



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

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- **SBI, PNB, Canara Bank, 5 others buy stake in bad bank:** Eight public sector banks have come on board to lead the first round of capital infusion into National Asset Reconstruction Co. Ltd (NARCL) or the so-called 'bad bank', documents reviewed by Mint showed. According to the latest corporate filings, Canara Bank has purchased 12 million shares of ₹10 each, Bank of Baroda (BoB), State Bank of India (SBI), Union Bank of India and Indian Bank have bought 9.9 million shares each; Punjab National Bank (PNB) and Bank of India have bought 9 million shares each. Bank of Maharashtra has purchased 5 million shares. Their combined investment is at ₹74.6 crore. A person aware of the development said these are the initial investors, and the pool will be increased as more lenders join NARCL, including private-sector lenders. As part of the bad bank, an asset management company (AMC) will also be created. "Private lenders will join the asset reconstruction company (ARC) as well as the AMC as investors. However, they are in the process of taking board approvals at the moment. We will have enough capital to tackle bad loans," said the person cited above.
<https://www.livemint.com/industry/banking/sbi-pnb-canara-bank-5-others-buy-stake-in-bad-bank-11626718296991.html>
- **PSBs' loan write-offs twice as much as govt's capital infusion in 7 years:** Public sector banks have written off a massive Rs 8 trillion worth of loans during the last 7 years of Narendra Modi government, which is more than double than the amount of capital infused by the government during the period. Between 2014-15 and 2020-21, the government infused Rs 3.37 trillion into public sector banks. FY19 saw the highest amount of capital infusion during the period at Rs 1.06 trillion. In 2020-21, the government infused Rs 14,500 crore into four public sector banks. On the other hand, between 2014-2021, government-owned banks wrote-off loans worth Rs 8.07 trillion. FY19 saw the maximum loans being written-off, at Rs 1.83 trillion, following by FY20 when loans worth Rs 1.75 trillion were written off. In the previous financial year, public sector banks' non-performing assets came down by Rs 1.32 trillion due to loan write-offs, RBI said in response to an RTI. Loan write-offs were particularly high in the last four years with over Rs 1 trillion in each year.
https://www.business-standard.com/article/finance/psbs-write-off-loans-worth-rs-8-trn-twice-the-govt-s-capital-infusion-121072000154_1.html
- **Banks once again move top court to keep inspection reports hidden:** The country's top banks have once again moved the Supreme Court against attempts to make their sensitive inspection reports public under the Right to Information Act. The inspections are done by the Reserve Bank of India (RBI) and not even the employees of the banks, except the top management, are allowed to see it. But a 2015 ruling by the Supreme Court telling the RBI to make the reports available under the RTI Act changed all that. Banks, and even the central government, have challenged the ruling in various ways. State Bank of India, HDFC Bank, Kotak Mahindra Bank, and IDFC Bank filed a petition against a notice, in what could be a last-ditch attempt by the Indian banking system to keep confidential information under wraps. The notice was given to the banks under Section 11(1) of the RTI Act seeking third-party disclosure requirements.



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https://www.business-standard.com/article/finance/banks-once-again-move-top-court-to-keep-inspection-reports-hidden-121071901318_1.html

