



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

June 18, 2021

- **SBI to consider raising additional tier-1 capital next week:** The country's largest lender SBI on Wednesday said its central board will meet next week to consider raising additional tier 1 capital for the current fiscal. A meeting of the central board of the State Bank of India is scheduled to be held on June 21, 2021, to consider raising capital, SBI said in a regulatory filing. The bank said it plans to raise additional tier-1 (AT-1) capital by way of issuance of Basel III compliant debt instruments in US dollar or Indian rupee through a public offer or private placement to overseas and/or Indian investors during FY22. AT-1 bonds, also called perpetual bonds, carry no maturity date but have a call option. The issuer of such bonds may call or redeem the bonds if it is getting money at a cheaper rate, especially at a time when interest rates are falling. Shares of SBI closed 0.83 per cent down at Rs 425.95 apiece on BSE.
<https://economictimes.indiatimes.com/markets/bonds/sbi-to-consider-raising-additional-tier-1-capital-next-week/articleshow/83581406.cms>
- **Punjab & Sind Bank declares Lanco Infratech as 'fraud account':** Punjab & Sind Bank (PSB) has declared the non-performing asset (NPA) account of Lanco Infratech Ltd as a "fraud account" and reported the same to the Reserve Bank of India. Lanco Infratech had outstanding dues of ₹215.17 crore, PSB said in a filing with the stock exchanges. PSB has already provided 100 per cent towards provisioning for this amount. It maybe recalled that Lanco Infratech was among the first 12 accounts that were listed by the RBI for Corporate Insolvency Resolution Process (CIRP). This company was admitted for liquidation in August 2018 after an order by the National Company Law Tribunal. The total bank consortium exposure in Lanco Infratech was about ₹47,000 crore and banks had to take haircut of 88 per cent, sources said. Lanco Infratech was the only listed entity of the Group and had to be delisted from both the exchanges following liquidation.
<https://www.thehindubusinessline.com/money-and-banking/punjab-sind-bank-declares-lanco-infratech-as-fraud-account/article34841272.ece>
- **Bank of Maharashtra relaxes transfer policy for staff during pandemic:** Bank of Maharashtra (BoM) has temporarily tweaked its transfer policy to curb costs associated with staff relocation, according to two people aware of the development. The bank's board has decided that for FY22, the time gap for transferring an employee from one zone to another will be relaxed to seven years from six years earlier. "As per the bank's existing transfer policy, the maximum period of stay is three years in a branch and six years in a zone. However, considering the pandemic situation, the bank has taken a board-level decision to relax the criteria of maximum stay in a zone for one more year and this will remain in force for the current year only," one of the bankers told Moneycontrol on condition of anonymity. Moneycontrol has sent an email to the bank seeking a comment. The copy will be updated once we receive a response.
<https://www.moneycontrol.com/news/business/bank-of-maharashtra-relaxes-transfer-policy-for-staff-during-pandemic-7049891.html>



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- **To power FY22 advances growth, Bank of Maharashtra eyes ₹2,000 cr fund raise:** The Pune-headquartered public sector bank expects to tap the QIP route. Bank of Maharashtra (BoM) has embarked on an exercise to mop up ₹2,000 crore via qualified institutions placement (QIP) of equity shares in a bid to support its FY22 advances growth target of 16-18 per cent. The Pune-headquartered public sector bank expects to tap the QIP route, comprising core issue size of ₹1,000 crore and a green shoe option of ₹1,000 crore, by July-end.
<https://www.thehindubusinessline.com/money-and-banking/to-power-fy22-advances-growth-bank-of-maharashtra-eyes-2000-cr-fund-raise/article34837432.ece>
- **HDFC Bank awaiting guidance from RBI on bar on new credit card customers, digital launches :** Private sector lender HDFC Bank, which has had multiple outages in its mobile and net banking services, said it is awaiting guidance from the Reserve Bank of India on the temporary halt on sourcing of new credit card customers and digital launches. “All the elements around the technology audit have been completed. We are awaiting further direction from the regulator. We don’t have any timelines as of now but we hope we will see some feedback from the regulator quite soon,” said Ramesh Lakshminarayanan, Chief Information Officer, HDFC Bank.
<https://www.thehindubusinessline.com/money-and-banking/hdfc-bank-awaiting-guidance-from-rbi-on-bar-on-new-credit-card-customers-digital-launches/article34839509.ece>
- **ICICI Bank leads in credit card issuances:** Private sector lender ICICI Bank seems to be turning into the market leader in terms of acquiring credit card customers. The bank has added over 8.15 lakh new credit card customers between January and April this year. This coincides with the temporary halt on acquisition of credit card customers on HDFC Bank by the Reserve Bank of India in December last year. According to the latest RBI data, ICICI Bank had 1.07 crore credit card customers by April end this year, adding 1.42 lakh customers over March. The bank has the third largest credit card base and has been making additions on a monthly basis. HDFC Bank continues to have the largest credit card customer base with 1.49 crore outstanding credit cards as on April 30, 2021.
<https://www.thehindubusinessline.com/money-and-banking/icici-bank-leads-in-credit-card-issuances/article34840249.ece>
- **HDFC Bank says awaiting clarity from central bank on lifting of RBI embargo:** Private lender HDFC Bank on Thursday said it was awaiting clarity from the Reserve Bank of India on when the embargo placed on it in December 2020 will be lifted. The bank also said that the outages it faced recently were not because of capacity issues in the bank’s infrastructure but hardware related issues. “All the elements around technology area that the auditor wanted to look, have been completed and the reports have been submitted to the regulator, we are awaiting further directions from the regulator in this matter,” said Ramesh Lakshminarayanan - Chief Information Officer - HDFC Bank. “I don’t have the timelines now, I can’t second guess, but we definitely hope we would see some feedback from the regulatory point.” HDFC Bank, which issues nearly 150,000 credit cards a month, was directed by the RBI in December to stop issuing fresh cards until it had sorted out its tech problems. The bank also couldn’t launch any new digital initiatives. In February, the regulator appointed an external firm for carrying out a special audit of HDFC Bank’s IT infrastructure. The report was submitted last month.



