



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

August 10, 2021

- **HDFC Bank receives Rs 30,000 crore prepayments amid signs of economic recovery and deleveraging** : In clear signs of a robust economic recovery and sustained deleveraging by top-rated Indian corporates, HDFC Bank received about Rs 30,000 crore in prepayments through the June quarter, primarily from companies in the commodities and infrastructure sectors, two people familiar with the development told ET. “HDFC Bank has not seen such a high level of prepayment in the recent past,” said one of the persons cited above. “Other banks also obtained prepayments, but the scale is not that high because of lower business volumes.” HDFC Bank, India’s most valuable lender, did not reply to ET’s queries on the subject. Industry sources didn’t reveal the names of individual corporate borrowers prepaying their loans to HDFC Bank.
<https://economictimes.indiatimes.com/industry/banking/finance/banking/hdfc-bank-receives-rs-30000-crore-prepayments-amid-signs-of-economic-recovery-and-deliveraging/articleshow/85182641.cms#:~:text=In%20clear%20signs%20of%20a,with%20the%20development%20told%20ET.>
- **Banks report improved NII, lower NPA provisioning in Q1**: The provision for cumulative non-performing assets (NPA) by banks softened in the June 2021 quarter after a spike in the previous quarter when they resumed accounting for slippages after RBI’s schemes to defer the recognition of actual NPAs ended in December. For a sample of 28 banks, the loan loss or NPA provision fell by 6.8% year-on-year and 43.8% sequentially to Rs 36,805.4 crore in the June quarter. The aggregate provision by the public sector (PSU) banks fell by 27% year-on-year due to a sharp double digit drop reported by State Bank of India, Punjab National Bank, Canara Bank, and Bank of Baroda. On the other hand, private sector banks reported 51% jump following a sharp increase reported by HDFC Bank, Kotak Bank, Bandhan Bank and RBL Bank. As a result, their share in the total NPAs increased to 42.5% from 26.1% in the year-ago quarter.
<https://economictimes.indiatimes.com/industry/banking/finance/banking/banks-report-improved-nii-lower-npa-provisioning-in-q1/articleshow/85176689.cms?from=mdr>
- **PNB Housing Finance targets to bring corporate loan book below Rs 10,000 crore by end of March 2022: Hardayal Prasad**: PNB Housing Finance is targeting to reduce its corporate loan book to below Rs 10,000 crore by the end of this fiscal as it seeks to focus more on retail lending activities, according to a top company official. The company’s corporate lending stood at Rs 10,989 crore at the end of the first quarter of 2021-22, accounting for 15 per cent of its Asset Under Management (AUM) and the latter touched Rs 71,828 crore during the same period. However, PNB Housing Finance’s loan assets declined to Rs 60,438 crore at the end of June this year compared to Rs 68,009 crore in the year-ago period. The business of the company, promoted by state-owned Punjab National Bank (PNB), has been hit by the second COVID wave. “This quarter (June 2021) itself, we have been able to reduce the book by about Rs 800 crore in terms of corporate (lending). And we would like to bring it down to below Rs



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10,000 crore (by March 2022)," Hardayal Prasad, Managing Director & CEO of PNB Housing Finance, told in an interview. The company has reduced its corporate book by 25 per cent since March 2020.
<https://www.livemint.com/companies/news/pnb-housing-targets-to-bring-corp-loan-book-below-10-000-cr-by-end-march-2022-11628519114721.html>

