



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

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- **U GRO Capital launches Pratham, a MSME co-lending program with Bank of Baroda:** U GRO Capital, a BSE listed, technology enabled small business NBFC, announced on Wednesday the launch of a co-lending partnership for micro, small and medium enterprises (MSME) with Bank of Baroda. Termed as 'Pratham', the loan disbursements have commenced on the occasion of Bank of Baroda's 114th Foundation Day. The program has been launched under Reserve Bank of India's revised co-lending guidelines. Pratham, a Rs 1000 crore co-lending program will allow the MSMEs to avail customized lending solutions at a competitive rate of interest with a significant reduction in turn-around time. The loan amount ranges from Rs 50 lakh to Rs 2.5 crore to be offered at an interest rate starting from 8% with a maximum tenure of 120 months. In a statement, Shachindra Nath, Executive Chairman and Managing Director, U GRO Capital said, "It is a reiteration of the value and trust that the bank places on our ability to leverage sectoral expertise and technology to solve the unsolved credit need of the MSMEs. We look forward to nurturing this essential relationship in our bid to support more MSMEs in the remotest locations, to help them revive and grow."
<https://economictimes.indiatimes.com/small-biz/sme-sector/u-gro-capital-launches-pratham-a-msme-co-lending-program-with-bank-of-baroda/articleshow/84605750.cms>
- **FDI investment doubled in April-May, but secondary investments dominate inflows: RBI data:** India continued to attract strong foreign direct investment inflows in the first two months of the current fiscal. April-May inflows doubled over the previous year's levels. But a third of the inflows have been due to acquisition of shares through secondary transactions rather than investments by companies in plants, helping the country amass durable foreign exchange reserves in the process. Gross FDI inflows more than doubled to \$18.3 billion in April-May this year compared to \$8.5 billion in the same period a year ago, according to the latest Reserve Bank of India data. But nearly a third of the inflows - \$6.3 billion- are in the form of acquisition of shares rather than investment in new projects. Nonetheless, it is helping the country's foreign exchange kitty. Acquisition of shares, unlike portfolio investments are not stock exchange deals. They could be typically private equity investments or pre-IPO equity investments or block purchases of over 10 per cent of a company's diluted equity which are through M&A deals.
<https://economictimes.indiatimes.com/news/economy/finance/fdi-investment-in-india-doubled-in-april-may-but-secondary-investments-dominate-inflows/articleshow/84616854.cms>
- **Bajaj Finserv Q1 net profit down 31.5%:** Bajaj Finserv reported a 31.5 per cent drop in its consolidated net profit to ₹832.77 crore for the quarter-ended June 30, 2021 as against ₹1,215.15 crore in the same period a year ago. Its consolidated total income declined by 1.7 per cent to ₹13,949 crore in the first quarter of the fiscal as against ₹14,192 crore a year ago. "After a brief recovery in the fourth quarter of 2020-21, economic conditions worsened in the first quarter of 2021-22 as the second wave of Covid spread across the country accompanied by localised lockdowns in many States. Sales of consumer durables and motor vehicles were affected in many States and, consequently, risk levels remained elevated in the quarter," Bajaj Finserv said in a statement on Wednesday.



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<https://www.thehindubusinessline.com/money-and-banking/bajaj-finserv-q1-net-profit-down-315/article35442626.ece>

- **IDFC says can exit as promoter of IDFC First Bank since five-year lock-in period over:** IDFC said it can exit as the promoter of IDFC First Bank since the five year lock-in period has ended. This is based on the communication with the Reserve Bank of India. "... the RBI vide its letter ...dated July 20, 2021, clarified that after the expiry of lock-in period of five years, IDFC Limited can exit as the promoter of IDFC First Bank," it said in a stock exchange filing on Wednesday. Under RBI rules, the shareholding of the non-operative financial holding company, which is the promoter of the bank, will be locked in for a period of five years from the date of commencement of the business of the bank. IDFC Bank was set up in 2015. This means that the five year lock-in period is now completed. As on June 30, 2021, IDFC Financial Holding Company held 36.56 per cent stake in IDFC First Bank.
<https://www.thehindubusinessline.com/money-and-banking/idfc-says-can-exit-as-promoter-of-idfc-first-bank-since-five-year-lock-in-period-over/article35448981.ece>
- **A segmented banking system can boost credit:** Despite ample liquidity provided by the RBI under the multipurpose Targeted Long Term Repo Operations (TLTRO), there is no perceptible improvement in the credit growth. Credit growth dipped to 5.8 per cent in FY21 as against 6.14 per cent in FY20, a 58-year-low, according to an SBI Research analysis. But the recent 'Coalition Greenwich Report' — a Division of Crisil brings some cheer. It says that big banks are gaining better share in corporate lending. SBI, ICICI Bank and HDFC Bank have emerged as '2021 Greenwich Share Leaders' while Axis Bank was the '2021 Greenwich Quality Leader'. The report further observes that market penetration of SBI and private banks in corporate banking improved in the last five years. SBI provided credit to 32 per cent of corporates in 2020, up from 30 per cent in 2016. Private banks were providing to 24 per cent in 2020, up from 17 per cent in 2016.
<https://www.thehindubusinessline.com/opinion/a-segmented-banking-system-can-boost-credit/article35430011.ece>
- **Will comply with data localisation norms, says American Express Banking Corp India:** American Express Banking Corp India told the Reserve Bank of India that it will comply with the data localisation norms. The RBI, in April this year, had restricted American Express from on-boarding new domestic customers onto their card networks from May 1 for violating data storage norms. Manoj Adlakha, SVP and CEO, American Express Banking Corp India told BusinessLine that the bank continues to believe India is a strategic market for the company. "We are working very closely with the RBI. We are always very mindful that if there is a law of the land, we would be fully compliant," Adlakha said.
<https://www.thehindubusinessline.com/companies/will-comply-with-data-localisation-norms-says-american-express-banking-corp-india/article35445664.ece>
- **Kerala inks \$125-million pact with World Bank to boost disaster preparedness:** Government of India, the Government of Kerala and the World Bank have signed a \$125-million programme to support Kerala's preparedness against natural disasters, climate change impacts, disease outbreaks, and pandemics. Rajat Kumar Mishra, Additional Secretary, Department of Economic Affairs, Ministry of Finance, Government of India; Rajesh Kumar Singh, Additional Chief Secretary, Government of Kerala;



