



**THE INSTITUTE OF
COST ACCOUNTANTS OF INDIA**
(STATUTORY BODY UNDER AN ACT OF PARLIAMENT)
CMA BHAWAN
12, SUDDER STREET, KOLKATA – 700 016.

Telephones : +91-33- 2252-1031/1034/1035
+ 91-33-2252-1602/1492/1619
+ 91-33- 2252-7143/7373/2204
Fax : +91-33-2252-7993
+91-33-2252-1026
+91-33-2252-1723
Website : www.icmai.in

DAILY NEWS DIGEST BY BFSI BOARD, ICAI

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- **SBI to keep up the momentum of stressed assets recovery: Dinesh Kumar Khara:** State Bank of India (SBI) will put in all efforts in FY22 to keep up the momentum of recovery made in stressed assets in FY21, according to Chairman Dinesh Kumar Khara. This will be aided by the roll-out of pre-packaged insolvency for resolution, resumption of courts and formation of National Asset Reconstruction Company Ltd (NARCL). India's largest bank will make judicious use of all recovery options at its disposal, he said. However, Khara underscored that it is too early to call a possible deterioration of asset quality in banks due to the second wave. "The Bank over the last two financial years was dealing with a steep rise in stressed assets. All-round effort in managing stressed accounts initiated in FY2019 was carried through in FY2020 as well. "However, the outbreak of the pandemic and subsequent lockdown in FY2021 altered the dynamics of stressed asset recovery. Bank had to grapple with disruption in normal proceeding at NCLT due to Covid-19 infections," the SBI Chief said in the latest annual report. Furthermore, the Reserve Bank of India (RBI) mandated a standstill clause for some portfolios.
<https://www.thehindubusinessline.com/money-and-banking/sbi-to-keep-up-the-momentum-of-stressed-assets-recovery-dinesh-kumar-khara/article34744149.ece>
- **Through digital strategy, SBI to explore partnership with Agritechs to push farm credit:** State Bank of India (SBI) explores opportunities to enter into partnerships with select Agritechs to handle high volume and low-ticket loans in the Agribusiness optimally through a digital strategy. India's largest bank sees Agritech (agricultural technology) as a channel to bring in a new segment of customers (which the bank could not access earlier) – a channel to improve decision making, grow top-line and improve efficiency. "The partnership will also serve as an opportunity to cut operational costs, credit costs, improve profitability and user experience as digital transformation will no longer be optional but a necessity for structural change in the digital ecosystem," as per the bank's annual report. The bank wants to enter into partnerships with Agritechs with a differentiated business model that will help facilitate the transformation of the Agri supply chain to improve farm production opportunities for the farmers. This will be done using digital tools such as Artificial Intelligence (AI), Blockchain, IoT (Internet of Things) and Machine Learning-powered capabilities.
<https://www.thehindubusinessline.com/money-and-banking/through-digital-strategy-sbi-to-explore-partnership-with-agritechs-to-push-farm-credit/article34744308.ece>
- **Bank of Maharashtra may see rise in customer defaults due to pandemic impact:** State-owned Bank of Maharashtra (BOM) said the pandemic-driven slowdown in the economic activities may lead to a rise in customer defaults, and its impact on the bank will depend on the COVID-19 situation going forward. There has been a significant volatility in the global and Indian economy as the outbreak of the pandemic continues to spread, Bank of Maharashtra said in its annual report 2020-21. The Pune-headquartered lender said the impact of the pandemic on its results will depend upon the developments on the coronavirus front going forward, including any stimulus or regulatory packages to mitigate its impact. "While there has been an improvement in the economic activity since the



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easing of the lockdown measures, the slowdown may lead to a rise in the number of customer defaults and resultant increase in provisioning," said the bank's annual report 2020-21.

