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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
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+91-33-2252-1723
Website : www.icmai.in

DAILY NEWS DIGEST BY BFSI BOARD, ICAI

September 15, 2021

- **SBI to cut base rate by 5 bps to 7.45% from Sept 15:** India's largest bank, State Bank of India (SBI) on September 14 has decided to cut the base rate by 5 bps to 7.45 percent from Wednesday. SBI will also cut the prime lending rate by 5 bps to 12.20 percent. Previously in April 2021, SBI had reduced home loans rates to 6.70 per cent and a special concession of 5 bps to women borrowers. Base rate is the minimum rate of interest set by the Reserve Bank of India and is taken as standard rate by all banks. Banks are not permitted to lend at a rate below the base rate once set by the central bank. The current base rate set by central bank is 7.30-8.80 percent.
https://www.business-standard.com/article/finance/state-bank-of-india-to-cut-base-rate-by-5-bps-to-7-45-also-reduce-plr-121091500039_1.html#:~:text=The%20Morning%20Show-,State%20Bank%20of%20India%20to%20cut%20base%20rate%20by,to%207.45%25%2C%20also%20reduce%20PLR&text=Ahead%20of%20the%20festive%20season,per%20cent%2C%20effective%20September%2015.
- **Union Bank of India inks its first sustainability-linked overseas loan:** Union Bank of India, through its international banking division, has secured a sustainability-linked loan aggregating to total syndicated facility of \$1.5 billion with one of the leading trading corporates globally, the state-owned bank said on Tuesday. Under the facility, Union Bank of India will include three key performance indicators (KPIs) relating to a reduction in greenhouse gas emissions, responsible sourcing of metals and growing renewable power portfolio. The sustainability-linked KPIs will have to be tested annually and verified by a third-party expert. Under this structure, the interest rate paid by the borrower on the credit facilities will decrease or increase based on the group's progress on three key performance indicators (KPIs), the bank said in a statement.
<https://www.livemint.com/industry/banking/union-bank-of-india-inks-its-first-sustainability-linked-overseas-loan-11631599784405.html>
- **UCO Bank sees 'improved investor appetite':** UCO Bank, which recently came out of the purview of the Reserve Bank's Prompt Corrective Action, is expecting an "improved investor appetite", which is likely to help its proposed capital raising plan. The bank had recently received the board approval to raise close to ₹3,000 crore capital in 2021-22. The fundraise can take place through various modes, such as follow-on public offer, qualified institutional placement and preferential issue, subject to necessary approvals, it had said in a regulatory notification to stock exchanges.
<https://www.thehindubusinessline.com/money-and-banking/uco-bank-sees-improved-investor-appetite/article36458697.ece>
- **Punjab National Bank begins exit from Canara HSBC OBC Life Insurance:** Punjab National Bank, the country's second largest public sector bank, has set the ball rolling for sale of its entire stake in Canara HSBC OBC Life Insurance (CHOICE) by inviting bids for the appointment of a legal advisor for the proposed transaction. After the three way amalgamation with Oriental Bank of Commerce and



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United Bank of India from April 1 last year, PNB had become a promoter shareholder, with 23 per cent stake in CHOICE. Prior to this amalgamation, OBC held 23 per cent stake in CHOICE.

<https://www.thehindubusinessline.com/money-and-banking/punjab-national-bank-begins-exit-from-canara-hsbc-obc-life-insurance/article36456451.ece>

