



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

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- **Indian Bank declares Lanco Infra, Basundhara Green Power as fraud a/cs with Rs 589 crore exposure :** State-owned Indian Bank on Friday declared Lanco Infratech and Basundhara Green Power as fraud accounts with a total outstanding balance of over Rs 589 crore. "We have to inform you that fully provided non-performing accounts have been declared as fraud and reported to RBI as per regulatory requirements," it said in an exchange filing. Lanco Infratech Ltd with a loan outstanding of Rs 577.47 crore to the bank, caused the fraud in the nature of diversion of funds. Indian Bank said it has held a provision of an equal amount, Rs 577.47 crore, against this account. Basundhara Green Power Ltd on the other hand caused the fraud by way of defective title deed or imperfect mortgage, the bank said. The provision held is 100 per cent at Rs 11.64 crore, it added.
<https://economictimes.indiatimes.com/industry/banking/finance/banking/indian-bank-declares-lanco-infra-basundhara-green-power-as-fraud-a/cs-with-rs-589-crore-exposure/articleshow/84678827.cms?from=mdr>
- **Indian Bank inks pact with IIT-Guwahati's centre for start-up financing:** Chennai-headquartered Indian Bank has signed an agreement with IIT Guwahati Technology Incubation Centre (TIC) for financing start-ups under Bank's loan product "IND Spring Board". The MoU was signed by K S Sudhakara Rao, General Manager (MSME), Indian Bank and Professor R. Ganesh Narayanan - Technology Incubation Centre (TIC), IIT-Guwahati on Thursday. Indian Bank's 'Ind Spring Board' scheme aims to empower start-ups to realise their research efforts powered by financial support from the bank. Under this product, the bank supports start-ups by extending up to ₹50 crore as working capital and fund-based term loan requirements for acquiring fixed assets. "The Bank is committed to economic upliftment and boosting the entrepreneurship of the people of Assam and Northeast India. This is a step in that direction," said a statement.
<https://www.thehindubusinessline.com/money-and-banking/indian-bank-inks-pact-with-iit-guwahatis-centre-for-start-up-financing/article35492353.ece>
- **Bank of Baroda seeks application for post of chief economist:** State-owned Bank of Baroda has called for applications for the post of chief economist. In a newspaper advertisement, BoB said the incoming professional will hold office for a period of 3 years and compensation will be based on experience and suitability of the candidate. Sameer Narang, the current chief economist of the bank, was appointed in October 2017. Previously, he was an economist & strategist at IDFC Securities Ltd and economist for HDFC Securities Ltd.
<https://www.livemint.com/industry/banking/bank-of-baroda-seeks-application-for-the-post-of-chief-economist-11627021274464.html>
- **Yes Bank reports 355% rise in Q1FY22 net profit:** Private sector lender Yes Bank is back in the black with a 355 per cent jump in its net profit to ₹206.84 crore in the quarter-ended June 30, 2021 compared to the same period last year. The bank had reported a net loss of ₹3,787.75 crore in the quarter-ended March 31, 2021 and a net profit of ₹45.44 crore in the first quarter of last fiscal. "This is



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the highest profit since December 2018,” Yes Bank said in a statement on Friday. However, the lender’s total net income fell 2.8 per cent to ₹2,459 crore for the first quarter of this fiscal from ₹2,529 crore a year ago.

<https://www.thehindubusinessline.com/money-and-banking/yes-bank-reports-355-rise-in-q1fy22-net-profit/article35491552.ece>