- **HDFC Bank to hire 500 more to expand MSME coverage:** Country's largest private sector lender HDFC Bank, which has a focus on the MSME sector, is hiring 500 more relationship managers this fiscal as the bank is expanding its coverage to 575 districts, a senior banker has said. The headcount addition will take the bank's Micro, Small and Medium Enterprises (MSME) vertical strength to 2,500. As of June end, the HDFC Bank's employee strength stood around 1.23 lakh. The bank's MSME vertical covers 545 districts now with dedicated relationship managers and supervisors, which will be expanded to 575 districts or more by the end of this fiscal. "As we are expanding our MSME footprint to 575 districts from 545 now, we are hiring over 500 more to the 2,000-strong headcount at the MSME vertical this fiscal year. This should take the overall headcount at the vertical to a little over 2,500," Sumant Rampal, senior executive vice-president for business banking & healthcare finance, told PTI on Monday.
<https://economictimes.indiatimes.com/jobs/hdfc-bank-to-hire-500-more-to-expand-msme-coverage/articleshow/85177993.cms>
- **IPO-bound Paytm seeks shareholders' nod to double ESOP pool:** Fintech startup Paytm is planning to more than double its employee stock ownership plan (ESOP) pool, as per a letter sent to its shareholders for an extraordinary general meeting (EGM) scheduled for September 2, ahead of its much-anticipated IPO. The Noida-based firm has proposed to its shareholders an increase in the existing ESOP pool to 61,094,280 equity options at a face value of Re 1 each from the current 24,094,280 equity options. The fintech company has also sought approval of founder and chief executive Vijay Shekhar Sharma's revised employment agreement as the managing director and chief executive of the company. Additionally, the company is formalising three appointments to the board of directors. These are Neeraj Arora, former chief business officer of WhatsApp and Ashit Ranjit Lilani, managing partner of Saama Capital, as non-executive independent directors; and Douglas Feagin, senior vice president, Ant Group, as a director.
<https://economictimes.indiatimes.com/tech/startups/ipo-bound-paytm-seeks-shareholders-nod-to-double-esop-pool/articleshow/85178223.cms>
- **Merger helps Bank of Baroda step up retail loans: CEO:** The merger of Vijaya Bank has given Bank of Baroda a lead in retail lending, particularly loans against jewellery, which rose 35% to be one of the fastest-growing segments last year. Bank of Baroda has also recorded nearly Rs 1,000 crore of savings following the three-way merger and is in line to achieve savings of Rs 10,000 crore over five years. Bank of Baroda MD & CEO Sanjiv Chadha told TOI the lender completed the integration of 2,898 branches of erstwhile Vijaya Bank and Dena Bank with itself in December last year. Since then the bank has got the benefits of economies of scale and branch rationalisation. "There were 1,300 branches that were closed where there was an overlap, expenses on account of rent and taxes have come down in absolute terms," said Chadha. He added that the merger has also reduced the need for fresh hiring.



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<https://timesofindia.indiatimes.com/business/india-business/merger-helps-bk-of-baroda-step-up-retail-loans-ceo/articleshow/85162051.cms#:~:text=Bank%20of%20Baroda%20MD%20%26%20CEO,itself%20in%20December%20last%20year.>

- **Indian bankers in talks as court rulings threaten over \$6 billion in loans:** Informal talks are taking place to deal with the fall-out from two rulings by the Supreme Court that threaten the repayment of loans totalling nearly ₹500 billion (\$6.73 billion) to some of India's largest banks, bankers close to the matter say. Any failure to recoup the money adds to stress in the banking sector, which is already dealing with an increased level of bad loans and reduced profits because of the impact of the Covid-19 pandemic. Last week, the Supreme Court effectively blocked Future Group's \$3.4-billion sale of retail assets to Reliance Industries, jeopardising nearly \$2.69 billion the retail conglomerate owes to Indian banks. That ruling was delivered days after the Supreme Court rejected a petition to allow telecom companies to approach the Department of Telecommunications to renegotiate outstanding dues in a long-running dispute with Indian telecom players.
<https://www.reuters.com/world/india/indian-bankers-talks-court-rulings-threaten-over-6-billion-loans-2021-08-08/>
- **Exempt public sector and commercial banks from Deposit Insurance Scheme: AIBEA:** Ahead of the Lok Sabha taking up the Deposit Insurance Bill for passage, the All India Bank Employees' Association (AIBEA) has urged Finance Minister Nirmala Sitharaman to exempt from its purview public sector banks and/or commercial banks, which are covered under Section 45 of the Banking Regulation Act. Commercial banks pay about ₹12,000 crore of premium to the Deposit Insurance and Credit Guarantee Corporation (DICGC), which is an unwarranted expenditure as it would otherwise have gone to the banks' profit, CH Venkatachalam, general secretary, AIBEA, said in a letter to the Finance Minister on Sunday.
<https://www.thehindubusinessline.com/money-and-banking/exempt-public-sector-and-commercial-banks-from-deposit-insurance-scheme-aibea/article35808490.ece>
- **RBL Bank selects AWS to accelerate AI efforts:** RBL Bank has selected Amazon Web Services (AWS), an Amazon.com company, as its cloud provider. AWS would help RBL Bank strengthen its AI-powered banking solutions and drive digital transformation at the lender. "The bank is building on its analytics practice and investing in AI capabilities to implement various use cases across multiple segments, including risk, customer service, human resources, and operations," RBL Bank said in a statement on Monday.
<https://www.thehindubusinessline.com/money-and-banking/rbl-bank-selects-aws-to-accelerate-ai-efforts/article35814022.ece>
- **Digital transactions grew 80% in last 250 days: Razorpay report:** Digital transactions have grown by 80 per cent during the 250 days between November 30, 2020 to August 6, 2021, based on transactions held on the digital payments platform Razorpay. The financial solutions company on Monday released the ninth edition of 'The (Covid) Era of Rising Fintech' report with insights about digital payments in the last 500 days up till August 6, 2021. August 6 marked 500 days of the pandemic