<https://www.livemint.com/industry/banking/bank-of-maharashtra-may-see-rise-in-customer-defaults-due-to-pandemic-impact-11622973036008.html>

- **Bank lending could remain subdued despite low rates:** Bank lending rates are likely to remain low for a few more quarters as deposit growth remains double that of the loans growth amid subdued demand from the corporates. The addition in deposits at Rs.13.4 lakh crore over last 12 months ended May 21, 2021, was more than double the Rs. 6.1 lakh crores of credit outstanding during the same period data from the RBI shows. While demand may be muted, banks are also unwilling to cater to the lesser rated credits to avoid future bad loans. Despite the low base effect of the previous year -as the country was in a complete lockdown last year- the credit growth grew at a slower pace compared with the same fortnight in FY'20.-6,3 per cent. This could be due to risk aversion and regional lockdown imposed by states this year to curb the spread of coronavirus amid the second wave of the pandemic in April and May. " Though the interest rates (monthly fresh loans WALR) of SCBs have reduced by 42 bps from April 2020 to April 2021, the overall credit growth continued to remain subdued due to risk aversion and continued parking of excess liquidity with RBI" said a report by Care Ratings.
<https://economictimes.indiatimes.com/industry/banking/finance/banking/bank-lending-could-remain-subdued-despite-low-rates/articleshow/83283631.cms?from=mdr>
- **Kotak Mahindra introduces Pandemic Benevolent Policy for its 73,000 Employees:** Kotak Mahindra Group has announced the introduction of a Pandemic Benevolent Policy for its close to 73,000 employees. Under this policy, family members or nominees of deceased employees from April 1, 2020 and subsequent cases up to March 31, 2022 will receive full monthly fixed salary for a two year period, starting June 2021. "This policy is applicable to families or nominees of all deceased employees, irrespective of the cause of death – whether pertaining to Covid-19 or any other cause not related to the Covid-19 pandemic," it said in a statement. Family members or nominees of deceased employees eligible for annual bonus will also receive the annual year-end bonus for 2020-21. Additionally, Kotak's Mediclaim Insurance will cover the spouse and minor children of the deceased employee for the current fiscal year.
<https://www.thehindubusinessline.com/money-and-banking/kotak-mahindra-introduces-pandemic-benevolent-policy-for-its-73000-employees/article34743680.ece#:~:text=Under%20this%20policy%2C%20family%20members,year%20period%2C%20starting%20June%202021.>
- **HDFC commits an initial Rs 40 crore this year for Covid-19 support:** HDFC Ltd has committed an initial amount of Rs 40 crore from its CSR budget this year for Covid-19 support. It will increase this commitment over the next two quarters, based on requirements, it said in a statement on Sunday. In 2020-21, HDFC had contributed Rs 80 crore towards Covid-19 relief. "The Covid-19 initiatives are being undertaken through its philanthropic arm the HT Parekh Foundation," it said.
<https://www.thehindubusinessline.com/money-and-banking/hdfc-commits-an-initial-rs-40-crore-this-year-for-covid-19->



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[support/article34743668.ece#:~:text=HDFC%20had%20contributed%20Rs%2080,in%20a%20statemen%20on%20Sunday.](https://www.thehindubusinessline.com/money-and-banking/pmc-bank-receives-1229-applications-for-deposit-withdrawal/article34743622.ece#:~:text=HDFC%20had%20contributed%20Rs%2080,in%20a%20statemen%20on%20Sunday.)

- **PMC Bank receives 1,229 applications for deposit withdrawal:** The administrator of the scam-hit Punjab and Maharashtra Co-operative (PMC) Bank received 1,229 applications for withdrawal of deposits specifically for treatment of Covid-19 illness. These applications were received since April 16, 2020, when the Reserve Bank of India (RBI) allowed withdrawals up to Rs 5 lakh for treatment of critical illness under medical hardship ground, including Covid-19. As per the affidavit filed by the Administrator in the Delhi High Court in the matter relating to Bejon Kumar Misra versus Union of India and others, of the aforementioned applications, 419 were received from March 15, 2021 till May 24, 2021. PMC Bank's Administrator AK Dixit stated that all the applications have been duly processed and approved by him as per RBI's directions.
<https://www.thehindubusinessline.com/money-and-banking/pmc-bank-receives-1229-applications-for-deposit-withdrawal/article34743622.ece>
- **SIDBI invites bids from consultants to help set up Rs 20,000 cr NaBFID:** SIDBI on behalf of the government has floated Request for Proposal (RFP) inviting bids from consultants to help set up Rs 20,000 crore DFI called National Bank for Financing Infrastructure and Development (NaBFID) to catalyse investment in fund-starved infrastructure sector. Parliament in March cleared National Bank for Financing Infrastructure and Development (NaBFID) Bill 2021 to support the development of long-term non-recourse infrastructure financing in India, including the development of the bonds and derivatives markets necessary for infrastructure financing. The objective of the assignment is to select a management consultant to support in the setting up of an infra Development Finance Institution (DFI), as an All-India Financial Institution (AIFI) to provide, enable and catalyse infrastructure financing, the RFP said.
https://www.business-standard.com/article/companies/sidbi-invites-bids-from-consultants-to-help-set-up-rs-20-000-cr-nabfid-121060600337_1.html
- **NPA fears and risk-averse banks may come in the way of RBI support for MSMEs, contact-intensive sectors:** The Reserve Bank of India's monetary policy committee (MPC) meeting came at a critical time with the economy dealing with the second coronavirus wave. In an expected move, MPC maintained status quo on policy rates and decided to continue with accommodative stance. The second wave has hit the economy as most states imposed lockdowns and other restrictions. In this background, even though the inflation debate and the need for normalisation of monetary policy is getting stronger, Governor Shaktikanta Das assured that the RBI would continue with the accommodative stance as long as it was necessary to revive and sustain growth. With the onset of the second wave, various rating agencies have downgraded India's GDP growth rate. The RBI also revised downwards the growth rate to 9.5 percent for FY22, which looks credible as the economic activities in the first quarter have been seriously impacted. As pointed out by Das, urban demand moderated during April-May, captured by various high-frequency indicators.
<https://www.moneycontrol.com/news/business/economy/npa-fears-and-risk-averse-banks-may-come-in-the-way-of-rbi-support-for-msmes-contact-intensive-sectors-6992261.html>



