



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

August 6, 2021

- **Bank of Maharashtra launches Retail Bonanza-Monsoon Dhamaka:** Bank of Maharashtra (BoM) has waived processing fees on its gold, housing and car loans till 30 September, 2021, under its 'Retail Bonanza-Monsoon Dhamaka' offer. The Pune-headquartered public sector bank said in a statement that it is offering home loans and car loans at interest rates starting from 6.90 per cent and 7.30 per cent respectively. Retail loans have features such as two free Equated Monthly Installments on regular repayment of home loans, loan facility up to 90 per cent in the case of home and car loans, and no pre-payment / pre-closure / part payment charges, the statement added. The bank also revamped its gold loan scheme, whereby customers can get loans up to ₹20 lakh at 7.10 per cent interest. Further, there is no processing fee for gold loans up to ₹1 lakh. BoM said it has set up 'Gold Loan Points', dedicated counters in select branches, to facilitate gold loans within 15 minutes.
<https://www.thehindubusinessline.com/news/bank-of-maharashtra-launches-retain-bonanza-monsoon-dhamaka/article35744598.ece>
- **RBI approves re-appointment of Prakash Chandra as Non-Executive Chairman of RBL Bank:** The Reserve Bank of India has approved the re-appointment of Prakash Chandra as Non-Executive (Part Time) Chairman of RBL Bank with effect from August three for a three-year period. "Chandra's reappointment and revision in his remuneration had also been approved by the Board of Directors pursuant to the recommendation of the Nomination and Remuneration Committee of the Board, which shall be placed for the approval of the Members of the Bank at the ensuing Annual General Meeting," RBL Bank said in a stock exchange filing on Wednesday.
<https://www.thehindubusinessline.com/money-and-banking/rbi-approves-re-appointment-of-prakash-chandra-as-non-executive-chairman-of-rbl-bank/article35731137.ece>
- **RBI may deploy LTRR to mop-up excess liquidity with banks:** The Reserve Bank of India (RBI) is understood to have broached the possibility of conducting Long Term Variable Rate Reverse Repo (LTRR) auctions with banks in the run-up to the normalisation of its ultra-accommodative policy. The central bank is exploring LTRR as an instrument to absorb surplus liquidity for a longer duration from the banking system at a time when credit demand is muted, and retail inflation is sticky. LTRR is one of the instruments to manage durable liquidity under the RBI's revised Liquidity Management Framework. It has a tenor of over 14 days. However, banks are wary of locking-up liquidity for longer tenors of, say, a month or two under LTRR because in case credit demand gains steam, they will have to tap funding options such as the central bank's repo (repurchase agreement) window, certificate of deposits, among others, to meet their demand. They may even have to increase fixed deposit rates.
<https://www.thehindubusinessline.com/money-and-banking/rbi-may-deploy-ltrr-to-mop-up-excess-liquidity-with-banks/article35745765.ece>



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- **Cochin Chamber of Commerce and Industry seeks review of RBI circular on current accounts:** The Cochin Chamber of Commerce and Industry has requested the Reserve Bank of India (RBI) for a review of its circular of August 2020 restricting the use of current accounts with banks other than those with whom loan facilities are granted. As per the RBI's directive, no bank can open or allow operation of current accounts for customers who have availed credit facilities in the form of cash credit/ overdrafts in any other bank. K. Harikumar, the Chamber President said that the accounts have been closed by the banks unilaterally even in the case of borrowers who maintained current account with different branches of the same bank from where the cash credit/ overdraft facility was availed.
<https://www.thehindubusinessline.com/money-and-banking/cochin-chamber-of-commerce-and-industry-seeks-review-of-rbi-circular-on-current-accounts/article35738453.ece>
- **Big rush to set up shop at GIFT city: Deutsche Bank, Citigroup, Zerodha among 24+ applicants:** Nearly two dozen financial institutions including Deutsche Bank, Citigroup, Nippon Life India and Zerodha are set to open shop at GIFT City even as banking transactions at the country's first International Financial Services Centre (IFSC) crossed the \$100-billion mark in July. This financial year alone, the IFSC – a tax-free gateway to the global financial world as it caters to customers outside the jurisdiction of domestic economy – has seen about a 30% rise in the total banking transactions volume so far, a top official said. Banking transactions include external commercial borrowing, foreign currency term loan and trade finance among others. "We are seeing great momentum in overall business growth at IFSC," said Dipesh Shah, head, development, at Gujarat International Finance Tec-City (GIFT City).
<https://economictimes.indiatimes.com/industry/banking/finance/banking/big-rush-to-set-up-shop-at-gift-city-deutsche-bank-citigroup-zerodha-among-24-applicants/articleshow/85071573.cms?from=mdr>
- **As loan growth slows, other income comes to banks' rescue:** Other income has come to the rescue for banks even as they grapple with weak loan growth, in the first quarter of the fiscal year, bank results show. All banks have seen a year on year growth in other income led by fees and recovery in large written off accounts like the defunct Kingfisher Airlines as a result of which the contribution of other income to total income has increased. The trend is the same for both large and small banks. For example, State Bank of India (SBI) reported a 24% rise other income to Rs 11,803 crore led by a 21% rise in fees and a Rs 1,692 crore recovery from the written off Kingfisher Airlines' account which has increased the proportion of other income to 15% of total income from 11% last year.
<https://economictimes.indiatimes.com/industry/banking/finance/banking/as-loan-growth-slows-other-income-comes-to-banks-rescue/articleshow/85068931.cms?from=mdr>
- **Sundaram Finance Holdings invests ₹480 cr in buying out stakes in portfolio companies:** Sundaram Finance Holdings Ltd (SF Holdings) said it invested about ₹480 crore in consolidating holdings in a few portfolio companies in the past one year or so. SF Holdings primarily operates as a holding company owning a portfolio of businesses engaged in various aspects of automotive manufacturing. Significant investments include Sundaram Clayton, Wheels India, IMPAL (all listed) and Brakes India and Turbo Energy (both unlisted). While the performance of portfolio companies is improving, it is still below their results in FY20 due to the downturn in the automotive industry driven by cyclical factors as well as the impact of the pandemic, according to a statement.