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since the national lockdown was first announced, starting March 25, 2020. The report based on transactions held on Razorpay platform between the first 250 days (March 25, 2020 to November 29, 2020) and the next 250 days (November 30, 2020 to August 6, 2021).

<https://www.thehindubusinessline.com/money-and-banking/digital-transactions-grew-80-in-last-250-days-razorpay-report/article35813620.ece>

- **Equitas SFB launches fintech accelerator programme ‘Equitech’:** Equitas Small Finance Bank on Monday announced the launch of ‘Equitech’ – a fintech accelerator programme aimed at the start-up ecosystem. The programme, designed to scale-up, will help fintechs to curate their products and define a go-to-market strategy. In a press release, the Chennai-based lender said, Equitech will help fintechs to reach the next level and take its product to the market in a more targeted manner. The programme was launched on August 7 and the application process for the enrolment has commenced. “Indian fintech ecosystem is experiencing exponential growth from almost all the sub-segments ranging from payments and regtech to robo-advisory and blockchain. This growth is driven by the innovative fintech start-ups that were able to create unique banking trends like BaaS, neo banking, open banking, autonomous finance etc,” Murali Vaidyanathan, Senior President and Country Head – Branch Banking - Liabilities, Products & Wealth, Equitas Small Finance Bank said in the release.
<https://www.thehindubusinessline.com/money-and-banking/equitas-sfb-lanches-fintech-accelerator-programme-equitech/article35811816.ece>
- **GIFT City, India Insurtech Association ink pact to promote fintech in insurance space:** India Insurtech Association (IIA), a not-for-profit body promoting tech-driven insurance ecosystems in India inked a memorandum of understanding (MoU) with International Financial Services Centre at GIFT City, (GIFT-IFSC) to collaborate on building thought leadership in the field of insurance and promoting GIFT City for Indian and foreign insurance companies. To raise awareness about GIFT IFSC, the collaboration will organise events, information series, seminars, and conferences. The two institutions will also research regulatory sandbox projects for GIFT IFSC, which will benefit insurtech start-ups, re-insurance businesses, politicians, service providers, and individuals. Tapan Ray, MD and Group CEO, GIFT City, said, “We have presence of some of the major insurance players in GIFT City and now, with this collaboration, we can aspire to be a vibrant hub for world-class insurance products and services and encourage innovation in the segment.”
<https://www.thehindubusinessline.com/money-and-banking/gift-city-india-insurtech-association-ink-pact-to-promote-fintech-in-insurance-space/article35814819.ece>
- **Consultant for MARS: Pension regulator comes with new RFP:** Pension regulator Pension Fund Regulatory & Development Authority (PFRDA) has come up with a new Request for Proposal (RFP) for appointment of a consultant to help design a Minimum Assured Return Scheme (MARS) under the National Pension System (NPS). The new RFP has relaxed the eligibility criteria set earlier for a bidder and has now allowed those with experience of designing or development of atleast one scheme with guarantee for its client, to bid for the consultant role, sources close to the development said. The eligibility criteria had to be tweaked as the response for the previous RFP— issued in May this year— was very tepid with only one entity showing interest, they added.