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- **Mehul Choksi's counsel files affidavit in Dominica court, says left India only for treatment:** The counsel of fugitive Indian diamantaire Mehul Choksi has submitted an affidavit before the Dominica High Court, reportedly claiming that he had left India only for medical treatment. The affidavit was submitted in relation to the extradition case - the proceedings of which have been reportedly adjourned by the high court till July. According to Choksi, he is ready to cooperate with the investigation launched by India against him, and has also invited the country's probing officials to "interview" him in the case. "I have extended an invitation to Indian authorities to interview me and ask any questions that they may have of me in relation to any investigation that they are conducting against me," Times of India quoted Choksi as stating in the affidavit, after gaining access to the document. "I did not evade law enforcement in India. There was no warrant against me by the law enforcement authorities in India when I left India to seek medical treatment in the United States of America," the 62-year-old reportedly further added.
<https://www.moneycontrol.com/news/india/mehul-choksi-counsel-files-affidavit-in-dominica-court-says-left-india-only-for-treatment-6994511.html>
- **Average 13 lakh new demat accounts added every month since April 2020:** Amid near-record rally in the equity markets during the pandemic-ravaged FY21, brokerages have added on an average 13 lakh new demat accounts every month since April last year, taking the overall retail investor headcount to record 6.97 crore as of May 31 this year, according to BSE data. After the bloody March 2020, when the bourses tanked about 35 per cent in a single month after the WHO declared COVID-19 as a global pandemic, the market was on a song from June. The markets ended the year to December with a 15 per cent gains and the fiscal year to March with a historic 68 per cent, the second best in its history after an 80 per cent in 2008-09 after taking 40 per cent due to the global financial crisis in the previous year. Brokerages and exchanges on an average added 12-15 lakh new investors every month in the past 14 months, taking the total to 6.97 crore, BSE Chief Executive Officer Ashish Kumar Chauhan told PTI.
<https://www.livemint.com/market/stock-market-news/average-13-lakh-new-demat-accounts-added-every-month-since-april-2020-11622984514432.html>
- **Seven of top-10 most valued firms add over Rs 1.15 lakh crore to m-cap; RIL lead gainer:** Seven of the top-10 most valued companies together added Rs 1,15,898.82 crore in market valuation last week, with Reliance Industries grabbing the top spot. Last week, the 30-share BSE Sensex jumped 677.17 points or 1.31 per cent. Reliance Industries, HDFC Bank, Hindustan Unilever, HDFC, State Bank of India, Bajaj Finance and Kotak Mahindra Bank witnessed rise in their valuation. On the other hand, Tata Consultancy Services, Infosys and ICICI Bank's market capitalisation declined. Reliance Industries added Rs 60,668.47 crore to take its valuation to Rs 13,88,718.41 crore and Bajaj Finance's valuation jumped Rs 23,178.02 crore to Rs 3,61,767.29 crore.
<https://www.moneycontrol.com/news/business/seven-of-top-10-most-valued-firms-add-over-rs-1-15-lakh-crore-to-m-cap-ril-lead-gainer-6993961.html>



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