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<https://www.thehindubusinessline.com/companies/sundaram-finance-holdings-invests-480-cr-in-buying-out-stakes-in-portfolio-companies/article35751281.ece>

- **‘Disbursements set to grow, while NPAs will decline’:** Mahindra and Mahindra Financial Services has seen an improvement in rural sentiment as the second Covid-19 wave ebbs. Ramesh Iyer, Managing Director and Vice-Chairman, Mahindra Finance, says demand is picking up and collection efficiencies are improving. In an interview with BusinessLine, Iyer said the company will look at expansion in the second half of the fiscal and is well capitalised for its business plans.
<https://www.thehindubusinessline.com/money-and-banking/disbursements-set-to-grow-while-npas-will-decline/article35740624.ece>
- **DICGC to authenticate deposit claims of failed bank in 30 days:** The Deposit Insurance and Credit Corporation will get 30 days to authenticate claims of depositors of a failed bank after it receives a list of outstanding deposits from the lender. According to the Deposit Insurance and Credit Guarantee Corporation (Amendment) Bill, 2021 passed by Rajya Sabha Wednesday, depositors of a stressed bank, put under moratorium, will be able to withdraw up to Rs 5 lakhs within 90 days. Once a stressed bank is put on moratorium, DICGC will be liable to pay depositors an insured amount of Rs 5 lakh. A list showing the outstanding deposits of each depositor of the insured bank will have to be furnished by the lender within 45 days. The DICGC, within 30 days of receiving the list will have to verify the authenticity of the claims made, and ascertain the willingness of each depositor to receive the amount due to him, out of his deposit in the insured bank. The entire process, from the time a bank is placed under moratorium to depositors receiving the insured amount, should not exceed 90 days, according to the DICGC Bill, 2021.
https://www.business-standard.com/article/economy-policy/dicgc-to-authenticate-deposit-claims-of-failed-bank-in-30-days-121080401713_1.html
- **Indian Banks' Association in discussions with RBI on current account circular:** Indian Banks' Association, the banking industry lobby body, is in discussions with the Reserve Bank of India (RBI) on a circular that mandated closure of several non-compliant current accounts by 31 July, a senior banker said. A K Das, chief executive of Bank of India, said banks have recently met RBI and will now put forth their all requests through the IBA. "We have recently had a discussion with RBI and lenders will put in a consolidated request through the IBA and act as per the regulator's directions. We are also increasing our engagement with customers," Das said.
<https://www.livemint.com/industry/banking/indian-banks-association-in-discussions-with-rbi-on-current-account-circular-11628062584591.html>
- **RBI relaxes new current account norms deadline:** The Reserve Bank of India has further extended the deadline for implementing the new current account norms by another three months, following requests from banks. This extension comes one year after the guidelines were first introduced and nine months since the first deadline. RBI has asked banks to ensure that the instructions are implemented in a non-disruptive manner. "Banks will be permitted time till October 31, 2021 to implement the provisions of the circular. This extended time line shall be utilised by banks to engage with their borrowers to arrive at mutually satisfactory resolutions within the ambit of the circular.



