



**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

August 17, 2021

- **SBI announces fees waiver, lower rates to commemorate Independence Day:** State Bank of India announced concessional interest rates, waiver of processing charges on loans and higher deposit rates on specific tenures to commemorate India's 75th Independence day. SBI said it will waive processing fees for its car loan customers, and has offered up to 90% on-road financing for their car loans. Customers applying for a car loan through the bank's YONO app will get a special interest concession of 25 basis points (bps). YONO users can avail car loans at an interest rate starting at 7.5 per cent per annum, the bank said. Customers looking for gold loans will get a 75 basis point reduction in the interest rates at 7.50%. One basis points is 0.01 percentage point. No processing fees will be charged for customers applying for gold loans through the YONO app.
<https://economictimes.indiatimes.com/industry/banking/finance/banking/sbi-announces-fees-waiver-lower-rates-to-commemorate-independence-day/articleshow/85365330.cms#:~:text=State%20Bank%20of%20India%20announced,financing%20for%20their%20car%20loans.>
- **HDFC launches green and sustainable deposits:** Mortgage firm HDFC on Monday said it has launched green and sustainable deposits with an aim to safeguard the environment from climate change. These fixed deposits will be directed towards financing of green and sustainable housing credit solutions and services, HDFC said in a statement. These deposits will carry interest rates up to 6.55 per cent while maturity period would vary from three to five years. Senior citizens (60 years+) will be eligible for an additional 0.25 per cent per annum on deposits up to Rs 2 crore. Talking about the new product, HDFC Chairman Deepak Parekh said "Today, sustainability is no longer about doing less harm, but about doing more good."
https://www.business-standard.com/article/finance/hdfc-launches-green-and-sustainable-deposits-programme-for-retail-clients-121081601698_1.html
- **Tata Motors partners with Bank of Maharashtra for passenger vehicle retail financing scheme:** Homegrown auto major Tata Motors on Monday said it has partnered with Bank of Maharashtra to offer retail financing scheme for its passenger vehicles. Under the partnership, Bank of Maharashtra will provide loans to Tata Motors' customers at an interest rate starting from as low as 7.15 per cent linked with Repo Linked Lending Rate (RLLR), subject to certain conditions, the company said in a statement. Besides, the scheme will offer a maximum of 90 per cent financing on the total cost of the vehicle (on-road pricing) for various individuals like salaried employees, self-employed people, professionals, businessmen, and agriculturist, it added. On the other hand, a maximum of 80 per cent financing can be availed on the cost of the vehicle by corporate clients, the company said. Tata Motors Passenger Vehicles Business Unit Vice president, Sales, Marketing and Customer Care Rajan Amba said, "Given the ramifications of the second wave of the pandemic, we, at Tata Motors, have always tried to make our personal mobility solutions more affordable and accessible for individuals and families at beneficial rates." The partnership with Bank of Maharashtra is aimed at offering special finance schemes to support to the company's customers in these tough times, it added.



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<https://www.moneycontrol.com/news/business/tata-motors-partners-with-bank-of-maharashtra-for-passenger-vehicle-retail-financing-scheme-7340711.html>

- **HDFC to raise funds from retail investors through Green Deposits to finance sustainable housing :** Mortgage lender Housing Development Finance Corporation (HDFC) is planning to raise funds from retail investors to support financing of green and sustainable housing projects including loans to developers and homebuyers. The financing offered through these 'Green and Sustainable Deposits' will aim to safeguard the environment from climate change. Last month, HDFC and the World Bank Group member IFC entered into an agreement to promote green housing in India through lending for affordable and low-income housing. IFC, the largest global development institution, has extended a loan worth \$250 million to HDFC under this partnership. At least 25% of the financing is earmarked for green affordable housing, which is likely to encourage this market in India.
<https://economictimes.indiatimes.com/industry/banking/finance/banking/hdfc-to-raise-funds-from-retail-investors-through-green-deposits-to-finance-sustainable-housing/articleshow/85365973.cms?from=mdr>
- **HDFC Bank approves issue of AT1 bonds:** HDFC Bank on Monday said it will issue debt instruments in the form of Additional Tier 1 bonds. "We had informed the stock exchanges that the Board of Directors of HDFC Bank in its meeting held on July 17, 2021, is contemplating raising of long term funds through the issuance of \$ Basel III Compliant Additional Tier 1 Bonds (Notes), in the international markets, subject to market conditions," it said in its filing. An offering memorandum has been prepared and shall be made available to the prospective investors in relation to the contemplated issue of Notes, it further said. The bank, however, did not specify the amount to be raised.
<https://www.thehindubusinessline.com/money-and-banking/hdfc-bank-approves-issue-of-at1-bonds/article35933869.ece>
- **KVG Bank launches FRUITS portal:** The Dharwad-headquartered Karnataka Vikas Grameena Bank (KVG), in association with the Karnataka government, has launched 'Farmer Registration and Unified Beneficiary Information System' (FRUITS) portal. Inaugurating the portal in Dharwad on Monday, Niraj Kumar Verma, Chief General Manager of Nabard, said the FRUITS portal is the first of its kind in the country where in the land and other details of all the farmers in the State are being captured. In this latest initiative by the Karnataka government, all the farmers will be registered and given a FRUITS ID (FID) number. Using this number, the financial and lending institutions can access the land details of farmers as well as their borrowings and take a quick decision on lending to them depending on their requirements, he said.
<https://www.thehindubusinessline.com/money-and-banking/kvg-bank-launches-fruits-portal/article35937208.ece>
- **Moody's assigns 'Ba3' rating to HDFC Bank's AT1 dollar-denominated bonds:** Rating agency Moody's has assigned "Ba3" rating to country's largest private lender HDFC Bank's dollar-denominated Additional Tier 1 (AT1) capital bonds. This would be the bank's maiden AT1 bonds offering in the international market to raise debt capital. Country's largest lender State Bank of India has already



