



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

June 22, 2021

- **Bank credit grows by 5.74%; deposits by 9.73%: RBI Data:** Bank credit grew by 5.74 percent to Rs 108.43 lakh crore and deposits rose by 9.73 percent to Rs 153.13 lakh crore in the fortnight ended June 4, 2021, RBI data showed. Bank advances stood at Rs 102.55 lakh crore and deposits at Rs 139.55 lakh crore in the fortnight ended June 5, 2020, according to RBI's Scheduled Banks' Statement of Position in India as on June 4, 2021, released on Monday. In the previous fortnight ended May 21, 2021, bank credit had grown at 5.98 percent and deposits at 9.66 percent. In FY2020-21, bank credit had grown by 5.56 percent and deposits by 11.4 percent.
<https://www.moneycontrol.com/news/business/economy/bank-credit-grows-by-5-74-deposits-by-9-73-rbi-data-7067491.html>
- **SBI gets central board's nod to raise Rs 14,000 crore via bonds:** The country's largest lender SBI on Monday said its central board has approved a proposal to raise up to Rs 14,000 crore by issuing Basel-III compliant bonds. The bonds are proposed to be raised in Indian or US currency."The central board of the bank at its meeting held today on June 21, 2021, accorded approval for raising capital by way of issuance of Basel III compliant debt instruments in USD and/or INR during FY22," SBI said in a regulatory filing. Under this, the bank plans to raise fresh additional tier I capital up to an amount of Rs 14,000 crore subject to the government of India concurrence, it added. Tier 1 capital refers to a bank's core capital. It includes disclosed reserves that are present on a bank's financial statements and equity capital. A lender uses tier I capital to function on a regular basis and it forms the basis of a financial institution's strength. To comply with Basel-III capital regulations, banks globally need to improve and strengthen their capital planning processes.
<https://economictimes.indiatimes.com/markets/companies/sbi-gets-central-boards-nod-to-raise-rs-14000-crore-via-bonds/articleshow/83717566.cms>
- **RBI moves, Covid helped PSU banks report first profits after five years:** If the public sector bank stocks in your portfolio have delivered superb earnings for the last financial year, a large part of the credit goes to the Reserve Bank of India and the Covid pandemic, and not their improved performance. PSU banks reported net profits in FY2021 after five consecutive years of losses, supported by windfall treasury gains, an analysis shows. Higher gains were recorded on the back of relatively higher SLR holdings compared to private banks. Ratings agency ICRA estimates 12 public banks booked profits of Rs 31,600 crore from their bond portfolio compared to overall PBT of Rs 45,900 crore in FY2021. Excluding State Bank of India, profit from sale of bonds exceeded the profit before tax number of other public banks. The bond gains also exceeded government capital infusion of Rs 20,000 crore in FY2021.
<https://economictimes.indiatimes.com/markets/stocks/news/rbi-moves-covid-helped-psu-banks-report-first-profits-after-five-years/articleshow/83712321.cms>



