



**THE INSTITUTE OF  
COST ACCOUNTANTS OF INDIA**  
(STATUTORY BODY UNDER AN ACT OF PARLIAMENT)  
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## DAILY NEWS DIGEST BY BFSI BOARD, ICAI

July 14, 2021

- **India bad bank takes shape with SBI exec as first chief:** The National Asset Reconstruction Co. Ltd (NARCL), or the so-called bad bank, has been registered in Mumbai with a paid-up capital of ₹74.6 crore, according to filings with the Registrar of Companies (RoC). The bad bank will be headed by Padmakumar Madhavan Nair, a stressed assets expert from State Bank of India (SBI), as the managing director. The other directors are Indian Banks' Association (IBA) chief executive Sunil Mehta, SBI deputy managing director Salee Sukumaran Nair and Canara Bank's representative Ajit Krishnan Nair. Touted as a one-stop solution to India's burgeoning bad loan menace, NARCL was set up on 7 July with an authorized capital of ₹100 crore and has been classified as a "Union government company", the RoC filings showed.  
<https://www.livemint.com/industry/banking/india-bad-bank-takes-shape-with-sbi-exec-as-first-chief-11626116976669.html>
- **Finance Ministry puts on hold examination for clerical cadre in PSU banks:** The Finance Ministry on Tuesday directed the Institute of Banking Personnel Selection (IBPS) to put on hold examination for clerical cadre in public sector banks (PSBs) till a final view is taken on conducting tests in regional languages. In order to look into the demand for holding examination for clerical cadre in PSBs in local/regional languages, a Committee has been constituted to look into the matter in its entirety, the Finance Ministry said in a statement. "The Committee will give its recommendations within 15 days. The ongoing process of holding the examination initiated by IBPS will be kept on hold until the recommendations of the Committee are made available," it said. Recently, IBPS issued advertisement for holding an examination for recruitment in the clerical cadre of PSBs only in two languages--English and Hindi. There has been demand particularly from Southern states to include other recognised regional languages for conducting bank clerical cadre. There are 22 languages recognized by the Constitution of India.  
[https://www.business-standard.com/article/economy-policy/finance-ministry-puts-on-hold-examination-for-clerical-cadre-in-psu-banks-121071301169\\_1.html](https://www.business-standard.com/article/economy-policy/finance-ministry-puts-on-hold-examination-for-clerical-cadre-in-psu-banks-121071301169_1.html)
- **Lenders set up bad bank for loans in default:** Public sector lenders led by Canara Bank have officially formed the bad bank — the National Asset Reconstruction Company (NARC). Their next step now is to obtain approval from the Reserve Bank of India (RBI) to function as an ARC. In May, banks decided to appoint Padmakumar M Nair, chief general manager in charge of stressed assets in SBI, as the MD of the NARC. According to RBI norms, an ARC should have minimum net-owned funds of not less than 15% of the total financial assets that it plans to acquire on an aggregate basis or Rs 100 crore. According to industry sources, lenders have identified 22 asset loan accounts worth Rs 82,496 crore. Assuming a book value of half the loan amount, the ARC would have to pay out around Rs 6,000 crore to purchase the assets. This is because the RBI norms require that 15% of the value of the asset has to be paid in cash, while the rest can be paid for by issuing security receipts (SRs). These SRs entitle the holder to a share of the recovery effected by the ARC.



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<https://timesofindia.indiatimes.com/business/india-business/lenders-set-up-bad-bank-for-loans-in-default/articleshow/84358764.cms>