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raised capital through AT1 bonds from global markets. The bank's total Capital Adequacy Ratio (CAR) stood at 19.1 per cent as on June 30, 2021 (18.9 per cent as on June 30, 2020). Its tier 1 capital stood at 17.9 per cent in June 2021 (17.5 per cent in June 2020). The Common Equity Tier 1 Capital ratio (CET1) was at 17.2% as of June 30, 2021. It has a very small pool of AT1 capital bonds at 0.5 per cent.

https://www.business-standard.com/article/finance/moody-s-assigns-ba3-rating-to-hdfc-bank-s-at1-dollar-denominated-bonds-121081600631_1.html

- **UPI forms 10% of overall retail payments in FY21, says Macquarie report:** The National Payments Corporation of India's (NPCI) flagship payment platform, Unified Payments Interface (UPI), made up for 10 per cent of overall retail payments in FY21 (excluding RTGS), growing at a compounded annual growth rate (CAGR) of 400 per cent between FY17 and FY21, a report by Macquarie Research said. Until a few years ago, UPI's share in overall retail payments was only 2 per cent. Launched in 2016, UPI, although a late entrant in the retail payments space, saw its FY21 annual throughput value at Rs 41 trillion, almost 2.8x that of credit and debit card at Point of Sale (PoS) combined, and almost 20x that of prepaid payment instruments (PPIs). "While the share of UPI has gone to 10 per cent since FY17, the share of PPIs (wallets, pre-paid cards, etc) has remained insignificant (sub 0.5 per cent in overall retail payments)", the research report said.
https://www.business-standard.com/article/finance/upi-forms-10-of-overall-retail-payments-in-fy21-says-macquarie-report-121081600963_1.html
- **Citibank becomes first US bank to set up unit in IFSC at GIFT City:** Citibank, which is headquartered in the USA and has a strong international presence, on Monday received a license from the IFSC Authority to set up its banking unit at India's first International Financial Services Centre at GIFT City, Gujarat. With this, Citibank will become the first US-based bank to set up a branch in GIFT-IFSC. Citibank will be servicing both Indian as well as its global customer base from this IFSC branch. India's maiden IFSC at GIFT City has witnessed significant increase in banking sector activity, with the total banking transactions now crossing the \$100 billion mark. These transactions include external commercial borrowings, foreign currency term loans and trade finance among others.
https://www.business-standard.com/article/finance/citibank-becomes-first-us-bank-to-set-up-unit-in-ifsc-at-gift-city-121081601584_1.html#:~:text=Home-,Citibank%20becomes%20first%20US%20bank%20to%20set,in%20IFSC%20at%20GIFT%20City&text=Citibank%2C%20which%20is%20headquartered%20in,Centre%20at%20GIFT%20City%2C%20Gujarat.
- **Microfinance sector reports 14% sequential drop in loan portfolio in Q1:** The microfinance sector saw a 14% sequential decline in its loan portfolio to Rs2.14 lakh crore for the quarter ended June. On a year-on-year basis, the decline was 4%, according to the data compiled by MFI self-regulatory body Sa-Dhan. The fall was sharpest in the case of non-banking finance companies (NBFCs) which saw loans decline 22% and small finance banks which logged a 14% fall. The sector, however, witnessed loan disbursement of Rs25,820 crore during the quarter despite the pandemic. Loan disbursement during the same period in 2020 was at Rs6,464 crore. That said, the disbursement is nowhere near pre-pandemic levels and continues to reel under the impact of the pandemic, Sa-Dhan said.



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<https://www.livemint.com/industry/banking/microfinance-sector-reports-14-sequential-drop-in-loan-portfolio-in-q1-11629116330548.html>

- **Sensex, Nifty close at record high but weakness continues in mid and small-caps:** The BSE Sensex, after recording a new all-time high of 55,680.75, closed at a record high of 55,582.58, up 145.29 points or 0.26 per cent. It hit an intraday low of 55,281.02. The Nifty 50 closed at 16,563.05, up 33.95 points or 0.21 per cent, after recording a new high of 16,589.40. It recorded an intraday low of 16,480.75. Tata Steel, Bajaj Finance, Mahindra & Mahindra, Britannia and IOC were the top gainers on the Nifty 50, while Maruti, Shree Cements, Eicher Motor, Powergrid and Bajaj Auto were the top laggards.

<https://www.thehindubusinessline.com/markets/stock-markets/sensex-nifty-close-at-record-high-but-weakness-continues-in-mid-small-caps/article35940942.ece>

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