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- **Central Bank of India, Indian Overseas Bank shortlisted for divestment:** The Centre has shortlisted Central Bank of India (CBI) and Indian Overseas Bank (IOB) for divestment, CNBC Awaaz has reported. The two state-run banks might see 51 percent sale in the first phase of disinvestment. The government will amend the Banking Regulations Act, and some other banking laws for divestment, the news channel reported. Following the news, shares of CBI and IOB surged 20 percent on June 21.
<https://www.moneycontrol.com/news/business/central-bank-of-india-indian-overseas-bank-shortlisted-for-divestment-report-7065231.html>
- **Central Bank of India, IOB hit 20% upper circuit after govt shortlists banks for divestment:** Central Bank of India and Indian Overseas Bank share price surged 20 percent hitting 20% upper circuit on June 21 after government shortlisted the banks for divestment, CNBC Awaaz has reported. The two lenders might see 51 percent sale in the first phase of disinvestment. The government will amend the Banking Regulations Act, and some other banking laws for divestment, the news channel reported. Indian Overseas Bank was trading at Rs 23.60, up Rs 3.90, or 19.80 percent. It has touched a 52-week high of Rs 23.60. There were pending buy orders of 763,223 shares, with no sellers available. Central Bank of India was trading at Rs 24.30, up Rs 4.05, or 20.00 percent. There were pending buy orders of 672,724 shares, with no sellers available.
<https://www.moneycontrol.com/news/business/stocks/central-bank-of-india-iob-hit-20-upper-circuit-after-govt-shortlists-banks-for-divestment-7065351.html>
- **Privatisation plans for Central Bank of India, Indian Overseas Bank likely to face hurdles: Analysts:** The weak financial metrics of lenders like Central Bank of India and Indian Overseas Bank (IOB) may throw unexpected hurdles to the government's plan to privatise at least two of the state-run banks in the initial phase, according to banking analysts and experts. PCA involves the imposition of certain business restrictions on banks with weak financial metrics by the RBI. The nature and degree of curbs are threshold-based and depend on the financial profile of each individual bank. Investor interest might be especially muted for banks which are currently restricted from pursuing loan growth to higher-yielding borrowers and branch expansion under the RBI's PCA, Saswata Guha, senior director, banks at Fitch India Services, said in a report dated June 7. "... this will be challenging, since banks in this category - despite their wide reach and substantial franchises - have generally compromised financials, with impaired-loan ratios ranging between 9.8 percent -16.3 percent and common equity Tier I ratios between 8.8 percent -10.3 percent in 9MFY21," Guha said.
<https://www.moneycontrol.com/news/business/privatisation-plans-for-central-bank-of-india-indian-overseas-bank-likely-to-face-hurdles-analysts-7007351.html>
- **PNB Housing Finance appeals against Sebi order:** PNB Housing Finance has appealed against the Securities & Exchange Board of India order that stopped the lender from seeking shareholders' nod for its Rs 4000-crore capital infusion deal with the Carlyle group and other investors. "The company has filed an appeal before the Securities Appellate Tribunal against the letter issued by Sebi on June 18," it said in a regulatory filing. ET had on Sunday highlighted this possibility. Sebi had said that resolution related to the deal violates the company's Articles of Associations and the company must undertake an independent valuation of the business. A shareholders' meeting was scheduled to be held on June 22 to approve the deal.



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<https://economictimes.indiatimes.com/industry/banking/finance/banking/pnb-housing-finance-appeals-against-sebi-order/articleshow/83708000.cms?from=mdr>

- **Fixed deposit returns may not rise in near future:** Savers looking for higher rates of interest can give up hope for sometime as the belief that all savers do not lose in lower rate regime is gaining ground. Economists are embracing models that suggest that only some savers lose out but a chunk of them gain through higher economic activity. RBI Executive Director Mridul Sagar says that the argument lower rates hurt savers across the board doesn't hold water. " The frontier of the macroeconomics, especially in terms of Heterogenous Agents New Keynesian (HANK) models provide a good reason to think that not all savers may necessarily be worse off when central banks push down the interest rates" said, Sagar in the monetary policy committees June meeting.
<https://economictimes.indiatimes.com/industry/banking/finance/banking/fixed-deposit-returns-may-not-rise-in-near-future/articleshow/83717254.cms?from=mdr>
- **RBI showers its blessings on local audit firms:** With a single stroke of a pen, the Reserve Bank of India (RBI) has done what the CA Institute couldn't accomplish all these years – hold the hands of small- and mid-sized audit firms – and give them a chance to grow big in the highly competitive audit market for the financial sector. The central bank has, through its new audit guidelines for banks, NBFCs and Urban Cooperative Banks (UCBs), redistributed the financial services audit market, especially for NBFCs, providing small- and mid-sized local audit firms an opportunity to play and grow big at the expense of the Big Four audit firms.
<https://www.thehindubusinessline.com/money-and-banking/rbi-showers-its-blessings-on-local-audit-firms/article34877448.ece>
- **FinMin allows small HFCs to take recourse to SARFAESI law:** The Finance Ministry has now allowed all housing finance companies with asset size of over ₹100 crore to use SARFAESI law to recover dues. This move is expected to be a shot in the arm for thousands of small HFCs, as it will facilitate quick recovery of dues and encourage these companies to lend more. SARFAESI law, enacted in 2002, empowers lenders to attach the pledged assets of the borrowers in the event of non-payment of dues. Till now, HFCs with assets over ₹500 crore and notified by the Finance Ministry, were allowed to use SARFAESI law to recover dues. Currently, there are nearly 100 HFCs that are registered with NHB. The top-10 HFCs account for 70-80 per cent of the assets of the housing finance industry. "Allowing all HFCs with asset size of over ₹100 crore to have recourse to SARFAESI will bring stability to the sector and to the HFCs doing the lending. With this support they will be able to extend loans to more categories and little more freely," RV Verma, former Chairman and Managing Director of National Housing Bank (NHB), told Business Line.
<https://www.thehindubusinessline.com/money-and-banking/finmin-allows-small-hfcs-to-take-recourse-to-sarfaesi-law/article34892235.ece>
- **After five years of losses, PSBs reported net profits in FY21: ICRA:** Public sector banks (PSBs) reported net profits in FY21 after five consecutive years of losses, supported by windfall treasury gains, according to ICRA. However, gains are likely to be much lower in FY22, given limited headroom for further decline in bond yields. The credit rating agency estimated that the 12 PSBs booked profits of



