



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

June 11, 2021

- **SBI moves to remove Reliance Infratel’s fraud tag:** State Bank of India (SBI) has moved to withdraw allegations of fraud against Reliance Infratel, the telecom tower unit of Reliance Communications (RCom), petitioning the National Company Law Tribunal (NCLT) to this end through an affidavit. The move comes days after Reliance Jio Infocomm (Jio), the designated buyer of Infratel’s assets, had moved the bankruptcy court to seek forensic audit reports that had marked the accounts of Infratel and RCom as “fraudulent”. According to people in the know, the rushed affidavit was filed over fears that Jio may back out of its plan to buy Infratel for about Rs 4,000 crore due to the label, dealing a blow to lenders’ efforts to recover some of their money. SBI didn’t respond to queries. “The bank feels that the fraud tag on Reliance Infratel could delay the resolution process and the quantum of recovery could fall further,” said a bank executive aware of the matter.
<https://economictimes.indiatimes.com/industry/telecom/telecom-news/sbi-moves-to-remove-rel-infratels-fraud-tag/articleshow/83386220.cms?from=mdr>
- **SBI-controlled RRBs see four-fold jump in net profit at Rs 1,004 cr in FY21:** The 14 regional rural banks (RRBs) under the country’s largest lender State Bank of India (SBI) have posted four-fold growth in net profit at Rs 1,004.28 crore in FY21, despite substantial provision for pension of Rs 1,457.69 crore. Their net profit was Rs 248.8 crore in FY20. These banks continued to focus on improving earnings from their core banking business, strengthening the fee income streams and maintaining control on operating costs, according to SBI’s annual report for 2020-21 (FY21). With 4,726 branches, the lenders improved their business profile despite facing the brunt of macro-economic shock and the Covid-19 pandemic. Their deposits grew 13 per cent to Rs 1.05 trillion and advances expanded 15.06 per cent to Rs 66,551 crore in FY21. As a planned strategy to diversify the portfolio, RRBs expanded their housing loans by 20.35 per cent, while gold loans grew 91.73 per cent, SBI said.
https://www.business-standard.com/article/finance/sbi-controlled-rrbs-see-4-fold-jump-in-net-profit-at-rs-1-004-28-cr-in-fy21-121060901751_1.html
- **Bank of Baroda cuts MCLR for various tenors by 0.05%:** State-owned Bank of Baroda today said it has slashed the benchmark one-year marginal cost of funds based lending rate (MCLR) by 0.05%. The bank has approved the revision in MCLR with effect from June 12, 2021, the lender said in a regulatory filing. The MCLR for one-year tenor stands revised to 7.35%. Among others, the six-month and three-month tenor MCLR have also been slashed by 0.05% each to 7.20% and 7.10%, respectively. Bank of Baroda stock closed 3.54 per cent up at ₹84.75 apiece on BSE.
<https://www.moneycontrol.com/news/business/bank-of-baroda-cuts-mclr-for-various-tenors-by-0-05-7016551.html>
- **HDFC to raise up to Rs 2,000 crore by issuing bonds:** Mortgage lender HDFC Ltd will raise up to Rs 2,000 crore by issuing debt securities on a private placement basis to augment its long-term resources. The secured redeemable non-convertible debentures for an issue size of Rs 2,000 crore will be open for bid on June 14 and closes on the same day, HDFC said in a regulatory filing. The bonds with



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10 years of tenure will carry a coupon rate of 6.88 per cent per annum, said the country's largest mortgage financier. "The object of the issue is to augment the long-term resources of the Corporation. The proceeds of the present issue would be utilised for financing/refinancing the housing finance business requirements of the Corporation," it said. Stock of HDFC traded at Rs 2,561.75 apiece on BSE, up 0.67 percent from the previous close.