- **RBI imposes monetary penalty on Tamil Nadu-based Melur Co-operative Urban Bank:** The Reserve Bank of India (RBI) on July 20 imposed a monetary penalty of Rs 1 lakh on Tamil Nadu-based Melur Co-operative Bank for certain rule violations. The penalty is imposed on non-compliance with certain provisions of the directions issued by the RBI in the Master Circular on the Board of Directors. "The penalty has been imposed on the bank in exercise of powers vested in RBI under provisions of Section 47 A (1) (c) read with Section 46 (4) (i) and Section 56 of the Banking Regulation Act, 1949 (AACS) taking into account the failure of the bank to adhere to the aforesaid directions," said the RBI in a release.
<https://www.moneycontrol.com/news/business/rbi-imposes-monetary-penalty-on-tamil-nadu-based-melur-co-operative-urban-bank-7198191.html>
- **HDFC Bank creates new segment to work for both India and Bharat: Chairman:** HDFC Bank, largest lender by market capital, has created a new business segment of commercial and rural banking to capture the next wave of growth, said Atanu Chakraborty, the bank's non-executive chairman, in the annual general meeting held on July 17. "This will not only reinforce your bank's top position in the MSME segment but also strengthen efforts to serve customers in both India and Bharat," Chakraborty said, adding that the tech savvy young customers too would be benefited out of this move. The delivery channels will be complemented with digital marketing, even as your bank leverages the branch channel and virtual relationship channel. This was Chakraborty's first AGM after the Reserve Bank of India approved his appointment in April for a period of three years. Chakraborty, a 1985 batch IAS officer of Gujarat cadre, earlier retired as secretary of department of economic affairs in the central government more than a year ago.
<https://economictimes.indiatimes.com/industry/banking/finance/banking/hdfc-bank-to-work-for-both-india-and-bharat-creates-a-segment-chairman/articleshow/84555361.cms>
- **Private banks take a knock on asset worries:** Most private banks have been perceived as bastions of stability for long by stock investors but that faith has been shaken of late after HDFC Bank's June quarter results. Deterioration in asset quality of the private lender — among the darlings on Dalal Street — has raised concern among market participants that other stable banks may also be hit by weakening asset quality on account of the business disruptions caused by the second wave of Covid 19. Shares of HDFC Bank ended down over 3 per cent at Rs 1,472.40 — logging its biggest one-day fall in two months, leading the 1 per cent decline in the Sensex and Nifty. IndusInd Bank, IDFC First Bank, RBL Bank, Axis Bank, YES Bank, Kotak Mahindra Bank and Federal Bank ended down 1-3 per cent. The Nifty Private Bank index ended down 2 per cent at 18,330.20.
<https://economictimes.indiatimes.com/industry/banking/finance/banking/private-banks-take-a-knock-on-asset-worries/articleshow/84564341.cms>
- **Banks dig deep to verify client claims about Covid impact:** Corporate governance, traditionally an underrated qualitative metric in Indian business, is rapidly climbing the priority ladder — and could make or mar that well-reasoned treasury pitch to bankers for more loans. Such is the increasing



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importance of governance in assessing credit-worthiness that top private banks have put the loan accounts of hundreds of borrowers under forensic scrutiny on suspicion they came off the tramlines. Banks are also conducting due diligence in cases where they have to extend new loans to old customers after the moratorium period ended or to companies that are seeking fresh credit lines. Banks suspect that these companies may have window-dressed or exaggerated their financial statements, diverted funds or lied about the Covid impact on their operations. “Banks and financial institutions want to be sure that borrowers are not window-dressing their financial statements and in some cases want to find out independently the impact of Covid-19 on business operations and performance,” said Dhruv Phophalia, managing director and head of A&M’s disputes and investigations practice in India.

<https://economictimes.indiatimes.com/industry/banking/finance/banking/banks-dig-deep-to-verify-client-claims-about-covid-impact/articleshow/84565582.cms?from=mdr>

- **Inside BharatPe-Centrum proposed JV to acquire troubled PMC Bank:** BharatPe’s proposed joint venture with non-banking financial company Centrum Finance to set up a small finance bank and acquire troubled Punjab and Maharashtra Co-operative (PMC) Bank is a landmark event for fintech players harbouring banking ambitions. The deal, however, has not been easy to stitch up. The story of how a startup has within three years partnered a 44-year-old NBFC led by veteran banker Jaspal Bindra to acquire a banking licence has more to it than meets the eye. The idea behind this SFB is anything but conventional—considering BharatPe’s leadership dynamics to the Reserve Bank of India’s approach towards reviving a dying bank “As far as resolution plans go (for PMC Bank), this is a highly unusual one,” a senior banker at a private sector lender said. “While there is no set resolution framework to revive a dying bank, it is definitely a measure RBI has taken out of desperation rather than choice.” Over the last two weeks, ET spoke to more than a dozen sources to make sense of the BharatPe-Centrum SFB.
<https://economictimes.indiatimes.com/tech/startups/inside-bharatpe-centrum-proposed-jv-to-acquire-troubled-pmc-bank/articleshow/84570623.cms>
- **Bajaj Finance net rises 4% to ₹1,002 crore in Q1:** Bajaj Finance reported a four per cent increase in its consolidated net profit for the first quarter of the fiscal at ₹1,002 crore from ₹962 crore a year ago. For the quarter ended June 30, 2021, its net interest income grew eight per cent to ₹4,489 crore against ₹4,152 crore in the first quarter of last fiscal. “Interest income reversal for the quarter was ₹451 crore in the first quarter of the fiscal compared to ₹306 crore a year ago,” Bajaj Finance said in a statement on Tuesday. Loan losses and provisions for the quarter was ₹1,750 crore against ₹1,686 crore a year ago.
<https://www.thehindubusinessline.com/money-and-banking/bajaj-finance-net-rises-4-to-1002-crore-in-q1/article35430852.ece>
- **HFCs seek nod to impose pre-payment fee:** With banks offering home loan interest rates at an all-time low, housing finance companies are feeling the pain as many of their customers are opting for balance transfers. The attrition rate for HFCs in terms of customers undertaking balance transfers is between seven per cent and 10 per cent, according to industry players. Therefore, HFCs are in discussion the Reserve Bank of India as well as the National Housing Bank seeking permission to



