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DAILY NEWS DIGEST BY BFSI BOARD, ICAI

September 17, 2021

- **State Bank of India, Bank of Baroda reduce home loan rates by 25-45 bps:** Country's largest lender, State Bank of India, has launched a bouquet of festive offers on Thursday for prospective home loan customers. The offers are aimed to make home loans more affordable in the festive season. In a first-of-its-kind initiative, SBI offers credit score linked home loans at just 6.70%, irrespective of the loan amount. Earlier a borrower availing a loan greater than Rs 75 lakh, had to pay an interest rate of 7.15%. With the introduction of the festive offers, a borrower can now avail home loan for any amount at a rate as low as 6.70%. The offer results in a saving of 45 bps, which translates to a huge interest saving of more than Rs 8 lakh, for a Rs 75 lakh loan with a 30-year tenure. Meanwhile, BoB said it will offer a waiver of 25 basis points on the existing rates for home and car loans, along with a waiver of processing fee in home loans. Now, the bank's home and car loan rates will start from 6.75 per cent and 8 per cent, respectively.
https://www.business-standard.com/article/finance/state-bank-of-india-bank-of-baroda-reduce-home-loan-rates-by-25-45-bps-121091700037_1.html
- **Indian Banks' Association to push for more reforms, take over EASE agenda:** Indian Banks' Association or IBA has taken up reformation of the corporate lending system, dealing with issues like syndicate lending and multiple financing, said its chief executive Sunil Mehta. "IBA has given its recommendations to RBI," he said. The government, however, wants the banking association to have domain experts and not limit itself to an association that passes banking issues to the RBI. "IBA can also look at providing training and skilling of middle management banking professionals for unburdening the banks in terms of empowering and upskilling the banking professionals in the country," said financial services secretary Debasish Panda. The IBA has started its operational office in New Delhi. "IBA in times to come has a very important role to play and must work towards increasing its visibility as a central nodal agency taking up large number of issues," said Panda urging them to scout for good competent resources and technology adoption for capitalisation. Rajkiran Rai, chairman IBA noted that the association's transformation started since 2018 and is now more closely involved in the business side operations than mere advocacy.
<https://economictimes.indiatimes.com/industry/banking/finance/banking/indian-banks-association-to-push-for-more-reforms-take-over-ease-agenda/articleshow/86253366.cms?from=mdr>
- **Bank of Baroda announces festive offers on retail loans:** State-owned Bank of Baroda on Thursday rolled out a slew of festive offers for its retail borrowers. The lender is offering a waiver of 0.25 per cent in the existing applicable rates for Baroda Home Loans and Baroda Car Loans, according to a release. The bank's home loan rates start at 6.75 per cent and car loan rates at 7 per cent. It has also waived off processing fee on home loans. "With the introduction of these retail loan offers for this festive season, we intend to bring festive cheer among our existing loyal customers and also offer new to bank customers an attractive proposition for availing home loans and car loans," the bank's general manager (mortgages & other retail assets) H T Solanki said.



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<https://bfsi.economictimes.indiatimes.com/amp/news/banking/bank-of-baroda-announces-festive-offers-on-retail-loans/86287421>