- **Federal Bank's Q1 net profit drops 8.35% due to higher provisions:** Kochi-based private sector lender Federal Bank has reported an 8.35 per cent decline in net profit in April-June quarter of FY22 due to higher provisions. Net profit for the quarter stood at Rs 367 crore as against Rs 401 crore in the same period last year. In Q4FY21, the lender had earned a net profit of Rs 478 crore. The lender’s net interest income (NII) grew by 9.4 per cent year-on-year (YoY) to Rs 1,418 crore in Q1FY22 compared to Rs 1,296 crore in the year-ago period. And, net interest margin (NIM) stood at 3.15 per cent, a three-quarter low for the lender. Other income of the lender was up 33.13 per cent to Rs 650.15 crore, aided by treasury gains and one-off recovery in a large account, which was written off in the past. The bank increased its provisions by 62.64 per cent YoY to Rs 641.83 in Q1FY22 while sequentially it was up 164 per cent. Of Rs 642 crore, provisions for loan loss were Rs 459 crore and for standard accounts was Rs 180 crore.
https://www.business-standard.com/article/finance/federal-bank-s-q1-net-profit-drops-8-35-due-to-higher-provisions-121072300970_1.html
- **Govt banks continue to have truncated boards, 10 don't even have a chairman:** The talk of governance reforms at public-sector banks seems to remain on paper, as a majority of them continue to be working with just a handful board members. Half of the board seat at these banks have been vacant. Ten of the 12 public-sector banks, even large ones like Punjab National Bank, Canara Bank and Union Bank of India – all except State Bank of India (SBI) and Bank of Baroda – don’t even have a chairman. In 2014, while splitting the post of chairman & managing director (CMD), the government had decided to appoint non-executive chairmen at these banks. SBI, which has an executive chairman and four managing directors, was an exception. “The idea behind splitting the CMD post was to ensure the chief executive did not become all too powerful. The non-executive chairman ensures that the MD does not run the show on his own,” said a senior bank official of a public-sector bank.
https://www.business-standard.com/article/finance/govt-banks-continue-to-have-truncated-boards-10-don-t-even-have-a-chairman-121072300154_1.html#:~:text=Ten%20of%20the%2012%20public,t%20even%20have%20a%20chairman.
- **RBI ups threshold for personal loans given by a bank to directors of other banks:** The Reserve Bank of India (RBI) has upped the threshold up to which a bank can grant personal loans to any director of other banks by 20 times from ₹25 lakh to ₹5 crore. The upward revision in the threshold is aimed at reflecting the increase in general prices, encourage professionals with the expertise to join the boards, and reduce the cases requiring approval at the board/management committee level without diluting the regulatory intent. The ₹25 lakh threshold was fixed way back in 1996. However, the RBI said unless sanctioned by the board of Directors/Management Committee, banks cannot grant loans and advances aggregating ₹5 crore and above (hitherto ₹25 lakh and above) to any relative (other than



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spouse) and dependent children of Chairmen, Managing Directors or other Directors of their own bank as well as other banks.

<https://www.thehindubusinessline.com/money-and-banking/rbi-ups-threshold-for-personal-loans-given-by-a-bank-to-directors-of-other-banks/article35492572.ece>

- **RBI devolves 10-year G-Sec auction:** The Reserve Bank of India (RBI) devolved the recently issued 10-year government security (G-Sec) on primary dealers (PDs) to the tune of 80 per cent of the notified amount at the weekly auction held on Friday as bidders wanted to buy the paper at a lower price vis-a-vis the prevailing market price. By devolving the paper on the PDs, the central bank is trying to keep the G-Sec yields in check. Bond price and yields are inversely related and move in opposite directions. At the auction, PDs had to pick up the GS 2031 aggregating ₹11,144.145 crore against the notified amount of ₹14,000 crore. The cut-off price for the paper came in at ₹99.63 (versus the previous close of ₹99.7225). Cut-off yield was at 6.1498 per cent (6.1373 per cent).
<https://www.thehindubusinessline.com/money-and-banking/rbi-devolves-10-year-g-sec-auction/article35496757.ece>
- **RBI allows loans up to Rs 5 crore to other banks' directors without board approval:** The Reserve Bank of India has raised the limit on loans to be sanctioned to directors or associates without board approval for the first time in 26 years to Rs. 5 crore from Rs. 25 lakhs last set in 1996. This revision in threshold will be applicable to only personal loans disbursed to any director of other banks, all loans to relatives of bank's own directors, relatives of directors of other banks, and the companies or firms associated with them. "On an examination of the issues, it was felt that the threshold of Rs 25 lakh which was fixed way back in 1996, needed an upward revision to reflect the increase in general prices since that time, encourage professionals with expertise to join the boards and reduce the cases requiring approval at the board & management committee level without diluting the regulatory intent, accordingly, it has been decided to raise the threshold to Rs 5 crore," the RBI said in a statement.
<https://www.livemint.com/news/india/rbi-allows-loans-up-to-rs-5-cr-to-other-banks-directors-without-board-approval-11627043463882.html>
- **India Post Payments Bank doubles transactions, plans digital inroads with India Post:** India Post Payments Bank (IPPB) has recorded an over twofold increase in transactions since the beginning of the pandemic last year, even as payments banks have in general been struggling to find a viable business model. The sovereign-owned lender on average records about 1 million transactions worth Rs 30 crore daily. It may now create a platform for digital services with India Posts' network. "This (number of transactions) has phenomenally grown since the Covid outbreak that crippled usual peoples' movement," India Post Payments Bank managing director J Venkatramu told ET. "In the past 15 months, 4.5 lakh customers used the digital life certificate platform that appeared to be a big relief for senior citizens, who could not move out due to health hazards and lockdown restrictions," he said.
<https://economictimes.indiatimes.com/industry/banking/finance/banking/india-post-payments-bank-doubles-transactions-plans-digital-inroads-with-india-post/articleshow/84677857.cms>



