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## DAILY NEWS DIGEST BY BFSI BOARD, ICAI

June 26, 2021

- **SBI-led consortium gets over Rs 5,800 crore in Mallya loan default case: ED:** A State Bank of India (SBI)-led consortium that lent loans to fugitive businessman Vijay Mallya on Friday received Rs 5,824.5 crore in its accounts after shares of UBL, earlier attached under the anti-money laundering law, were sold recently, the ED said. Mallya is accused in a multiple banks loan default case of about Rs 9,000 crore. The disputes resolution tribunal (DRT) had sold these shares on June 23 after the Enforcement Directorate had transferred shares worth about Rs 6,624 crore of UBL to the SBI-led consortium on the directions of a special PMLA court that is hearing the case involving Mallya in Mumbai. These shares were attached under the Prevention of Money Laundering Act (PMLA) by the ED, a central probe agency.  
<https://economictimes.indiatimes.com/industry/banking/finance/banking/sbi-led-consortium-gets-over-rs-5800-crore-in-mallya-loan-default-case-ed/articleshow/83843838.cms?from=mdr>
- **SBI divests stake in non-core assets, invests Rs 600 crore in PE, alternative investment funds, says Dinesh Khara:** Country's largest lender by assets, State Bank of India (SBI), has divested its stake in non-core assets and invested nearly Rs 600 crore in private equity and alternative investment funds, it's chairman Dinesh Kumar Khara said in the speech at the bank's 66th annual general meeting on June 25. Divesting stake in non-core assets is part of the bank's strategy. Also, SBI's investment portfolio increased to Rs 13.62 lakh crore in financial year 2021 compared to Rs 10.58 lakh crore in financial year 2020, mainly due to rise in SLR investments, the bank said.  
<https://www.moneycontrol.com/news/business/sbi-divests-stake-in-non-core-assets-invests-rs-600-crore-in-pe-alternative-investment-funds-says-dinesh-khara-7088711.html>
- **SBI cautiously optimistic about FY22 performance:** State Bank of India Chairman Dinesh Khara on Friday said that the bank is cautiously optimistic that the bank will be able to deliver the same performance in the current fiscal year 2022 as it did last year. "In conclusion, the Bank adjusted to the challenges posed by the COVID-19 pandemic and is better positioned to tackle any subsequent wave. I am cautiously optimistic that the performance trajectory of FY2021 will continue in FY2022 as well," said Khara at the bank's annual general meeting on Friday. The current financial year has begun with unexpected second wave of COVID-19 infections. Although the containment strategy this time included avoiding complete lockdown and managing the situation through micro-containment zones, the impact on the economy will nevertheless be felt, he said.  
<https://www.livemint.com/industry/banking/sbi-cautiously-optimistic-about-fy22-performance-11624629641693.html>
- **Union Bank of India raises Rs 850 crore through bonds:** State-owned Union Bank of India has raised Rs 850 crore by issuing Basel-III-compliant bonds on a private placement basis. The bank has allotted Basel-III-compliant tier-II bonds, which are in the nature of debentures eligible for inclusion in tier-II capital, aggregating to Rs 850 crore, Union Bank of India (UBI) said in a regulatory filing on Thursday. The tenor of the bond is 10 years and it has a coupon rate of 7.19 per cent per annum. The



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lender said there is a call option on the bonds which can be applicable on or after the fifth year from the date of allotment (June 24, 2021). Tier-II capital of a bank includes undisclosed reserves, revaluation reserves, and subordinate debt. A call option bond provides the issuer of the bond to repay the debt before the maturity, especially when the interest rates are falling as servicing a debt at a higher rate is not prudent.