- **Over Rs 30,000 crore guarantee approved for bad bank, says FM Sitharaman:** The Cabinet had yesterday approved govt guarantee of up to Rs 30,600 crore to back security receipts to be issued by National Asset Reconstruction Company (NARCL), said Finance Minister Nirmala Sitharaman in an address on the bad bank on Thursday. The NARCL will pay up to 15% of the agreed value for the cash loans and the remaining 85% would be government-guaranteed security receipts. "We have addressed issues in the banking sector that were staring us in the face in 2015," Sitharaman said.
<https://economictimes.indiatimes.com/industry/banking/finance/banking/over-rs-3o000-crore-guarantee-approved-for-bad-bank-says-fm-sitharaman/articleshow/86260526.cms?from=mdr>
- **Kotak Mahindra Group acquires vehicle financing portfolio of Volkswagen Finance:** Kotak Mahindra Group has acquired the vehicle financing loan portfolio of Volkswagen Finance Private Limited, the Indian captive financing arm of Volkswagen Group. Kotak Mahindra Prime will acquire the passenger cars and two-wheelers portfolio, and Kotak Mahindra Bank will acquire the commercial vehicles portfolio of Volkswagen Finance. "The strategic intent behind this acquisition is to further strengthen Kotak's vehicle financing loan portfolio and expand our market share," said D Kannan, Group President – Commercial Banking, Kotak Mahindra Bank. "The long-term growth prospects of the Indian vehicle market are very attractive and this acquisition reinforces Kotak's standing as one of the leading vehicle financing players."
<https://www.livemint.com/companies/news/kotak-mahindra-acquires-vehicle-financing-portfolio-of-volkswagen-finance-11631789114490.html>
- **RBI approves Ujjivan's committee of directors for smooth functioning of the bank:** Ujjivan Small Finance Bank has formed a special committee of three independent directors to oversee the operations and administration of the bank in the absence of a regular chief executive. The Reserve Bank of India approved it. Chairman of the bank's board BA Prabhakar, Ravichandran Venkataraman and Rajni Mishra are members of the committee, a person familiar with the matter said. The bank's entire senior leadership will report to the committee of directors," the person added. The bank is facing a vacuum in the top management with chief executive Nitin Chugh resigning last month. Chief financial officer Upma Goel also resigned in July. Both will officially exit the bank on September 30.
<https://economictimes.indiatimes.com/industry/banking/finance/banking/rbi-approves-ujjivans-committee-of-directors-for-smooth-functioning-of-the-bank/articleshow/86263963.cms#:~:text=Agencies%20The%20Reserve%20Bank%20of%20India%20approved%20it.&text=Small%20Finance%20Bank%20has%20formed,Bank%20of%20India%20approved%20it.>
- **Poonawalla Fincorp's Managing Director, Abhay Bhutada, resigns after SEBI action:** Poonawalla Fincorp managing director Abhay Bhutada has resigned from the non banking finance company (NBFC) a day after Securities and Exchange Board of India (SEBI) barred him from dealing in securities, for allegedly using price sensitive information in trading in the shares of Magma Fincorp before it was acquired by the Poonawalla Group. Bhutada will step down with immediate effect after the company's



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board accepted his Bhutada's resignation, the company said in a statement to the exchanges. Group CEO Vijay Deshwal is likely to continue to run the operations of the company. In its order on Wednesday, SEBI said.

https://www.business-standard.com/article/markets/poonawalla-fincorp-md-abhay-bhutada-quits-following-sebi-action-121091601231_1.html

- **Bad Bank plan gets Cabinet nod, credit flow to economy expected to improve:** The cabinet has approved the establishment of a bad bank, another tool to resolve the bad debt dogging banks that has constrained the flow of credit to the economy, said a government official aware of the matter. An announcement is expected soon. Finance minister Nirmala Sitharaman had in the budget for FY22 announced a bad bank comprising an asset reconstruction company (ARC) and an asset management company (AMC) to consolidate and take over the stressed debt of banks. The government will provide guarantees to support the bad bank. Initially, the guarantee amount was pegged at a maximum ₹31,000 crore. It could be set lower as banks have projected an upside in recovery and full government guarantees may not be invoked.
<https://economictimes.indiatimes.com/industry/banking/finance/banking/bad-bank-plan-gets-cabinet-nod/articleshow/86247771.cms?from=mdr#:~:text=The%20Economic%20Times-,Bad%20Bank%20plan%20gets%20Cabinet%20nod%2C%20credit%20flow%20to%20economy,sale%20and%20resolution%20of%20NPAs.>
- **Easing of inflation provides RBI space to support growth:** The trajectory of inflation is sliding more favourable than anticipated, raising hopes that normalisation of ultra-loose policy may be pushed back than previously thought, according to a Reserve Bank of India analysis. The RBI in its state of the economy report said that prospects for the economy achieving 'escape velocity' are brightening. "As pandemic scars heal and supply conditions are restored with productivity gains, a sustained easing of core inflation can be expected, which will reinforce the growth-supportive stance of monetary policy," said the RBI article, prepared by its economic wing led by deputy governor Michael D Patra.
<https://economictimes.indiatimes.com/news/economy/policy/easing-of-inflation-provides-rbi-space-to-support-growth/articleshow/86261479.cms>
- **Mahindra Finance forays into vehicle leasing, subscription business:** Mahindra and Mahindra Financial Services on Thursday announced its entry into the leasing and subscription business. "The new vertical would operate under the brand name Quiklyz," it said in a statement. Under the leasing and subscription model, consumers would pay a monthly fee to access the vehicle of their choice across all car brands, at a lower price point compared to regular car ownership. "Corporate and businesses are also looking for alternate ways to have access to vehicles which can match their requirements without the burden of traditional ownership models," the company noted in the statement.
https://www.business-standard.com/article/news-cm/mahindra-financial-forays-into-vehicle-leasing-and-subscription-business-121091600423_1.html