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₹31,600 crore from this source, compared to the overall Profit Before Tax (PBT) of ₹45,900 crore in FY21. Notably, the trading gains for PSBs in FY21 exceeded the capital infusion of ₹200 billion received from the Government of India (GoI). Notwithstanding the profits reported by the public banks in FY21, the agency said the PBT of other PSBs (excluding State Bank of India/SBI) at ₹18,400 crore were lower than their trading gains (₹25,500 crore), reflecting the challenges posed by Covid-19 on the asset quality and profitability of the banks.

<https://www.thehindubusinessline.com/money-and-banking/after-five-years-of-losses-psbs-reported-net-profits-in-fy21-icra/article34879394.ece>

- **Assam’s microfinance loan collection efficiency to return to normalcy by the end of financial year:** Assam, which has been experiencing stress in collection efficiency in microfinance loan portfolio since September 2019, is likely to come back to “normalcy” by the end of this financial year. According to Manoj Nambiar, Chairman, Microfinance Institutions Network (MFIN), the relief measures announced by the Assam Chief Minister, Himanta Biswa Sarma, has focused on responsible borrowing, repayment and lending. The Assam government had, on Friday, announced a special one-time relief to MFI borrowers in the State under three broad categories. It has announced a sum of ₹25,000 for each regular client as an incentive to them to continue maintaining good credit discipline. For those borrowers who are overdue or have turned into NPA (non-performing asset), the State government will pay the amount which is overdue to make them regular with institutions and their credit bureau records. For those categories of customers who are stressed and impacted by the Covid pandemic leading to a loss of livelihood, the State government would pay the lenders to clear the outstanding loan.
<https://www.thehindubusinessline.com/money-and-banking/assams-microfinance-loan-collection-efficiency-to-return-to-normalcy-by-the-end-of-financial-year/article34887865.ece>
- **PMC Bank’s rescue plan did have its own dilemma:** Centrum or nothing. This was probably the dilemma the Reserve Bank of India (RBI) faced before deciding to grant ‘in-principle’ approval to Centrum Financial Services (CFSL) to set up a small finance bank (SFB) so that it rescues the scam-hit Punjab & Maharashtra Co-operative (PMC) Bank. While two other entities —UK-based Liberty Group and Ideal Group —also showed interest in taking over PMC Bank in response to its Expression of Interest (EOI) floated in November 2020, CFSL made the cut as it was the only player with experience in the financial services space.
<https://www.thehindubusinessline.com/money-and-banking/pmc-banks-rescue-plan-did-have-its-own-dilemma/article34888551.ece>
- **GyanDhan to disburse education loans worth ₹650 cr in FY22:** GyanDhan, an education financing platform, aims to disburse ₹650 crore worth of education loans in FY22, of which, ₹50 crore will be earmarked for domestic short-term courses. The company has firms such as Great Learning and various IAS institutions to offer interest-free education loans to students wanting to pursue short-term courses. GyanDhan Founder and CEO, Ankit Mehra, said: “Till now, we have disbursed more than ₹1,000 crore in total. We have extended loan offers to nearly 3,000 students in the last six months, partnering with more than 350 institutions in India. It is revolutionary in terms of its varied features



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like – instant loan approval, no-cost EMIs, disbursal in 24 hours, and the option to customise the loan product for the institute.”