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<https://www.moneycontrol.com/news/business/hdfc-bank-says-no-clarity-yet-on-lifting-of-rbi-embargo-in-touch-with-central-bank-7049611.html>

- **Auto loans mis-selling: HDFC Bank to refund GPS device commissions:** HDFC Bank on Thursday announced a refund of the controversial 'GPS device commission' charged to auto loan borrowers for six years. The bank's then chief executive Aditya Puri had last year admitted to irregularities in the auto loan disbursements by its team after specific allegations surfaced online. The bank was also fined Rs 10 crore by the RBI for the lapses earlier this year. The city-headquartered lender announced the refund in a public notice published in newspapers."HDFC Bank will be refunding the GPS device commission to auto loan customers who availed of such device as a part of the auto loan funding during the period FY 2013-14 to FY 2019-20," the notice read. It added that the refund will be credited to the customer's repayment bank account as registered with the bank and asked customers to get in touch with it in the next 30 days.
<https://economictimes.indiatimes.com/industry/banking/finance/banking/auto-loans-mis-selling-hdfc-bank-to-refund-gps-device-commissions/articleshow/83604559.cms>
- **Federal Bank to raise Rs 916 cr in equity capital from IFC, affiliates:** Private lender Federal Bank will raise about Rs 916 crore in equity capital by issuing shares to International Finance Corporation (IFC) and its affiliates to strengthen capital adequacy. The transaction is subject to regulatory approvals. The Kochi-based bank will also seek shareholders' nod to raise upto Rs 4,000 crore in equity capital through routes like rights issue, follow in public offer. It will place a proposal to this effect at the Annual General Meeting (AGM) scheduled on July 02, 2021. The lender is also seeking shareholders' approval for raising upto Rs 8,000 crore through tier I, tier II, and long term bonds like infrastructure and ESG bonds, the bank said in filing with BSE. Its stock was trading 1.06 per cent higher at Rs 85.5 per share on BSE.
https://www.business-standard.com/article/finance/federal-bank-to-raise-rs-916-cr-in-equity-capital-from-ifc-affiliates-121061700307_1.html
- **BharatPe FY21 revenue jumps over six times to Rs 700 crore, targets to double it in FY22:** Financial technology firm BharatPe has seen its revenue and transaction volume jump manifold in the financial year 2020-21, as the pandemic has forced people and businesses adopt digital transactions and fund-starved small businesses seeking more credit avenues like this start-up. The company gives small-ticket fully unsecured loans averaging at Rs 75,000 to its merchant members. It disbursed Rs 1,600 crore in 2020-21 to 1.8 lakh merchant customers, which was only Rs 150 crore in 2019-20, BharatPe Group President Suhail Sameer told PTI on Thursday. This helped the start-up net a seven-times growth in revenue to over Rs 700 crore, up from around Rs 110 crore in 2019-20, Sameer said.
<https://economictimes.indiatimes.com/industry/banking/finance/banking/bharatpe-fy21-revenue-jumps-over-six-times-to-rs-700-cr-targets-to-double-it-in-fy22/articleshow/83606884.cms?from=mdr>
- **Deutsche Bank appoints Muffazal Arsiwalla as India M&A head:** Deutsch Bank has appointed Muffazal Arsiwalla as head of its mergers & acquisitions (M&A) business in India as the German Bank looks to take advantage of a renewed deal interest in the country. Arsiwalla is one of the longest serving members in Deutsche India's Investment Banking team, who joined the firm as an analyst in