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- **Insurance frauds see an increase during pandemic, says survey:** Insurance frauds have increased during the Covid-19 pandemic and investigations have largely moved to digital channels, a new survey has revealed. Significantly, more than one in four of the respondents or 27 per cent of those surveyed said insurance frauds have increased during the pandemic. The findings are part of a survey on “Impact of Covid -19 Pandemic on Insurance Fraud Risk Mitigation and Investigation”, which was conducted by Insurance Institute of India with Lancers Network in collaboration with Association of Private Detectives and Investigators India and International Fraud Trading Group. “There is also an overall increase in insurance fraud investigations after the onset of Covid-19, with 55 per cent of respondents confirming that their professional activities related to fraud-fighting have either increased overall or increased under a specific area of operation during the pandemic,” the report said.
<https://www.thehindubusinessline.com/money-and-banking/insurance-frauds-see-an-increase-during-pandemic-says-survey/article35482061.ece>
- **Reserve Bank working towards phased implementation of digital currencies:** The time for introduction of central bank digital currencies (CBDCs) is possibly near, with the Reserve Bank of India (RBI) currently working towards a phased implementation strategy and examining use cases which could be implemented with little or no disruption, according to Deputy Governor T Rabi Sankar. Referring to countries generally implementing specific purpose CBDCs in the wholesale and retail segments, Sankar observed that going forward, after studying the impact of these models, launch of general purpose CBDCs will be evaluated. A CBDC is the legal tender issued by a central bank in a digital form. It is the same as a fiat currency and is exchangeable one-to-one with the fiat currency. Only its form is different.
<https://www.thehindubusinessline.com/money-and-banking/reserve-bank-working-towards-phased-implementation-of-digital-currencies/article35487141.ece>
- **Borrowing cost up 1.2-1.5% for small finance cos despite liquidity: Crisil :** The perception of risk is hard to shake off when it comes to funding small and mini finance companies, which serve those at the bottom of the pyramid. Despite lower interest rates in the market as a whole, their average cost of borrowings rose by 1.2-1.5 per cent between fiscal 2018 and 2021, according to a Crisil analysis. The second Covid-19 wave has likely intensified the pressure points for small and mini non-banks. The Reserve Bank of India injected Rs 5.75 trillion into the system to fight the pandemic and keep interest rates soft. But this failed to mitigate the three-year-long twin ordeals of those catering to the underserved and informal sector customers with weak income documentation. In contrast, larger finance firms and housing finance companies reaped benefits of liquidity surge. Cost of borrowings for the larger NBFCs/HFCs fell to their fiscal 2018 levels. That for large MFIs too declined by 100 basis points (one percent) over the past three fiscals.
https://www.business-standard.com/article/economy-policy/borrowing-cost-up-1-2-1-5-for-small-finance-cos-despite-liquidity-crisil-121072301101_1.html
- **NCLAT declines to stay Piramal Capital’s approved resolution plan for DHFL:** The National Company Law Appellate Tribunal (NCLAT) on Friday declined to stay the resolution plan of Dewan Housing Finance Corporation Ltd (DHFL) and its subsequent takeover by the successful bidder Piramal Capital



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& Housing Finance over the plea filed by 63 Moons Technologies. A two-member bench comprising its Officiating Chairperson Justice A I S Cheema and Member Alok Srivastava rejected 63 Moons Technologies' plea to pass an interim order staying the resolution plan approved by the Mumbai bench of National Company Law Tribunal (NCLT). Earlier on June 7, the NCLT had approved the resolution plan of Piramal Capital & Housing Finance Ltd for the debt-ridden DHFL and 63 Moons, which is a debenture holder of DHFL, filed a petition challenging it before NCLAT. It had requested to stay the operations of the NCLT order, till the two appeals filed by it before the appellate tribunal is decided.