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impose a pre-payment penalty on customers who transfer their loan account. “Housing finance companies spend time, effort, and money in originating and acquiring customers. Many choose to leave within six months to a year of the loan being disbursed as they are lured away by banks with cheaper interest rates,” said the head of a housing finance company. “For customers, such a competitive interest rate regime is certainly a good thing and beneficial for them. That is why the regulators have also not taken any action,” he noted.

<https://www.thehindubusinessline.com/money-and-banking/hfcs-look-to-impose-pre-payment-fee/article35427384.ece>

- **ICICI Bank ups ante in credit card space with fuel discount offering:** Upping its game in the credit card market where it has been closing in on its bigger rival HDFC Bank, ICICI Bank on Tuesday launched a co-branded offering that gives discounts on fuel purchases. The 'ICICI Bank HPCL Super Saver' card will offer 5 per cent cashback at the state-owned oil refiner's outlets and an additional 1.5 per cent if the payment is done through the 'HP Pay' app, an official statement said. It can be noted that HDFC Bank was barred from issuing any new cards by the RBI after multiple instances of outages at the largest private sector lender. Rivals ICICI Bank, SBI Cards and Axis Bank were quick to seize the opportunity and narrowed their difference with HDFC Bank. HDFC Bank has said it has complied with 85 per cent of the RBI's asks and the ball is now in the regulator's court to allow them to re-enter credit card selling.
https://www.business-standard.com/article/finance/icici-bank-ups-ante-in-credit-card-space-with-fuel-discount-offering-121072001335_1.html
- **Kotak Mahindra Bank signs MoU with Indian Navy:** Kotak Mahindra Bank on Tuesday said it has signed a memorandum of understanding (MoU) with the Indian Navy for salary accounts. The MoU enables the bank to offer its salary account proposition to all personnel of the Indian Navy—both serving and retired. The bank said it will also offer special salary account benefits to the Indian Navy. The signing ceremony took place in New Delhi and was jointly chaired by Commodore Neeraj Malhotra (commodore pay and allowances) of the Indian Navy and Parminder Varma, business head (corporate salary) at Kotak Mahindra Bank. The bank said that some of the benefits available to the Navy personnel are an enhanced complimentary personal accident insurance cover, special education benefit for children, and additional girl child benefit, and attractive rates and zero processing fees on personal loans, home loans and car loans. Varma said the Indian Navy is among the country's most respected and admired institutions and that it was a privilege to be able to serve them.
<https://www.livemint.com/industry/banking/kotak-mahindra-bank-signs-mou-with-indian-navy-11626763150972.html>
- **ICICI Bank continues push in the credit card space with new co-branded HPCL card:** ICICI Bank, on July 20, announced the launch of a co-branded credit card with Hindustan Petroleum Corporation (HPCL), continuing its push in the credit cards segment. Earlier this month, the private sector lender said that it has issued over 2 million Amazon Pay-ICICI Bank credit cards, since its launch in October 2018, making it the fastest co-branded credit card to have crossed this milestone in the country. The ICICI Bank-HPCL Super Saver Credit Card will offer rewards and benefits to customers on their spend on fuel as well as other categories, while paying electricity and mobile bills, and in departmental



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stores like Big Bazaar and D-Mart, and e-commerce portals. The bank said that, typically, similar credit cards offer accelerated benefits on spends in one category alone. "This card breaks that barrier as it enables customers to save on every transaction they make. We believe that this card will empower customers to save more while enjoying the convenience of digital payments," said Sudipta Roy, Head, Unsecured Assets, ICICI Bank.