- **Co-lending: Punjab & Sind Bank ties up with Indiabulls:** Punjab & Sind Bank (PSB), a public sector bank, has entered into a strategic co-lending alliance with Indiabulls Commercial Credit and Indiabulls Housing Finance (IHFL) for MSME and Priority Sector Housing Loans respectively. Commenting on the partnership, S Krishnan, MD & CEO of PSB said that the co-lending model will improve the flow of credit to the unserved and underserved sector of the economy and make available funds to the ultimate beneficiary at an affordable cost, considering the lower cost of funds from banks and greater reach of the NBFCs/ HFLs.
<https://www.thehindubusinessline.com/money-and-banking/co-lending-punjab-sind-bank-ties-up-with-indiabulls/article36447086.ece>
- **Escorts ties up with IndusInd Bank for finance to farmers:** To make its range of tractors and farm equipment more accessible, Escorts Ltd has partnered with IndusInd Bank to provide financial solutions to farmers. IndusInd Bank will offer farmers easy access to financial assistance in the form of loans in a seamless manner, Escorts said in a statement on Tuesday. Given its deep understanding of rural markets and wider penetration, IndusInd Bank will bring forth better accessibility to innovative financial solutions which, in turn, will help Escorts attain its larger goal of fostering the dreams of farmers, the company said.
<https://www.thehindubusinessline.com/money-and-banking/escorts-ties-up-with-indusind-bank-for-finance-to-farmers/article36447838.ece>
- **ICICI Bank leases 25,000 sq ft in Connaught Place:** ICICI Bank Ltd. has leased 25,000 sq ft at Delhi's Dr. Gopal Dass Bhawan, Barakhamba Road, two people aware of the development said. The deal was facilitated by NCR-based brokerage firm Realistic Realtors. "Our goal is to assist businesses in locating elevated properties in prime locations that provide unparalleled access to all of the facilities that will benefit the buyer during the leasing process. Our area of expertise has demonstrated that we can deliver the finest service and consultancy to our clientele across a multitude of sectors," said Ankit Gupta, Regional Director, Realistic Realtors.
<https://economictimes.indiatimes.com/industry/services/property/-/cstruction/icici-bank-leases-25000-sq-ft-in-connaught-place/articleshow/86196247.cms#:~:text=Connaught%20Place%20is%20one%20of,based%20brokerage%20firm%20Realistic%20Realtors.>
- **ARCs may hunt MSME, retail assets as ground shifts: Crisil:** Asset reconstruction companies (ARCs) are expected to circle stressed accounts in the micro, small and medium enterprises (MSME) and retail segments in the near-to-medium term, given the twin challenges of inadequate funding access and intensifying competition once the proposed bad bank materialises, rating agency Crisil said on Monday. ARCs have been facing headwinds in the past two fiscals, with assets under management



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(AUM) – as measured by security receipts (SRs) outstanding – contracting after a strong run-up in the previous five, as per it's analysis.

<https://economictimes.indiatimes.com/small-biz/sme-sector/arcs-may-hunt-msme-retail-assets-as-ground-shifts-crisil/articleshow/86171056.cms>

- **NBFCs resent current account move by banks, flag reconciliation issues:** Non-bank lenders have made a representation to the Indian Banks' Association (IBA), asking it to advise lenders that the restriction on current accounts laid down by the banking regulator is not applicable to them, as multiple such accounts are required across geographies for collection purposes. While non-bank lenders (NBFCs) have proposed converting all collection accounts into cash credit facilities, they say banks are insisting on depositing cash or cheques in the centralised accounts, which has led to reconciliation issues. They say several such accounts have been closed by banks in recent months to meet with RBI rules on current accounts. "We request IBA to advise banks that the restriction on current accounts is not applicable to NBFCs, as already confirmed by RBI in their guidelines, insofar as they are required for collection," NBFC lobby body FIDC said in a letter to IBA, seen by ET.
<https://economictimes.indiatimes.com/industry/banking/finance/banking/nbfc-resent-banks-current-account-moves/articleshow/86185044.cms?from=mdr>
- **India, Singapore launch project to link UPI and PayNow for instant fund transfers:** India and Singapore will link their respective fast payment systems -- Unified Payments Interface (UPI) and PayNow -- to enable users to make instant, low-cost fund transfers on a reciprocal basis, the Reserve Bank said on Tuesday. The Reserve Bank of India (RBI) and the Monetary Authority of Singapore (MAS) announced the project to link the fast payment systems. The linkage is targeted for operationalisation by July 2022, the RBI said in a statement. "The UPI-PayNow linkage will enable users of each of the two fast payment systems to make instant, low-cost fund transfers on a reciprocal basis without a need to get onboarded onto the other payment system," it said.
<https://economictimes.indiatimes.com/tech/tech-bytes/india-singapore-launch-project-to-link-upi-and-paynow/articleshow/86191497.cms?from=mdr>
- **Bad loans of banks may cross Rs 10 lakh crore by end of this fiscal, says study:** Banks' bad loans might cross Rs 10 lakh crore by the end of this fiscal, mainly on account of slippages in retail and MSME sectors, a study said on Tuesday. "NPAs are expected to rise to 8.5-9 per cent by March 2022, driven by slippages in retail, Micro, Small and Medium Enterprise (MSME) accounts, besides some restructured assets," the study by industry body Assocham and ratings firm Crisil said. The study titled 'Reinforcing the Code' said the Gross Non-Performing Assets (GNPAs) of banks are expected to cross Rs 10 lakh crore by March 2022.
<https://economictimes.indiatimes.com/industry/banking/finance/banking/bad-loans-of-banks-may-cross-rs-10-lakh-crore-by-end-of-this-fiscal-says-study/articleshow/86200140.cms?from=mdr>
- **Credit demand back to normal for NBFCs:** Demand for loans to purchase trucks and construction equipment is gathering steam and back to the pre-Covid levels on rising infrastructure spending by governments and capital expenditure by private companies. The demand for retail credit too is back on track, shrugging off the economic cost of the pandemic.