<https://www.moneycontrol.com/news/business/companies/hdfc-to-raise-up-to-rs-2000-crore-by-issuing-bonds-7014881.html>

- **YES Bank receives board approval to raise ₹10,000 crore through debt securities:** Private sector lender Yes Bank has received approval from its board of directors to raise ₹10,000 crore through debt securities. "The board of directors of the bank, in its meeting held on June 10, 2021, have considered and approved seeking shareholders' approval for borrowing or raising funds in Indian or foreign currency up to an amount of ₹10,000 crore by issue of debt securities including but not limited to non-convertible debentures, bonds, Medium Term Note (MTN)," it said in a regulatory filing on Thursday. <https://www.thehindubusinessline.com/money-and-banking/yes-bank-receives-board-approval-to-raise-10000-crore-through-debt-securities/article34782815.ece>
- **Paytm unit seeks RBI exemption from NBFC tag:** Paytm Entertainment -- a subsidiary of fintech giant Paytm -- faces the risk of being classified as a Non-Banking Financial Company (NBFC) after it lent money to a joint venture business that exceeded the central bank's limits. The online ticket booking services provider has approached the Reserve Bank of India, seeking exemption from being categorised as a finance company as it is not in the business of lending, said people with direct knowledge of the matter. RBI rules say if a company derives 50% of its total assets and income from financial assets, it needs to register with the central bank as an NBFC. Last year, Paytm Entertainment had sanctioned a one-time loan to its joint Venture Paytm First Games to a tune of ₹80 crore. The loan was an aid to help the joint venture survive Covid-19 downturn. Post this loan, the balance-sheet of Paytm Entertainment exceeded the 50% cap specified under the RBI rules as on March 31, 2021. <https://economictimes.indiatimes.com/industry/banking/finance/banking/paytm-unit-seeks-rbi-exemption-from-nbfc-tag/articleshow/83379593.cms?from=mdr>
- **Yes Bank to shift base to former Rinfra headquarters in Mumbai:** Private lender Yes Bank will give up its entire leased space in Indiabulls Finance Centre in central Mumbai and occupy the erstwhile Anil Dhirubhai Ambani Group headquarters at Santacruz as early as next week, bringing down its operational and rental costs substantially. "It will be a lock-stock-barrel move out of Indiabulls Finance Centre... This will save the lender at least a few hundred crores in annual rent," an industry official aware of the development told ET. "It's also renegotiating rent and shutting several branches to substantially reduce operational expenses." Yes Bank aims to cut expenses by more than 20% by relocating its offices from the central business district to new locations to rationalise cost, people in the know said. The office has already been renamed 'Yes Bank House'. <https://economictimes.indiatimes.com/industry/banking/finance/banking/yes-bank-to-shift-base-to-former-rinfra-hq-in-mumbai/articleshow/83382275.cms>



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- **Govt plans to dress up PSBs before sale; Bank of Maharashtra, BOI, IOB in queue:** The government plans to dress up state run lenders' balance sheets through capital support and sale of non-core assets among other measures before putting them on the block. The transformation plan also includes transfer of impaired loans to the proposed bad bank and reducing employee count by offering attractive voluntary retirement schemes, officials aware of the developments said. Bank of Maharashtra, Bank of India, and Indian Overseas Bank are the frontrunners for being privatised, they said. Central Bank of India may be taken up based on its financial recovery. Punjab & Sind Bank and UCO Bank, the other two lenders that were not merged as a part of the public sector bank consolidation, are not being considered for privatisation yet, officials said. "While the Niti Aayog has recommended two names, the empowered group of ministers may also consider other names based on suggestions from other stakeholders," a government official said.
<https://economictimes.indiatimes.com/industry/banking/finance/banking/govt-plans-to-dress-up-psbs-before-sale-bank-of-maha-boi-iob-in-queue/articleshow/83381678.cms>
- **RBI hikes ATM interchange fee per transaction from Rs 15 to Rs 17:** The Reserve Bank of India (RBI) on Thursday allowed an increase in the interchange fee structure for ATM transactions after almost 9 years, considering the increasing cost of Automated Teller Machines (ATM) deployment and expenses towards ATM maintenance incurred by the banks and white label ATM operators. Accordingly, the RBI has hiked the interchange fee per transaction from Rs 15 to Rs 17 for financial transactions and from Rs 5 to Rs 6 for non-financial transactions in all centres, effective August 1, 2021. The card issuing bank pays an interchange fee to the operator of the ATM when a customer makes a transaction at an ATM that does not belong to the card-issuing bank. Currently, the card-issuing bank pays an interchange fee of Rs 15 for each cash transaction and Rs 5 for each non-cash transaction. The ATM operators had been pushing for a hike in interchange for some time now but banks were not on the same page on the issue as, ultimately, the extra cost would have to be borne by the customers.
https://www.business-standard.com/article/finance/rbi-hikes-atm-interchange-fee-per-transaction-from-rs-15-to-rs-17-121061001152_1.html
- **Retail loan demand moving to smaller cities from young borrowers: Report:** COVID-19 has impacted borrower behaviour pattern with a majority of borrowing shifting out of tier-I cities, demanding smaller ticket loans and millennials accounting for a bulk of retail loan demand according to a joint report by credit bureau Transunion Cibil and Google. The report also underscores the increasing use of technology platforms to borrow in recent times. An analysis of consumer loan patterns by the credit bureau showed that 49% of new-to-credit retail borrowers are less than 30 years old. Significantly, small ticket lending is increasingly moving out of larger metros with 70% of disbursements from smaller cities and towns. Besides, the preference is for small size loans of upto Rs 25,000. Amongst all personal loans has gone up from 10% in 2017 to 60% in 2020, the report noted.
<https://economictimes.indiatimes.com/industry/banking/finance/banking/retail-loan-demand-moving-to-smaller-cities-from-young-borrowers-report/articleshow/83404153.cms?from=mdr>