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<https://www.thehindubusinessline.com/money-and-banking/consultant-for-mars-pension-regulator-comes-with-new-rfp/article35819834.ece>

- **Now, depositors can withdraw up to ₹5 lakh if bank placed under moratorium:** Parliament has given its approval to a Bill to amend the Deposit Insurance and Credit Guarantee Corporation Act, 1961. The amendment to the Act will enable depositors to access their deposit up to sum prescribed under deposit insurance, which is ₹5 lakh, in case the bank is placed under moratorium, and that too within 90 days. The Rajya Sabha gave its nod to this Bill last week and on Monday, Lok Sabha cleared it. Now, the Bill will be sent to the President for his assent post which it will become law. Depositors of PMC Bank are likely to be covered under the new mechanism. As of now, depositors have to wait for liquidation or passage of resolution to get the benefit of deposit insurance. This takes 8-10 years. Now, this will not be the situation. Finance Minister Nirmala Sitharaman has already said that payment is to be made within 90 days. “First 45 days will be taken by the banks for collecting the information and next 45 days for checking. Then on 91st or 92nd day or around that, payment will be made,” Sitharaman had said while announcing the Cabinet decision on July 28.
<https://www.thehindubusinessline.com/money-and-banking/now-depositors-can-withdraw-up-to-5-lakh-if-bank-placed-under-moratorium/article35812585.ece>
- **New licensing regime for urban co-operative banks in the pipeline:** A brand new licensing regime for urban co-operative banks (UCBs) is on the cards for financially sound and well-managed co-operative credit societies. This comes 17 years after the Reserve Bank of India (RBI) stopped issuing them, with the number of UCBs now at 1,539, down from 1,926 in 2003-04. A rethink on constituting a board of management (BoM) for UCBs with deposits of over Rs 100 crore is also in the works, along with the framing of modalities for a national umbrella organisation. These moves will constitute a part of a comprehensive review of regulations and plot the flight path for UCBs by the newly-minted Ministry of Co-operation (MoC), which is also expected to refresh the National Co-operative Development Policy (2002). “These issues are expected to be taken up by the MoC, North Block, and the RBI after the monsoon session of Parliament concludes,” said a top regulatory official.
https://www.business-standard.com/article/finance/new-licensing-regime-for-urban-co-operative-banks-in-the-pipeline-121080900030_1.html
- **Depositors of PMC, other banks to benefit from DICGC Bill: FM Sitharaman:** Depositors of Punjab and Maharashtra Cooperative (PMC) Bank, Guru Raghavendra Cooperative Bank that are under stress will benefit from the changes in the Deposit Insurance Credit Guarantee Corporation Act, and will be eligible to withdraw up to Rs 5 lakh within 90 days, said Finance Minister Nirmala Sitharaman. “(DICGC) Bill is effective from now, but PMC Bank, Guru Raghavendra Bank that are already under stress but which are not under moratorium, which may have administrator sitting and sorting the business out, even their depositors will benefit and get Rs 5 lakh within 90 days,” Sitharaman said while tabling the Bill in Lok Sabha. The resolution of banks under stress is taking time and as a result the depositors are not getting more than the emergency money for medical treatment, among others, Sitharaman said. “We want to make sure within 90 days depositors get the money so that small depositors who make up 98 per cent of all depositors will get their money in time,” she said.



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https://www.business-standard.com/article/finance/depositors-of-pmc-other-banks-to-benefit-from-dicgc-bill-fm-sitharaman-121080900792_1.html

- **Rupee snaps 5-day winning streak, drops 11 paise against US dollar:** Halting its five-session winning run, the rupee on Monday declined by 11 paise to close at 74.26 (provisional) against the US dollar, tracking the firm American currency. At the interbank foreign exchange market, the domestic currency opened at 74.21 against the American currency and slipped further to close at 74.26, registering a decline of 11 paise over its previous close. On Friday, the rupee had settled at 74.15 against the US dollar. During the session, the local unit touched an intra-day high of 74.21 and a low of 74.29 against the US currency. The dollar index, which gauges the greenback's strength against a basket of six currencies, was trading marginally down by 0.02 per cent at 92.77.

https://www.business-standard.com/article/finance/rupee-snaps-5-day-winning-streak-drops-11-paise-against-us-dollar-121080901161_1.html