- **BHIM UPI to foray into Bhutan:** NPCI International Payments Ltd (NIPL) and Royal Monetary Authority (RMA) of Bhutan have entered a partnership for enabling and implementing BHIM UPI QR-based payments in Bhutan. “The collaboration between NIPL and RMA will enable acceptance of Unified Payments Interface (UPI) powered BHIM App in Bhutan,” NPCI said in a statement. RMA will ensure that the participating NPCI mobile application through UPI QR transactions is accepted at all RMA-acquired merchants in Bhutan. Bhutan will become the first country to adopt UPI standards for its QR deployment. It will also become the only country to both issue and accept RuPay cards as well as accept BHIM UPI. “The service will be formally launched by Finance Minister of India Nirmala Sitharaman on July 13,” NPCI further said. The launch will also benefit more than 2 lakh tourists from India who travel to Bhutan each year.  
<https://www.thehindubusinessline.com/money-and-banking/bhim-upi-to-foray-into-bhutan/article35294018.ece>
- **CCEA clears LIC IPO; may hit market in Q4 of FY22:** The Initial Public Offer (IPO) of Life Insurance Corporation of India (LIC) moved one more step with the Cabinet Committee of Economic Affairs (CCEA) green-lighting it. “The CCEA has given in-principle approval,” a senior government official told BusinessLine. Although the IPO timeline is not set, it is expected to hit the market in the fourth quarter of 2020-21. Also, there is no clarity on the size of IPO, but experts expect this to be the largest ever in India. The Centre has already notified all amendments to the LIC Act, 1956 to facilitate the IPO. Earlier this month, in an interview to BusinessLine, Finance Minister Nirmala Sitharaman had said the LIC IPO “is on course”. However, she refused to give a timeline fearing it will lead to speculation.  
<https://www.thehindubusinessline.com/economy/policy/ccea-clears-lic-ipo-may-hit-market-in-q4-of-fy22/article35287548.ece>
- **Banks to invoke sureties given by promoters of 17 defaulting cos:** Several banks, including State Bank of India and Bank of Baroda, are moving to invoke the personal guarantees given by promoters of 17 defaulting companies including Punj Lloyd, Amtek Auto, ABG Shipyard, Videocon, Varun Shipping, and Lanco. They have approached the National Company Law Tribunal. “Banks have decided that for invoking the personal guarantees, only the lead lender in each case will go to the NCLT. Applications have been filed before NCLT Benches in Delhi, Ahmedabad, Kolkata and Mumbai,” said a source. In May, the Supreme Court upheld the amendment to the Insolvency and Bankruptcy Code that allowed lenders to invoke the personal guarantees of promoters to recover their dues. This came as a major relief for lenders as under the corporate insolvency process, they are able to recover 35-40 per cent of the total debt in most cases. Now, in the absence of a credible repayment plan, creditors can initiate bankruptcy proceedings against the promoters. According to a PIL in the Supreme Court, lenders can recover ₹1.6-lakh crore from 40 defaulting promoters through this route.  
<https://www.thehindubusinessline.com/money-and-banking/banks-to-invoke-sureties-given-by-promoters-of-17-defaulting-cos/article35287233.ece>