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<https://economictimes.indiatimes.com/industry/banking/finance/banking/credit-demand-back-to-normal-for-nbfcs/articleshow/86202531.cms>

- **ToneTag completes RBI's first cohort of voice-based retail payments:** ToneTag has successfully completed the Reserve Bank of India's first cohort for voice-based retail payments. It has executed offline voice-based payments via feature phones and smartphones in areas with inconsistent internet connectivity, with people who are digitally not savvy or find it difficult to use apps for banking or payments, making digital payments a reality for all, it said in a statement on Tuesday.
<https://economictimes.indiatimes.com/tech/technology/tonetag-completes-rbis-first-cohort-for-voice-based-retail-payments/articleshow/86193476.cms#:~:text=Agencies%20ToneTag%20said%20it%20has,RBI%20san-dbox%20for%20retail%20payments.>
- **Tata Capital launches LAMF scheme:** Tata Capital has launched 'Loan Against Mutual Funds' (LAMF), whereby customers can digitally avail loans ranging from ₹5 lakh and ₹2 crore. The non-banking finance company, in a statement, said the end-to-end (onboarding to disbursement) digital loan offering, which is quick and hassle free, is provided against a wide range of equity and debt schemes across mutual funds.
<https://www.thehindubusinessline.com/money-and-banking/tata-capital-launches-lamf-scheme/article36448454.ece>
- **Hexahealth raises ₹33 crore from Omidyar, others:** Healthcare startup Hexahealth on Tuesday said it has raised ₹33 crore in funding led by impact investor Omidyar Network and Chiratae Ventures. The seed funding round, which aims to transform surgery experience for patients, also saw participation from 3one4 Capital, while healthcare professionals like Viren Shetty, Rohit MA and Rehan Khan of Merck India have come in as angel investors, as per a statement.
<https://www.thehindubusinessline.com/money-and-banking/hexahealth-raises-33-crore-from-omidyar-others/article36449047.ece>
- **Madras High Court withdraws order on bumper-to-bumper insurance:** The Madras High Court has withdrawn its order on bumper-to-bumper insurance following submissions made by counsels of Insurance Regulatory and Development Authority of India (IRDAI), General Insurance Corporation of India (GIC) and the Society of Indian Automobile Manufacturers (SIAM) that the Court's direction may not be conducive and suitable for implementation in the current situation.
<https://www.thehindubusinessline.com/news/madras-high-court-withdraws-order-on-bumper-to-bumper-insurance/article36455059.ece>
- **Trust between govt and industry critical, says FM Nirmala Sitharaman:** Highlighting the importance of trust between the government and industry, Union Finance Minister Nirmala Sitharaman said on Monday that it was essential to leverage opportunities thrown up by the Covid-19 pandemic and take the country one generation ahead. The trust between the two sides was reflected in the government's actions, Sitharaman said while addressing members of the Confederation of Indian Industry (CII) in Chennai.