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- **Bharti AXA Life Insurance expects 20% growth in business in current fiscal:** Bharti AXA Life Insurance expects 20 per cent growth in business during the current fiscal backed by higher demand for protection and guaranteed plans amid the Covid-19 induced pandemic. The company had witnessed a four per cent growth in business premium at ₹2,281 crore in FY21. According to Parag Raja, MD & CEO, Bharti AXA Life, the life insurance industry is estimated to grow 12-15 per cent during the current fiscal, as against a single digit growth it had clocked in FY21. “The current pandemic has forced consumers to shift their mindset when it comes to life insurance as a product category. Pre covid, people generally bought life insurance for tax saving or for some for sort of obligation, but the current humanitarian crisis has forced people to start thinking about this. Our estimate is that the life insurance industry should grow by 12-15 per cent during the current fiscal and we want to outperform the industry growth,” Raja told Business Line.
<https://www.thehindubusinessline.com/money-and-banking/bharti-axa-life-insurance-expects-20-growth-in-business-in-current-fiscal/article34779553.ece>
- **Karix Mobile deploys WhatsApp Business solution for Axis Bank:** Karix Mobile, a wholly-owned subsidiary of Tanla Platforms, has deployed a conversational banking solution- WhatsApp Business- for Axis Bank. Using the solution, Axis Bank customers can now start a WhatsApp chat with the bank to conduct frequent banking activities on-the-go. A gamut of financial services – both transactional and informational - such as checking account balance, checking of credit card bill amount, knowing nearest branch or ATM location and the like can be availed by customers through this solution. “From digitising the account opening process to serving the customer throughout the lifecycle with omnichannel communication, our obsession with improving customer experience has led to some path breaking innovations in the cloud communications space for the banking industry,” Deepak Goyal, Chief Business Officer, Tanla Platforms Limited, said in a release.
<https://www.thehindubusinessline.com/money-and-banking/karix-mobile-deploys-whatsapp-business-solution-for-axis-bank/article34772863.ece>
- **BharatPe acquires PAYBACK India:** BharatPe on Thursday announced the acquisition of PAYBACK India from American Express and ICICI Investments Strategic Fund. It did not disclose the transaction value. “This is the first-ever acquisition by BharatPe and will make PAYBACK India, the country’s largest multi-brand loyalty program with over 10 crore members, a wholly-owned subsidiary of BharatPe,” it said in a statement. The acquisition of PAYBACK India is in line with BharatPe’s strategy to build a robust and engaged network of over two crore small merchants by 2023, it further said. - Business Line
Auto debit transactions.
<https://timesofindia.indiatimes.com/business/india-business/bharatpe-acquires-payback-india/articleshow/83393264.cms>
- **Bounce rates rise for a second consecutive month:** Hit by the second wave of the Covid-19 pandemic and lockdowns, stress amongst borrowers seems to be on the rise, though it is lower than what was seen in the first surge of the pandemic. Data captured by the National Payments Corporation of India from its National Automated Clearing House (NACH) platform reveals that the number of unsuccessful auto debit requests increased for a second straight month in May. Of the total auto debit transactions of 8.57 crore in May this year, 5.49 crore transactions were successful while 3.08 crore were returned.



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This reflects a return or bounce rate of 35.91 per cent in May compared to 34.05 per cent in April this year.