<https://www.financialexpress.com/industry/banking-finance/nclat-declines-to-stay-piramal-capitals-approved-resolution-plan-for-dhfl/2296455/>

- **SBI Cards Q1 profit shrinks 22% to Rs 305 crore due to rise in bad loans:** SBI Cards and Payment Services Ltd (SBI Card) on Friday reported a 22 per cent decline in net profit to Rs 305 crore in the first quarter ended June 30 due to higher delinquencies. The SBI-promoted card issuance company had reported a net profit of Rs 393 crore in the April-June quarter of the previous fiscal (2020-21). Total income of SBI Card during the quarter rose to Rs 2,451 crore as against Rs 2,196 crore a year ago, SBI Cards said in a regulatory filing.
<https://www.moneycontrol.com/news/business/earnings/sbi-cards-q1-profit-shrinks-22-to-rs-305-crore-due-to-rise-in-bad-loans-7215651.html>
- **Federal Bank sees pain in gold loans as COVID takes a toll; MSME business too struggle in April-June quarter:** Kerala-based private sector lender, Federal Bank, on July 23, saw its asset quality deteriorating in the April-June quarter of financial year 2021-2022, led by stress in the gold loans and small enterprises segments. The second wave of COVID-19 in April and May led to difficulties in collections from borrowers, many of whom were also hit hard by business restrictions, said Shyam Srinivasan, MD & CEO, Federal Bank. The lender's total slippages rose to Rs 640 crore in the quarter from Rs 598 crore in the preceding quarter. Gold loan slippages stood at Rs 50 crore -- or 0.3 percent of the portfolio-- for the quarter ended June and another Rs 35 crore worth of other retail accounts linked to gold loan borrowers were also recognised as slippages. Fresh bad loans in business banking, which includes loans to small enterprises, increased to Rs 169 crore in the quarter compared with Rs 73 crore in the January-March quarter. A loan becomes NPA if there is no repayment of interest or principal for a period of 90 days.
<https://www.moneycontrol.com/news/business/federal-bank-sees-pain-in-gold-loans-as-covid-takes-a-toll-msme-business-too-struggle-in-april-june-quarter-7214921.html>
- **Gold rates today fall, down ₹1,000 in five days; silver edges higher:** Gold rates slipped today in Indian markets, continuing their downward trajectory. On MCX, gold futures fell about 0.25% to ₹47,510 while silver futures edged 0.22% higher at ₹67,520 per kg. Gold rates are down about ₹1,000 in five sessions amid weak global trend. MCX gold has support at ₹46,850 and resistance at ₹48,400, say analysts. In global markets, gold rates edged lower today amid a stronger US dollar. Spot gold was down 0.2% at \$1,803.33 per ounce and was set for first weekly decline in five. The precious metal is down about 0.4% so far this week. The US dollar index today hovered near 3-month high against its rivals, making gold more expensive for holder of other currencies.



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<https://www.livemint.com/market/commodities/gold-rates-today-fall-down-rs-1-000-in-five-days-silver-edges-higher-11627010977341.html>

- **Sensex, Nifty close higher amid volatile session** : The BSE Sensex closed at 52,975.80, up 138.59 points or 0.26 per cent. It breached the 53,000-mark during the day with an intraday high of 53,114.70. It hit an intraday low of 52,653.77. The Nifty 50 closed at 15,856.05, up 32.00 points or 0.20 per cent. It hit an intraday high of 15,899.80 and a low of 15,768.40 The breadth of the market, however, turned in favour of the decliners with 1,667 stocks declining, 1,579 advancing and 123 remaining unchanged on the BSE. As many as 468 securities hit the upper circuit and 233 the lower circuit; 474 hit their 52-week high while 24 touched a 52-week low. ICICI Bank, Wipro, ITC, SBI Life and Tata Consumer were the top gainers on the Nifty 50 while Tata Motors, Grasim, Adani Ports, L&T and UPL were the top laggards.

<https://www.thehindubusinessline.com/markets/stock-markets/sensex-nifty-close-higher-amid-volatile-session/article35488869.ece>

- **Rupee pares early losses to close 6 paise up against dollar**: The rupee pared its early losses to close 6 paise higher at 74.40 against the US dollar on Friday, rising for the third session in a row on the back of weak crude oil prices and gains in the domestic equities. A stronger dollar in the overseas markets however weighed on the rupee sentiment. At the interbank forex market, the domestic currency witnessed heavy volatility. The local unit opened weak at 74.55 a dollar and touched a low of 74.58 in morning trade. The local unit recovered later and touched a high of 74.37 before closing at 74.40 against the American currency, registering a rise of 6 paise over its previous close. On Thursday, the rupee had settled at 74.46.

<https://www.thehindubusinessline.com/markets/forex/rupee-pares-early-losses-to-close-6-paise-up-against-dollar/article35489186.ece>

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