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- **RBI may tweak rules to reduce ARCs' cash outgo when buying stressed assets:** The Reserve Bank of India may tweak the 'skin in the game' criteria for Asset Reconstruction Companies (ARCs) in cases where they link-up with an investor to buy stressed assets from lenders on 100 per cent cash basis. The central bank is examining the possibility of lowering an ARC's contribution to acquire a stressed asset on all-cash basis from 15 per cent of the acquisition price to 2.5 per cent to 5 per cent. The reason for this is that there are investors willing to bring in a chunk of money (95-97.5 per cent of the acquisition price) for buying stressed assets.  
<https://www.thehindubusinessline.com/money-and-banking/rbi-may-tweak-rules-to-reduce-arcs-cash-outgo-when-buying-stressed-assets/article35287042.ece>
- **DBS Bank India eyes self-sufficiency in capital within next 3-5 yrs:** DBS Bank India, which bought ailing Lakshmi Vilas Bank, expects to generate internal capital--that is, attain self-funding capacity--over a three-five year period to grow business. Fow now capital is adequate and as the bank grows, it will need resources for which a plan is already in place. Eventually over three to five years, it assumes that business on combined basis will be large enough to be able to generate capital to self-fund growth. Till that time, the bank has the support of group (DBS), said Surojit Shome, managing director and chief executive, DBS Bank India. The bank's Capital Adequacy Ratio (CAR) stood at 15.13 per cent, with Common Equity Tier-1 at 12.34 per cent in March 2021. During the year (FY21), Singapore-based DBS Bank infused Rs 2,500 crore into Indian subsidiary to support the amalgamation.  
[https://www.business-standard.com/article/finance/dbs-bank-india-eyes-self-sufficiency-in-capital-within-next-3-5-yrs-121071301224\\_1.html](https://www.business-standard.com/article/finance/dbs-bank-india-eyes-self-sufficiency-in-capital-within-next-3-5-yrs-121071301224_1.html)
- **Credit card spends seen 8% lower in Q1 from March quarter:** Total credit card spends in Q1FY22 is estimated to be 8% lower than the preceding three months at an aggregate level, analysts said. For SBI Card, analysts at ICICI Securities expect the total spend to be ₹33,300 crore in Q1FY22 as against ₹35,900 crore in Q4FY21. At the systemic level, the impact of covid second wave on credit card as well as other payments, has been much less than during the first wave, and recovery too has been faster, they said. Despite sequential decline, credit card spends in May remained higher than monthly spend between April and September 2020. This indicates that the impact of the second wave is significantly less than the first, the report said Tuesday. "One can expect recovery in June given a 12% month-on-month growth in unified payment interface (UPI) payments in June and an average daily POS/e-commerce spend that was 22% higher than May at ₹1,600 crore. Credit card segment has also outperformed debit card considering that the ratio of credit card to debit card spend has remained at >1 since January," it said.  
<https://www.livemint.com/industry/banking/credit-card-spends-seen-8-lower-in-q1-from-march-quarter-11626165456871.html>
- **Rupee closes higher by 9 paise at 74.49:** The rupee strengthened by 9 paise to close at 74.49 against the US dollar on Tuesday, marking its third straight day of gains on foreign fund inflows and positive domestic equities. Firm crude oil prices, however, capped the gains in the local currency, forex dealers said. At the interbank forex market, the local unit opened higher at 74.49 against the greenback and witnessed an intra-day high of 74.41 and a low of 74.50 during the session. On



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Monday, the rupee had settled at 74.58 against the US dollar. In the last three trading sessions, the rupee has appreciated by 22 paise.

<https://www.thehindubusinessline.com/money-and-banking/rupee-gains-14-paise-to-7444-against-us-dollar-in-early-trade/article35293743.ece>

- **BoM launches QIB issue:** Bank of Maharashtra on Tuesday informed the stock exchanges that it has opened the qualified institutional placement issue, at a floor price of ₹24.89 a share. The bank said it might offer a discount of up to 5 per cent on the floor price to the institutional investors. On April 29, the board had approved raising up to ₹5,000 crore through equity and debt. Shares of Bank of Maharashtra closed at ₹24.30, up 1.9 per cent over the previous day's close on the BSE.

<https://www.thehindubusinessline.com/markets/stock-markets/bom-launches-qib-issue/article35308311.ece>

- **Market rebounds sharply, led by financials:** The BSE Sensex closed at 52,769.73, up 397.04 points or 0.76 per cent. It hit an intraday high of 52,806.86 and a low of 52,545.68. The Nifty 50, after surpassing the 15,800-mark with an intraday high of 15,820.80, closed at 15,812.35, up 119.75 points or 0.76 per cent. It hit an intraday low of 15,744.60. The breadth of the market remained positive, with 1,854 stocks advancing, 1,360 declining and 141 remaining unchanged on the BSE. As many as 519 securities hit the upper and 210 lower circuits; 513 hit their 52-week high while 11 touched a 52-week low. ICICI Bank, Grasim, HDFC, Axis Bank and SBI Life were the top gainers on the Nifty 50 while Adani Ports, Dr Reddy, HCL Tech, Tata Consumer and Tech Mahindra were the top laggards.

<https://www.thehindubusinessline.com/markets/stock-markets/sensex-up-362-pts-intraday-nifty-above-15700/article35295271.ece>

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