<https://www.thehindubusinessline.com/money-and-banking/auto-debit-transactions-bounce-rates-rise-for-a-second-consecutive-month/article34778574.ece>

- **RBI may give banks/NBFCs more time to appoint auditors:** The Reserve Bank of India may give more time to regulated entities, including banks, to implement the new guidelines on the appointment of statutory auditors. Regulated entities are of the view that a year's time should have been given for implementing the guidelines as some of them have already re-appointed auditors for FY22. The RBI's new norms were unveiled on April 27. The guidelines allow regulated entities to appoint auditors for three years. What this means is that audit firms that have already completed the three-year period will have to discontinue their assignment. Financial services industry veteran TT Srinivasaraghavan observed that some of the regulated entities have already had their AGMs in which appointment of Statutory Auditors is usually on the agenda. So, industry bodies want some more time (say, from April 1, 2022) for implementation of the guidelines.

<https://www.thehindubusinessline.com/money-and-banking/rbi-may-give-banksnbfc-s-more-time-to-appoint-auditors/article34782339.ece>

- **Banks see pressure on interest margins as high provisions, lower interest rates pinch:** Banks, especially state-run banks, are seeing increasing pressure on their net interest margins (NIMs) which bankers attributed to a mix of factors including a low interest-rate regime, high provisioning on stressed assets and the lack of meaningful credit growth. NIM is the difference between interest earned on loans and interest paid on deposits. A Moneycontrol analysis of the margins of nine top banks showed that public sector banks have seen a clear decline in NIMs between the October-December and January-March quarter of FY21. NIMs fell up to 56 basis points (bps) on a sequential basis. A basis point is one-hundredth of a percentage point. In comparison, private banks either saw NIMs remain stable or increase.

<https://www.moneycontrol.com/news/business/banks-see-pressure-on-interest-margins-as-high-provisions-lower-interest-rates-pinch-7015701.html>

- **Gold prices fall for the second straight day to Rs 48,750/10 gram, silver rises by Rs 405 a kg:** Gold prices declined for the second successive day to Rs 48,750 per 10 gram at Mumbai retail market on weak global cues and a stronger dollar. However, the precious metal downside was capped by depreciation in Rupee. The rate of 10 gram 22-carat gold in Mumbai was Rs 44,655 plus 3 percent GST, while 24-carat 10 gram was Rs 48,750 plus GST. The 18-carat gold quoted at Rs 36,563 plus GST in the retail market. Silver prices surged by Rs 405 to Rs 71,224 per kg against its closing price on June 9.

<https://www.moneycontrol.com/news/business/commodities/gold-prices-fall-for-the-second-straight-day-to-rs-4875010-gram-silver-rises-by-rs-405-a-kg-7015291.html>

- **Rupee slips 13 paise to 73.02 against dollar:** The Indian rupee fell 13 paise and slipped below the 73 per US dollar mark in early trade on Wednesday tracking the strengthening of the American currency in the overseas market. At the interbank foreign exchange, the domestic unit opened at 72.90 against



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the dollar, then slipped 13 paise to 73.02 against the American currency. On Tuesday, the rupee had settled at 72.89 against the American currency.

<https://www.thehindubusinessline.com/markets/forex/rupee-slips-13-paise-to-7302-against-dollar/article34766761.ece>

- **Sensex rebounds 358 points; Nifty closes above 15,700:** The BSE Sensex closed at 52,300.47, up 358.83 points or 0.69 per cent. It hit an intra-day high of 52,346.35 and a low of 51,957.92. The Nifty 50 closed above 15,700 at 15,737.75, up 102.40 points or 0.65 per cent. It touched an intra-day high of 15,751.25 and a low of 15,648.50. The breadth of the market remained positive with 2,456 stocks advancing, 727 declining and 150 remaining unchanged on the BSE. As many as 621 securities hit the upper circuit and 126 the lower circuit; 467 hit their 52-week high, while 26 touched a 52-week low. Bajaj Finance, Bajaj Finserv, State Bank of India, Divi's Lab and IndusInd Bank were the top gainers on the Nifty 50, while Bajaj Auto, Eicher Motors, UPL, Adani Ports and Shree Cements were the top laggards.

<https://www.thehindubusinessline.com/markets/stock-markets/sensex-rebounds-358-points-nifty-closes-above-15700/article34780178.ece>

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