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2005. As Head of M&A in India, Arsiwalla will continue to report to Apurva Shah, Managing Director, Investment Banking Coverage. Deutsche Bank's IBC in India is jointly headed by Sanjay Agarwal and Rahul Chawla. In addition to his responsibility as co-head of IBC in India, Chawla also heads Deutsche Bank's highly regarded Global Credit Trading business in the country.

<https://economictimes.indiatimes.com/industry/banking/finance/banking/deutsche-bank-appoints-muffazal-arsiwalla-as-india-ma-head/articleshow/83583039.cms>

- **Surplus transfer: RBI can be characterised as 'free-ranging' goose, says article** ; The Reserve Bank of India (RBI) can be characterised as a 'free-ranging' goose from the point of the surplus transfer alone, according to an article in the central bank's latest monthly bulletin. Referring to the findings of a comprehensive research on central banking in developing countries (Fry, Goodhart and Almeida, 1996), the article said: "In flow terms, we can think of the central bank as the government's golden goose. "With an unimpaired balance sheet, the free-range goose conducting conservative monetary policy with a fair degree of independence, produces golden eggs in the form of seigniorage worth 0.5 to 1 per cent of GDP." Seigniorage is the profit accruing to the issuer of legal tender, mainly as a result of the difference between the material costs of producing currency and its face value.
<https://www.thehindubusinessline.com/money-and-banking/surplus-transfer-rbi-can-be-characterised-as-free-ranging-geese-says-article/article34837103.ece>
- **Kerala Financial Corp declares moratorium on MSME loans:** Kerala Financial Corporation, a leading State Finance Corporation, has announced a one-year moratorium on principal to MSME enterprises and a proposal to restructure their loans as per Reserve Bank of India (RBI) guidelines to prevent such accounts from being categorised as non-performing assets. The scheme is available to loans in the Standard Category till March 31, 2021, on the basis of applications from promoters received until September 30, 2021. No charges or additional interest will be charged for this facility, a spokesman for the financial institution said.
<https://www.thehindubusinessline.com/money-and-banking/kerala-financial-corp-declares-moratorium-on-msme-loans/article34837353.ece>
- **IndusInd Bank launches digital lending platform:** Private sector lender IndusInd Bank on Thursday announced a comprehensive digital lending platform where its existing customers as well as customers of other banks can avail personal loans or credit cards. "IndusEasyCredit offers a fully digital end to end process that leverages the power of India's public digital infrastructure – Indiastack to offer personal loans and credit cards in a paperless, presence less and cashless manner," the bank said in a statement.
<https://www.thehindubusinessline.com/money-and-banking/indusind-bank-launches-digital-lending-platform/article34837753.ece>
- **Covid claims: Kotak Life Insurance expects ₹275-cr loss in June quarter:** Private sector lender Kotak Mahindra Bank has said its life insurance subsidiary expects to incur a loss of up to ₹275 crore in the quarter ended June 30, 2021 due to increased Covid claims. "Due to increased claims and higher mortality related provisioning arising on account of the second wave, the company expects to incur a loss for the quarter ended June 2021 in the estimated range of ₹225-275 crore," Kotak Mahindra Bank



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said in a regulatory filing about Kotak Life Insurance. “The second wave of Covid-19 has led to an unprecedented increase in fatalities in the country and consequently death claims reported to the company from May,” Kotak Life Insurance said, adding that the issue was discussed at its board meeting on June 16.