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https://www.business-standard.com/article/economy-policy/trust-between-govt-and-industry-critical-says-fm-nirmala-sitharaman-121091400013_1.html

- **Microfinance loan portfolio rises 4.2% to Rs 2,37,369 cr as of June-end:** The microfinance industry's gross loan portfolio (GLP) rose 4.2 per cent to Rs 2,37,369 crore as of June 30, 2021, compared with Rs 2,27,727 crore as of June 30, 2020, according to a report by Microfinance Institutions Network (MFIN). Microfinance loan disbursements during the first quarter of the financial year 2021-22 improved significantly to Rs 25,503 crore, compared with Rs 6,186 crore in the corresponding quarter last year. MFIN is an industry association comprising 58 NBFC-MFIs and 39 associates including banks, small finance banks (SFBs) and non-banking financial companies (NBFCs). It released the Micrometer report for the April-June 2021 quarter on Tuesday.
https://www.business-standard.com/article/finance/microfinance-loan-portfolio-rises-4-2-to-rs-2-37-369-cr-as-of-june-end-121091401067_1.html
- **Reserve Bank penalises Spice Money, Kuppam Co-op Town Bank:** The Reserve Bank on Tuesday said it has imposed a penalty of Rs 2.44 lakh on Spice Money Limited for contravention of certain norms. The RBI also imposed a fine of Rs 5 lakh on The Kuppam Co-operative Town Bank, Kuppam, Chittoor district (Andhra Pradesh) for deficiencies in regulatory compliance. Regarding Spice Money, RBI said it was observed that the entity was non-compliant with directions issued by the central bank on maintenance of escrow account balance.
https://www.business-standard.com/article/finance/reserve-bank-penalises-spice-money-kuppam-co-op-town-bank-121091401359_1.html
- **Bad bank meets RBI capital norms through rights issue:** Shareholders of India's bad bank put in an additional ₹74.6 crore through a rights issue to meet minimum capital norms, enabling it to apply for a Reserve Bank of India (RBI) licence, showed documents available with the registrar of companies (RoC). Under a rights issue, a company allows only existing shareholders to participate in the fundraise.
<https://www.livemint.com/industry/banking/bad-bank-meets-rbi-capital-norms-through-rights-issue-11631559925607.html>
- **Rupee closes flat at 73.68 against US dollar:** The rupee settled flat at 73.68 (provisional) against the US currency on Tuesday in tandem with the muted trend in domestic equities. At the interbank foreign exchange market, the local currency opened at 73.62 and witnessed a low of 73.70 and an intra-day high of 73.57 in the day trade. The domestic unit finally settled at 73.68 against the greenback, unchanged from its previous close.
<https://www.thehindu.com/business/rupee-closes-flat-at-7368-against-us-dollar/article36451262.ece>
- **Gold prices hover near Rs 47,000 per 10 gm on muted global trend; silver declines by Rs 70 a kg:** Gold prices fell for the fourth straight day by Rs 42 to Rs 47,017 per 10 gram in the Mumbai retail market on muted global trends. Investors were cautious ahead of US August Inflation data to be released later in the day which could offer hints on the Federal Reserve's decision to taper stimulus. The price of 10 gram, 22-carat gold in Mumbai was Rs 43,068 plus 3 percent GST, while 24-carat 10



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gram stood at Rs 47,017 plus GST. The 18-carat gold is quoted at Rs 35,263 plus GST in the retail market. Silver prices modestly slide by Rs 70 to Rs 62,806 per kg against its closing price on September 13.

<https://www.moneycontrol.com/news/business/commodities/gold-prices-hover-near-rs-47000-per-10-gm-on-muted-global-trend-silver-declines-by-rs-70-a-kg-7466291.html>

- **Sensex, Nifty end flat with a positive bias:** The BSE Sensex closed at 58,247.09, up 69.33 or 0.12 per cent. It hit an intraday high of 58,482.62 and a low of 58,214.29. The Nifty 50 closed at 17,380.00, up 24.70 points or 0.14 per cent. It hit an intraday high of 17,438.55 and a low of 17,367.05. IndusInd Bank, HCL Tech, Hero Motocorp, Adani Ports and Tata Motors were the top gainers on the Nifty 50 while UltraTech Cement, HDFC, BPCL, Nestle India and Tata Steel were the top laggards.

<https://www.thehindubusinessline.com/markets/stock-markets/sensex-nifty-end-flat-with-a-positive-bias/article36451706.ece>

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