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- **Kotak Mahindra Group acquires Volkswagen’s vehicle finance business:** Kotak Mahindra Bank on Thursday announced the acquisition of German carmaker Volkswagen's captive vehicle finance business for an undisclosed sum. The deal involves the private sector lender's in-house NBFC Kotak Mahindra Prime acquiring the passenger car and two-wheeler portfolio, while Kotak Mahindra Bank Limited (KMBL) will acquire the commercial vehicles portfolio from Volkswagen Finance (VF), as per an official statement. Kotak will gain access to over 30,000 high-quality customers with a total loan outstanding with VWFPL of around ₹1,340 crore, the statement said, adding all these loans have been classified as “standard loans”.
<https://www.thehindubusinessline.com/money-and-banking/kotak-mahindra-group-acquires-volkswagens-vehicle-finance-business/article36497817.ece>
- **Abhay Bhutada resigns from Poonawalla Fincorp:** Abhay Bhutada, Managing Director of Poonawalla Fincorp, has resigned with immediate effect. “Abhay Bhutada, Managing Director of the company has resigned from the board of the company with immediate effect from September 16, 2021, and the board of directors has accepted Abhay Bhutada’s resignation,” Poonawalla Fincorp said on Thursday. Vijay Deshwal, Group CEO, Poonawalla Fincorp will continue to run the operations of the company, it said “Bhutada has decided to step down as the MD of the company in the broader interest of the company and its stakeholders,” it said.
<https://www.thehindubusinessline.com/money-and-banking/abhay-bhutada-resigns-from-poonawalla-fincorp/article36502335.ece>
- **PFC issues India’s first ever Euro-denominated green bonds:** Power Finance Corporation (PFC) launched its maiden €300 million 7-year Euro Bond issuance on September 13 which got oversubscribed 2.65 times by institutional investors across Asia and Europe, the company said Thursday in a statement. The pricing of 1.841 per cent achieved is the lowest yield locked in by an Indian issuer in the Euro markets, it added. “It is not only the first Euro bond issuance by PFC but also the first ever Euro-denominated Green bond issuance from India. Moreover, it is the first Euro issuance by an Indian non-banking finance corporation(NBFC) and the first Euro bond issuance from India since 2017,” the release further added.
<https://www.thehindubusinessline.com/money-and-banking/pfc-issues-indias-first-ever-euro-denominated-green-bonds/article36491693.ece>
- **Banks geared for card tokenisation:** Banks indicate they are well prepared for the card tokenisation system and emphasise it will not impact customers. While lenders expect it to be a smooth transition, there could be some initial friction as consumers and merchants adapt to the new system. “This move by the Reserve Bank of India will enhance card security framework for digital transactions. With tokenisation, a card specific token is generated. Going forward that token can be used for all online transactions. This will ensure enhanced security. In case of any data breach or hacking attempt at the merchant’s end, the customer’s card details will still be protected,” said Sanjeev Moghe, EVP and Head-Cards and Payments, Axis Bank, adding that the lender is prepared for tokenisation.
<https://economictimes.indiatimes.com/tech/tech-bytes/google-pay-to-allow-tokenized-payments-through-credit-debit-cards/articleshow/83567651.cms?from=mdr>