<https://www.thehindubusinessline.com/companies/gyandhan-to-disburse-education-loans-worth-650-cr-in-fy22/article34878961.ece>

- **ICICI Bank launches cardless EMI facility:** Private sector lender ICICI Bank has introduced an instant cardless EMI facility for online purchases on e-commerce platforms. The facility is available to the bank’s pre-approved customers across 2,500 e-commerce brands. “Customers can convert the transactions up to ₹5 lakh into easy monthly installments by entering their registered mobile number, PAN and OTP at the check-out section of the e-commerce website or app,” said ICICI Bank in a statement on Monday.
<https://www.thehindubusinessline.com/money-and-banking/icici-bank-launches-cardless-emi-facility/article34879697.ece>
- **HSBC aims to be top Asia wealth manager in 5 yrs, eyes China middle class:** HSBC Holdings Plc is targeting to become the number one wealth manager in Asia in “roughly five years” as Europe’s largest bank shifts capital to tap clients in the increasingly affluent region, according to HSBC Pinnacle Venture Chief Executive Officer Trista Sun. “Household wealth in China has grown so rapidly, become the second largest globally,” Sun said in a Bloomberg Television interview on Monday. “And within it we see a middle class of about 340 million population, which we expect to grow to about 500 million by 2025.” The London-based bank is pinning its future on Asia, and has outlined ambitious plans to expand in wealth management, particularly in China. It’s shifting billions of dollars to Asia and plans to hire more than 5,000 new wealth planners to grow its business over the next three to five years.
https://www.business-standard.com/article/finance/europe-s-largest-bank-hsbc-aims-to-lead-in-asia-s-wealth-manager-in-5-yrs-121062100267_1.html
- **SAT allows vote on Carlyle’s Rs 4,000-crore infusion in PNB Housing:** The Securities Appellate Tribunal has allowed PNB Housing Finance to go ahead with its scheduled extra-ordinary general meeting (EGM) scheduled for Tuesday. The mortgage lender has been even allowed to carry out voting on the controversial resolution pertaining to infusion of Rs 4,000-crore capital to an investor group led by Carlyle on preferential basis. The tribunal, however, has directed PNB Housing to not disclose the voting result on the resolution until further directions. SAT has also directed the company to inform NSDL also to not declare the voting pattern and the same should be kept in a sealed cover till further orders.
https://www.business-standard.com/article/companies/sat-allows-vote-on-carlyle-s-rs-4-000-crore-infusion-in-pnb-housing-121062101034_1.html
- **HSBC revamps US investment bank as four senior executives exit:** Four of HSBC Holdings Plc’s most senior bankers in the U.S. are leaving the investment bank as part of an overhaul of its New York operations. Robert Gelnow, head of debt capital markets for North America, Lex Malas, head of advisory and investment banking coverage for the Americas, Jim Kelly, head of corporate banking in North America, and Duncan Caird, co-head of real assets and structured finance Americas, are



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departing, according to people familiar with the matter, who asked not to be identified discussing a private matter.

