipated drop in inflation. – moneycontrol

<https://www.moneycontrol.com/news/business/economy/federal-reserve-to-start-reining-in-economic-aid-as-inflation-risk-rises-7665021.html>

- Sensex, Nifty tick higher as Samvat 2078 begins on auspicious note : Domestic equity benchmarks mustered smart gains on Thursday as investors built up fresh positions in the special Muhurat trading session to mark the beginning of Hindu Samvat year 2078. Reversing its two-session sliding streak, the



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30-share BSE Sensex climbed 295.70 points or 0.49 per cent to close at 60,067.62. On similar lines, the broader NSE Nifty advanced 87.60 points, or 0.49 per cent, to finish at 17,916.80. In the Sensex kitty, prominent gainers were M&M, ITC, Bajaj Auto, L&T, Kotak Bank, Sun Pharma and Nestle India, spurting as much as 2.87 per cent. In contrast, ICICI Bank, UltraTech Cement, Asian Paints, and Dr Reddy's closed in the red, shedding up to 0.43 per cent. - business line

<https://www.thehindu.com/business/markets/sensex-nifty-tick-higher-as-samvat-2078-begins-on-auspicious-note/article37335486.ece>



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