- **Conversion of Vodafone debt into equity an option: Banks to DoT:** Conversion of debt of the stressed telecom player Vodafone Idea Ltd (VIL) into equity could be an option to emerge out of the crisis, lenders led by State Bank of India (SBI) have suggested to Department of Telecommunications (DoT). DoT had called senior bank officials on Friday to discuss the stress in the telecom sector arising out of the Supreme Court order last month on the adjusted gross revenue (AGR)-related dues payable by telecom majors, including Vodafone Idea and Bharti Airtel, sources said. The top court has given a time period of 10 years to telecom service providers struggling to pay Rs 93,520 crore of AGR-related dues to clear their outstanding amount to the government. Bankers also told senior DoT officials that conversion of debt of VIL into equity is an option but not a sustainable one, sources said, adding that since VIL had not defaulted on its debts so far, they cannot take any action yet. In a bid to keep a company a going concern, banks have used the option of converting debt into equity in many stress cases in the past. Capital infusion by promoters is the best option in the given scenario, sources said quoting bankers.

https://www.business-standard.com/article/companies/conversion-of-vodafone-idea-debt-into-equity-an-option-banks-to-dot-121080900757_1.html

- **RBI issues draft proposals to liberalise overseas investments norms:** The Reserve Bank on Monday issued draft guidelines to further liberalise regulatory framework governing overseas investments with a view to promote ease of doing business. The RBI has placed on its website two documents -- draft Foreign Exchange Management (Non-debt Instruments - Overseas Investment) Rules, 2021 and draft Foreign Exchange Management (Overseas Investment) Regulations, 2021. Overseas investments and acquisition of immovable properties outside India by persons resident in India are presently governed by the provisions of Foreign Exchange Management (Transfer or Issue of any Foreign Security) Regulations, 2004 and Foreign Exchange Management (Acquisition and Transfer of Immovable Property Outside India) Regulations 2015, respectively. "With a view to further liberalise regulatory framework and also to promote ease of doing business, it has been decided to rationalise the existing provisions governing overseas investment," the Reserve Bank said.

<https://www.moneycontrol.com/news/business/economy/rbi-issues-draft-proposals-to-liberalise-overseas-investments-norms-7299161.html>



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- **Sensex up 125 at closing, Nifty above 16,200:** The BSE Sensex closed at 54,402.85, up 125.13 points or 0.23 per cent. It hit an intraday high of 54,584.73 and a low of 54,124.27. Nifty 50 closed at 16,258.25, up 20.05 points or 0.12 per cent. It hit an intraday high of 16,320.75 and a low of 16,179.05. The breadth of the market turned in favour of the decliners with a ratio of 2:1 as 2,039 stocks declined, 1,291 advanced and 146 remained unchanged on the BSE. Furthermore, 381 stocks hit the lower circuit as compared to the 366 stocks that were locked in the upper circuit. Besides, 370 stocks touched 52-week high level and 35 touched a 52-week low. Mahindra & Mahindra, Tech Mahindra, Axis Bank, Bajaj Finserv and IndusInd Bank were the top gainers on the Nifty 50 while Tata Consumer, Coal India, Adani Ports, Bharti Airtel and SBI Life were the top laggards.
<https://www.thehindubusinessline.com/markets/stock-markets/sensex-up-125-at-closing-nifty-above-16200/article35814136.ece>
- **Gold prices tank by Rs 1,122 to Rs 46,525/10 gm amid global sell-off; silver crashes Rs 2,541 a kg:** Gold prices plunged by Rs 1,122 to Rs 46,525 per 10 gram in the Mumbai retail market continued selloff in the international market after firm jobs data and expectation of early Fed tapering. The yellow metal declined to more than a four-month low but managed to recoup early losses and traded near \$1,750/oz. The price of 10 gram, 22-carat gold in Mumbai was Rs 42,617 plus 3 percent GST, while 24-carat 10 gram stood at Rs 46,525 plus GST. The 18-carat gold is quoted at Rs 34,894 plus GST in the retail market. Silver prices crashed by Rs 2,541 to Rs 64,186 per kg against its closing price on August 6.
<https://www.moneycontrol.com/news/business/markets/gold-prices-tank-by-rs-1122-to-rs-4652510-gm-on-weak-global-cues-silver-crashes-rs-2541-a-kg-7298221.html>

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