<https://www.livemint.com/industry/banking/hsbc-revamps-us-investment-bank-as-four-senior-executives-exit-11624290839503.html>

- **RBI imposes penalty on three co-operative banks in Maharashtra for non-compliance:** The Reserve Bank of India (RBI) on 21 June imposed monetary penalties on The Baramati Sahakari Bank, Mogaveera Co-operative Bank and Indapur Urban Co-operative Bank, all based in Maharashtra for various rule violations. Mogaveera Co-operative Bank, Mumbai, was fined Rs 12 lakh for failing to follow directions issued by the RBI on maintenance of deposit accounts and Know Your Customer (KYC) directions. Indapur Urban Co-operative Bank was fined Rs 10 lakh for contravention of directions issued by the RBI on exposure norms and statutory / other restrictions – Urban Co-operative Banks (UCBs) and KYC directions. The Baramati Sahakari Bank was also fined Rs one lakh for contravention of the directions on exposure norms and statutory/other restrictions – UCBs.
<https://www.moneycontrol.com/news/business/rbi-imposes-penalty-on-three-co-operative-banks-in-maharashtra-for-non-compliance-7067091.html>
- **FPIs increase exposure in banking and financial stocks:** Foreign portfolio investors (FPIs) have increased their exposure in banking and financial stocks in the 30 days between May 16 and June 15 after being net sellers in the sector since the beginning of the current fiscal. According to the latest data available with depositories, foreign investors have pumped in ₹10,806 crore in the financial services sector between May 16 and June 15, 2021. Of the total inflows, ₹8,830 crore went into bank stocks while ₹1,976 crore went into 'other financial services' including NBFCs, HFCs and FIs.
<https://www.thehindubusinessline.com/markets/stock-markets/fpis-increase-exposure-in-banking-and-financial-stocks/article34886243.ece>
- **Gold prices ease for 4th straight day to Rs 47,161/10 gm ahead of Powell's speech; silver crashes Rs 765 a kg:** Gold prices fell for the fourth straight day by Rs 105 to Rs 47,161 per 10 gram at the Mumbai retail market on Fed's hawkish stance despite a recovery in global market and dollar index stalled near at 10 week high. The precious metal declined Rs 1,762 or 3.59 percent last week in the domestic. The rate of 10 gram 22-carat gold in Mumbai was Rs 43,199 plus 3 percent GST, while 24-carat 10 gram was Rs 47,161 plus GST. The 18-carat gold quoted at Rs 35,371 plus GST in the retail market. Silver prices slumped by Rs 765 to Rs 67,922 per kg against its closing price on June 18.
<https://www.moneycontrol.com/news/business/commodities/gold-prices-ease-for-4th-straight-day-to-rs-4716110-gm-ahead-of-powells-speech-silver-crashes-rs-765-a-kg-7066551.html>
- **Rupee closes down 24 paise at 74.10 a dollar:** The rupee on Monday slumped to its lowest level in nearly eight weeks, shedding 24 paise to close at 74.10 to the US dollar as participants turned cautious apprehending foreign fund outflows after hawkish comments from the US Federal Reserve. At the interbank forex market, the domestic unit opened weak at 74.20 against the American currency, pared some initial losses and finally closed at 74.10, showing a fall of 24 paise over its previous close. This was the lowest level seen by the local currency since April 28. The local unit witnessed an intra-day high of 74.08 and a low of 74.28 during the session.



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<https://www.thehindubusinessline.com/markets/forex/rupee-falls-34-paise-to-7420-against-us-dollar-in-early-trade/article34877219.ece>

- **Sensex gains 230 points; Nifty closes above 15,700:** The BSE Sensex closed at 52,574.46, up 230.01 points or 0.44 per cent. It recovered over 835 points from the day's low of 51,740.19. The index climbed to a high of 52,629.18. The Nifty 50 closed at 15,746.50, up 63.15 points or 0.4 per cent, recovering from a low of 15,505.65. It hit an intraday high of 15,765.15. The breadth of the market turned positive, with 2,049 stocks advancing, 1,258 declining and 156 remaining unchanged on the BSE. As many as 573 securities hit the upper circuit and 261 the lower circuit; 398 hit their 52-week high while 37 touched a 52-week low. Adani Ports, NTPC, Titan, State Bank of India and Bajaj Finserv were the top gainers on the Nifty 50, while UPL, Wipro, Tata Motors, Maruti and Tech Mahindra were the top laggards.

<https://www.hindustantimes.com/business/sensex-closes-up-230-points-at-52-574-nifty-at-15747-101624268931134.html>

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