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and Junaid Ahmad, Country Director, World Bank are signatories to the agreement consummated in Delhi.

<https://www.thehindubusinessline.com/money-and-banking/kerala-inks-125-million-pact-with-world-bank-to-boost-disaster-preparedness/article35440238.ece>

- **Banks review settlement processes for deposit accounts of deceased customers in view of Covid-19:** Banks are reviewing their processes relating to the settlement of deposit accounts of deceased customers in view of the adverse impact of the Covid-19 pandemic, which as per official figures has claimed about 4.18 lakh lives so far. They are weighing the possibility of quick settlement of partial deposit amount to provide an immediate relief to family members of the deceased and extending a helping hand in filing insurance claims if the deceased was covered by a life insurance scheme sold through them, among others. In an advisory, the Indian Banks' Association emphasised that banks need to sensitise their staff at various levels and particularly at the branch level, to handle death settlement cases sympathetically in the light of the pandemic. The Association said all possible steps should be taken to mitigate sufferings of survivors of the family of the deceased depositor.
<https://www.thehindubusinessline.com/money-and-banking/banks-review-settlement-processes-for-deposit-accounts-of-deceased-customers-in-view-of-covid-19/article35448607.ece>
- **HDFC AGM| Home loan demand continues to be strong: Deepak Parekh:** Demand for home loans has remained strong even during the Covid-19 pandemic, Housing Development Finance Corporation (HDFC) chairman Deepak Parekh said on Tuesday at 44th annual general meeting (AGM) of the home financier. Although Parekh acknowledged that lockdown restrictions impacted individual loans, according to him the demand surpassed all expectations, once the restrictions were eased. "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," Deepak Parekh, chairman, HDFC, said at the company's AGM on Tuesday. The latest data from Reserve Bank of India (RBI) also affirms continued home loan growth in the system. Home loans grew 10% year-on-year (y-o-y) to Rs 14.62 lakh crore, as on May 21, 2021, as per RBI.
<https://www.financialexpress.com/industry/banking-finance/hdfc-agm-home-loan-demand-continues-to-be-strong-deepak-parekh/2294552/>
- **District co-operative banks' bad loan ratio hits 12.6%: FM Nirmala Sitharaman :** Finance minister Nirmala Sitharaman on Tuesday told the Rajya Sabha that gross bad loans of district central co-operative banks (DCCBs) were among the highest in the banking system, at 12.6% (₹35,298 crore) of their advances as of March 2020. The minister said the gross non-performing assets (NPAs) of urban co-operative banks (UCBs), too, remained elevated at 11.3% (Rs 35,528 crore) at the end of March 2021. However, the gross NPAs of state co-operative banks were to the tune of 6.7% (Rs 13,477 crore) as of March 2020, Sitharaman said in a statement in the upper House. In contrast, the bad loan ratio of scheduled commercial banks stood at 7.5% as of March 2021, having eased from 8.4% a year before, the RBI said in its latest report this month.
<https://www.financialexpress.com/industry/banking-finance/district-co-operative-banks-bad-loan-ratio-hits-12-6-sitharaman/2294437/>



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- **Gold prices decline to 47,571 per 10 gram on weak global trend, firm US dollar:** Gold prices edged lower on July 21 on weak global cues and the firm dollar and US Treasury. However, the yellow metal downside was capped on safe-haven appeal as surging coronavirus cases of Delta variant threaten to stall the global economic recovery. The commodity market was shut in the first half of the session on account of the Bakri Id holiday. The retail gold price settled at Rs 48,222 per 10 gram in the Mumbai retail market yesterday and it is closed for trading today. The rate for 18, 22 and 24 carat gold were as Rs 36,167, Rs 44,171 and Rs 48,222 plus 3 percent GST.
<https://www.moneycontrol.com/news/business/commodities/gold-prices-decline-to-47571-per-10-gram-on-weak-global-trend-firm-us-dollar-7203251.html>

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