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Such issues which banks are unable to resolve themselves shall be escalated to Indian Banks' Association (IBA) for appropriate guidance. Residual issues, if any, requiring regulatory consideration shall be flagged by IBA to the Reserve Bank for examination by September 30, 2021.

<https://www.livemint.com/industry/banking/rbi-extends-deadline-for-implementing-the-current-account-norms-11628085989072.html>

- **Rajya Sabha nod: DICGC Bill to help small depositors, says FM Nirmala Sitharaman:** The Deposit Insurance Credit Guarantee Corporation (DICGC) Amendment Bill, which was approved by the Rajya Sabha on Wednesday amid Opposition uproar, will help small depositors, including those of the crisis-ridden PMC Bank, finance minister Nirmala Sitharaman said. The Bill proposes to give customers access to their deposits up to Rs 5 lakh within just 90 days if their stressed banks are placed under moratorium. The Bill covers all banks, including co-operative banks. Similarly, the Upper House also cleared the Limited Liability Partnership (Amendment) Bill 2021, which seeks to decriminalise a dozen offences and enable such entities to enjoy the same benefits as large companies. Hundreds of start-ups, chartered accountant firms and others that are registered as LLPs are expected benefit from this move. The DICGC (amendment) Bill will cover 98.3% of depositors and 50.9% of deposit value in the banking system, way above the global level of 80% and 20-30%, respectively, Sitharaman had said last week.
<https://www.financialexpress.com/industry/banking-finance/rajya-sabha-nod-dicgc-bill-to-help-small-depositors-says-fm-nirmala-sitharaman/2304304/>
- **Karur Vysya Bank reports marginal growth in Q1 net profit at Rs 109 crore:** Karur Vysya Bank (KVB) on Wednesday registered marginal growth in net profit at Rs 109 crore for the first quarter of FY22 as against Rs 106 crore in the corresponding quarter of the previous financial year. The bank's total income was slightly lower at Rs 1,596 crore in the quarter under review as compared to Rs 1,693 crore in the same period last year. Its net interest income improved 14% to Rs 638 crore as against Rs 562 crore while net interest margin (NIM) stood at 3.55%.
<https://www.financialexpress.com/industry/banking-finance/karur-vysya-bank-reports-marginal-growth-in-q1-net-profit-at-rs-109-crore/2304514/>
- **Gold prices sluggish at Rs 48,000/10 amid lack of clear trend; silver tumbles by Rs 645/kg:** Gold prices fell marginally to Rs 48,006 per 10 gram in the Mumbai retail market on rupee appreciation and subdued global trend. The yellow metal has been stuck in a range since July amid a lack of clear direction. The price of 10 gram, 22-carat gold in Mumbai was Rs 43,973 plus 3 percent GST, while 24-carat 10 gram stood at Rs 48,006 plus GST. The 18-carat gold is quoted at Rs 36,005 plus GST in the retail market. Silver prices tumbled Rs 645 to Rs 67,596 per kg against its closing price on August 4.
<https://www.moneycontrol.com/news/business/markets/gold-prices-sluggish-at-rs-4800010-amid-lack-of-clear-trend-silver-tumbles-rs-645-a-kg-7283511.html>
- **Rupee settles at 74.17/USD:** The rupee settled for the day on a flat note and inched 2 paise higher to close at 74.17 (provisional) against the US currency, marking the fourth straight session of gains on Thursday. Forex traders said price action remained subdued as investors awaited the Reserve Bank of India's (RBI) policy decision on Friday for further cues. At the interbank forex market, the rupee



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opened at 74.15 and hit an intra-day low of 74.28. It finally closed at 74.17, higher by 2 paise over its last close. On Wednesday, the rupee had settled at 74.19 against the US dollar.

<https://www.thehindubusinessline.com/markets/forex/rupee-settles-at-7417usd/article35744035.ece>

- **Sensex up 211 points, Nifty above 16,300:** At 1 pm, the BSE Sensex was trading at 54,581.29, up 211.52 points or 0.39 per cent. It recorded a new peak of 54,638.36. It hit an intraday low of 54,230.89. The Nifty 50 was trading at 16,317.90, up 59.10 points or 0.36 per cent after recording a fresh high of 16,335.40. It hit an intraday low of 16,210.30. Bharti Airtel, Eicher Motors, HCL Tech, Tech Mahindra and Kotak Bank were the top gainers on the Nifty 50 while State Bank of India, IndusInd Bank, Bajaj Finance, UPL and NTPC were the top laggards.

<https://www.thehindubusinessline.com/markets/stock-markets/sensex-up-211-points-nifty-above-16300/article35740710.ece>

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