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- **UBS Principal Capital Asia sells IndusInd Bank's shares worth Rs 354 cr:** UBS Principal Capital Asia Ltd on Thursday sold IndusInd Bank shares worth nearly Rs 354 crore through an open market transaction. Bulk deal data with the BSE showed that over 33.91 lakh shares were offloaded at an average price of Rs 1,034.5 apiece. This took the total transaction value to Rs 353.89 crore. Through a separation transaction, Societe Generale purchased the shares at the same price. On the BSE, shares of IndusInd Bank jumped 7.34 per cent to close at Rs 1,131.25 apiece. Separately, CDC Group Plc sold 1 crore shares of IIFL Finance for Rs 294.52 crore.
https://www.business-standard.com/article/finance/ubs-principal-capital-asia-sells-indusind-bank-s-shares-worth-rs-354-cr-121091601348_1.html
- **Srei Infra CEO Rakesh Bhutoria steps down on salary issue: Company filing:** Srei Infrastructure Finance (Srei) on Wednesday said its chief executive officer (CEO) Rakesh Kumar Bhutoria has resigned, mainly on account of the salary payment issue that has impacted team morale. "We wish to inform you that Rakesh Kumar Bhutoria has stepped down from the position of the Chief Executive Officer of the company to explore alternative sectors," Srei Infra said in a regulatory filing. Considering the salary payment issues arising out of the Trust and Retention Account (TRA) operationalised by the bankers, it has been impacting team morale, it added.
https://www.business-standard.com/article/finance/srei-infra-ceo-rakesh-bhutoria-steps-down-on-salary-issue-company-filing-121091501610_1.html
- **Sensex breaches 59,000; Nifty crosses 17,600;** The BSE Sensex has breached the 59,000-mark, recording a fresh all-time high of 59,204.29. It closed at 59,141.16, up 417.96 points or 0.71 per cent. It recorded an intraday low of 58,700.50. The Nifty recorded a closing high of 17,629.50, up 110.05 points or 0.63 per cent. It recorded a fresh all-time high of 17,644.60 and an intraday low of 17,510.45. IndusInd Bank, ITC, State Bank of India, Reliance and IOC were the top gainers on the Nifty 50 while Grasim, Bharti Airtel, TCS, Shree Cement and Tata Steel were the top laggards.
<https://theoutreach.in/sensex-breaches-59000-nifty-crosses-17600/>
- **Rupee slips 2 paise to close at 73.52:** The rupee slipped 2 paise to close at 73.52 (provisional) against the US currency on Thursday, tracking the strengthening of the greenback in the overseas markets. At the interbank foreign exchange market, the domestic currency opened flat at 73.51, witnessed an intra-day high of 73.34 and a low of 73.52 against the American currency during day trade. The local unit finally settled for the day at 73.52, down 2 paise over its previous close.
<https://www.thehindu.com/business/markets/rupee-slips-2-paise-to-close-at-7352-against-us-dollar/article36493652.ece>
- **Gold prices today near 1-month low after sharp fall, silver rates higher:** Gold prices were weak today in Indian markets after a sharp fall in the previous session. On MCX, gold futures were down 0.04% to near one-month low of ₹46,878 while silver edged 0.28% higher to ₹63,468 per kg. In the previous session, gold had slumped 0.77% or about ₹400 while silver had dipped 0.5%.
<https://www.livemint.com/market/commodities/gold-prices-today-near-1-month-low-after-sharp-fall-silver-rates-higher-11631763547738.html>



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