<https://www.moneycontrol.com/news/business/icici-bank-continues-push-in-credit-card-space-with-new-co-branded-hpcl-card-7196531.html>

- **Home loan demand continues to remain strong, says veteran banker Deepak Parekh:** Veteran banker Deepak Parekh on July 20 said home loan demand continues to be strong even during the pandemic. "The pandemic has reaffirmed that there can be no greater security in life than a home. The inherent demand for home loans continues to remain strong," the chairman of Housing Development Finance Corporation, said at the company's annual general meeting on Tuesday. Banks have been aggressively focusing on retail loans, particularly home loans, as a safer bet pandemic has increased risk aversion in the industry. According to sectoral data released by the Reserve Bank of India (RBI), outstanding home loans grew 10 percent year-on-year to Rs 14.62 lakh crore, as on May 21, 2021. In its financial results for the first quarter of FY22, HDFC Bank reported a 15.34 percent rise in its home loans to Rs 72,266 crore, as on June 30, 2021.
<https://www.moneycontrol.com/news/business/home-loan-demand-continues-to-remain-strong-says-veteran-banker-deepak-parekh-7197301.html>
- **Pension Funds will soon be allowed to invest in IPOs and FPOs, but with riders:** Pension Fund Regulatory and Development Authority (PFRDA) will soon allow pension fund managers (PFMs) to invest in initial public offerings (IPOs), follow on public offers (FPOs) and offer for sale (OFS). Speaking at an event, Supratim Bandyopadhyay, Chairman, PFRDA said these investments will be subject to terms and conditions. "We will soon announce the investment guidelines. When it comes to IPOs, we will have some restrictions meaning that PFMs would be able to invest only in offers above a certain threshold," he added. When it comes to PFMs, Bandyopadhyay said that Axis Mutual Fund which was to be added as a private sector pension fund manager is waiting RBI approval. PFRDA has also permitted on-tap licenses for selecting PFMs. While he did not indicate exact numbers, Bandyopadhyay explained that the pension regulator is looking to select "a couple of new PFMs".
<https://www.moneycontrol.com/news/business/economy/will-allow-investments-in-ipos-fpos-but-with-caveats-says-pfrda-chairman-7197831.html>
- **Gold prices up Rs 96 to Rs 48,222/10 gm on safe-haven, risk aversion; Silver corrects Rs 810 a kg:** Gold prices jumped by Rs 96 to Rs 48,222 per 10 gram in the Mumbai retail market on positive global cues and renewed risk aversion in global financial markets, however, the upside was capped by a sharp gain in the rupee. The surging cases of Delta variant of coronavirus and rising inflationary pressure gave safe-haven yellow metal a boost. The price of 10 gram, 22-carat gold in Mumbai was Rs 44,171 plus 3 percent GST, while 24-carat 10 gram stood at Rs 48,222 plus GST. The 18-carat gold is quoted at Rs 36,167 plus GST in the retail market. Silver prices tanked by Rs 810 to Rs 66,980 per kg against its closing price on July 19.



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<https://www.moneycontrol.com/news/business/commodities/gold-prices-up-rs-96-to-rs-4822210-gm-on-safe-haven-risk-aversion-silver-corrects-rs-810-a-kg-7197841.html>

- **Sensex drops 355 points, Nifty dips below 15,700 as financials, metal lead slide:** The BSE Sensex closed at 52,198.51, down 354.89 points or 0.68 per cent. It hit an intraday high of 52,465.03 and a low of 52,013.51. The Nifty 50 closed at 15,632.10, down 120.30 points or 0.76 per cent. It hit an intraday high of 15,728.45 and a low of 15,578.55. Amid the selling pressure, the breadth of the market turned in favour of the decliners with a ratio of 2:1 with 2,098 stocks declining, 1,137 advancing and 108 remaining unchanged on the BSE. As many as 449 securities hit the upper circuit and 246 the lower circuit; 434 hit their 52-week high while 10 touched a 52-week low. Asian Paints, Ultratech Cement, Hindustan Unilever, Maruti and Grasim were the top gainers on the Nifty 50 while Hindalco, IndusInd Bank, Tata Steel, NTPC and Bharti Airtel were the top laggards.
<https://www.thehindubusinessline.com/markets/stock-markets/sensex-tumbles-355-points-nifty-dips-below-15700-as-financials-metal-lead-slide/article35426752.ece>
- **Rupee settles 27 paise higher at 74.61 against dollar:** The Indian rupee reversed early losses to close 27 paise higher at 74.61 (provisional) against the US dollar on Tuesday amid a weak greenback overseas. At the interbank forex market, the domestic currency witnessed heavy volatility. The local unit opened weak at 74.93 a dollar and touched a low of 74.95 and high of 74.55 during the day. The local unit finally closed at 74.61 against the American currency, registering a rise of 27 paise over its previous close.
<https://www.thehindubusinessline.com/markets/forex/rupee-settles-27-paise-higher-at-7461-against-dollar/article35423835.ece>

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