<https://www.thehindubusinessline.com/money-and-banking/covid-claims-kotak-life-insurance-expects-275-cr-loss-in-june-quarter/article34841173.ece>

- **RBI pays higher-than-expected price to buy 10-year G-Sec:** The Reserve Bank of India paid about 38 paise more to purchase the 10-year Government Security (G-Sec) under the third tranche of the G-Sec Acquisition Programme 1.0 in a bid to keep bond yields on a tight leash. The central bank bought this G-Sec (coupon rate: 5.85 per cent) at ₹98.99 (yield: 5.991 per cent) against the previous close of ₹98.6075 (6.045 per cent). The move to buy the aforementioned security at a higher price had the desired effect as it closed about 18 paise higher at ₹98.79 than the previous close, with the yield declining about 3 basis points to 6.0192 per cent. Bond yield and price are inversely related and move in opposite directions.
<https://www.thehindubusinessline.com/money-and-banking/rbi-pays-higher-than-expected-price-to-buy-10-year-g-sec/article34842848.ece>
- **CBI books Ruchi Global, its directors for Rs 188 crore bank fraud:** The CBI has filed an FIR against Ruchi Global Limited and its directors for allegedly cheating a consortium of banks led by Bank of Baroda to the tune of Rs 188.35 crore, officials said on Wednesday. The agency carried out searches at the premises of the accused at six locations in Indore, Mumbai and Bangalore, they said. The agency has booked Ruchi Global Limited and its directors Umesh Shahra, Saket Barodia and Ashutosh Mishra in the case pertaining to the alleged fraud between January 1, 2016 and December 31, 2017. It is alleged that the accused fraudulently indulged in diversion of funds, speculation transactions, non-routing of sale proceeds in consortium bank accounts, transactions with related parties/sister concerns, etc., the CBI spokesperson said in a statement.
https://www.business-standard.com/article/finance/cbi-books-ruchi-global-its-directors-for-rs-188-crore-bank-fraud-121061601703_1.html
- **Paytm finalises investment bankers for upcoming mega IPO: Report:** The board of One97 Communications, the parent company of Paytm is reportedly done with finalising investment bankers for the upcoming initial public offering (IPO). Paytm, currently one of the leading players in the digital payments space has roped in JP Morgan, Morgan Stanley, ICICI Securities, and Goldman Sachs to lead the IPO, a report in Times of India said citing sources. Moneycontrol could not independently verify the report.
<https://www.moneycontrol.com/news/business/markets/paytm-finalises-investment-bankers-for-upcoming-mega-ipo-report-7047211.html>
- **Sensex down 178 points, Nifty closes below 15,700 amid profit-booking :** The BSE Sensex closed at 52,323.33, down 178.65 points or 0.34 per cent. It hit an intraday high of 52,523.88 and a low of 52,040.51. Nifty 50 closed at 15,691.40, down 76.15 points or 0.48 per cent. It hit an intraday high of 15,769.35 and a low of 15,616.75. The breadth of the market turned in favour of the decliners with



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1,822 stocks declining, 1,383 advancing and 155 remaining unchanged on the BSE. As many as 488 securities hit the upper circuit and 210 the lower circuit; 460 hit their 52-week high while 20 touched a 52-week low. Ultratech Cement, TCS, Infosys, Asian Paints and Tech Mahindra were the top gainers on the Nifty 50 while Adani Ports, IndusInd Bank, Hindalco, Eicher Motors and NTPC were the top laggards.

<https://www.thehindubusinessline.com/markets/stock-markets/sensex-down-178-points-nifty-below-15700-amid-profit-booking/article34840068.ece>

- **Rupee slumps 76 paise, settles below 74/USD:** The Indian rupee continued its downward journey on Thursday, sliding another 76 paise to close below the 74 per US dollar level, tracking a strong greenback overseas after the US Federal Reserve surprised the market by signalling rate hike sooner than expected. At the interbank forex market, the domestic unit opened weak at 73.65 against the American currency, then lost further ground and finally closed at 74.08, showing a fall of 76 paise over its previous close.

<https://www.moneycontrol.com/news/business/markets/rupee-slumps-76-paise-settles-below-74usd-7049761.html>

- **Gold price crashes nearly 3% to Rs 47,000/10 gm on MCX on broad-based selloff; Silver corrects Rs 1,873 a kg :** Gold prices plunged to Rs 47,556 per 10 gram at the Mumbai retail market on broader selloff across assets class, firm dollar and rising bond yields; while MCX price fell near Rs 47,000/10 gram during the evening session. The yellow metal breached the psychological \$1,800/oz level after the US Central banks suggested that interest rates could be raised sooner than expected. The rate of 10 gram 22-carat gold in Mumbai was Rs 43,561 plus 3 percent GST, while 24-carat 10 gram was Rs 47,556 plus GST. The 18-carat gold quoted at Rs 35,667 plus GST in the retail market. Silver prices crashed by Rs 1,873 to Rs 69,520 per kg against its closing price on June 16.

<https://www.moneycontrol.com/news/business/commodities/gold-price-crashes-nearly-3-to-rs-4700010-gm-on-mcx-on-broad-based-selloff-silver-corrects-rs-1873-a-kg-7050141.html>

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