<https://economictimes.indiatimes.com/markets/bonds/union-bank-of-india-raises-rs-850-cr-through-bonds/articleshow/83818858.cms>

- **BoB sacks guard who shot customer at BoB branch for not wearing mask, probe ordered:** Bank of Baroda (BoB) on 25 June said it has sacked a guard at one of its branches in Uttar Pradesh after the guard shot a customer for not wearing mask. Also, the bank has ordered an internal probe into the issue. Police subsequently arrested the guard. According to reports, a security guard at one of BoB's branches in Bareilly shot a customer in the leg during an altercation over the customer not wearing a mask. "We deeply regret the unfortunate firing incident that took place at Station Road Branch, Bareilly today as a result of a reported altercation between the guard and the victim. The injured has been immediately admitted in the district hospital and is reportedly out of danger," BoB said.  
<https://www.moneycontrol.com/news/business/bob-sacks-guard-who-shot-customer-at-bob-branch-for-not-wearing-mask-probe-ordered-7088631.html>
- **RBI prescribes qualifications for MDs, WTDs of urban cooperative banks:** The Reserve Bank on Friday prescribed educational qualifications and 'fit and proper' criteria for managing directors (MDs) and whole-time directors (WTDs) of primary urban cooperative banks and barred MPs and MLAs from these posts. Issuing the guidelines for appointment of MDs and WTDs, the RBI said MPs, MLAs and representatives of municipal corporations will not be eligible to hold such positions in the primary urban cooperative banks (UCBs). It further said the MD/WTD should be a post graduate or have qualifications in finance discipline. He or she could be either chartered/cost accountant, MBA (finance) or have a diploma in banking or cooperative business management. The person should not be below 35 years of age or more than 70 years, it added.  
<https://economictimes.indiatimes.com/industry/banking/finance/banking/rbi-prescribes-qualifications-for-mds-wtds-of-urban-cooperative-banks/articleshow/83844439.cms?from=mdr>
- **RBI extends restrictions on PMC Bank till December 31:** The Reserve Bank of India (RBI) today extended the restrictions earlier imposed on Punjab and Maharashtra Co-operative Bank (PMC Bank) till December 31. RBI recently gave in-principle nod to Centrum Group to set up a small finance bank to acquire crisis-ridden PMC Bank. "Taking into account the time required for completion of various activities involved in the process, it is considered necessary to extend the aforesaid Directions," said the Central Bank in a release. In September 2019, the RBI had superseded the board of PMC and placed it under regulatory restrictions, including cap on withdrawals by its customers, after detection of certain financial irregularities, hiding and mis-reporting of loans given to real estate developer HDIL. The restrictions have been extended several time since then.  
<https://www.thehindubusinessline.com/money-and-banking/rbi-extends-restrictions-on-pmc-bank-further-till-dec-31/article34976225.ece>



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- **Indian economy will be impacted due to the second wave of Covid 19: SBI chairman Dinesh Kumar Khara:** The Indian economy will be impacted due to the second wave of the Covid 19 pandemic despite a localised containment strategy adopted by the government, State Bank of India (SBI) chairman Dinesh Kumar Khara said in his address to shareholders. The bank will accelerate its digital offerings and shift more and more transactions online especially through its YONO application, Khara said in his first annual general meeting (AGM) since taking over as chairman of the country's largest bank in October 2020 for a three year term. "The current financial year has begun with unexpected second wave of COVID-19 infections. Although the containment strategy this time included avoiding complete lockdown and managing the situation through micro-containment zones, the impact on the economy will nevertheless be felt," Khara told shareholders. SBI will accelerate its digital offerings and shift more and more transactions online especially through its YONO application, Khara said.  
<https://economictimes.indiatimes.com/industry/banking/finance/banking/indian-economy-will-be-impacted-due-to-the-second-wave-of-covid-19-sbi-chairman-dinesh-kumar-khara/articleshow/83843082.cms>
- **RBI extends curbs on the operations at PMC Bank:** The Reserve Bank of India extended curbs on the operations at Punjab and Maharashtra Cooperative (PMC) Bank a week after the central bank had cleared roadblocks for the takeover of the scandal-hit lender. "It is hereby notified for the information of the public that the validity of the aforesaid directive... has been extended for a further period from July 1 to December 31," the central bank said. Last week, it had given preliminary approval to Centrum Financial Services and BharatPe, a digital payment platform, to float a small finance bank to help merge the businesses of the distressed community lender. This means, PMC Bank will not be able to do usual business until the year end.  
<https://economictimes.indiatimes.com/industry/banking/finance/banking/rbi-extends-curbs-on-the-operations-at-pmc-bank/articleshow/83843381.cms>
- **EPFO adds 1.27 million subscribers in April:** Despite local restrictions across states, the Employees Provident Fund Organisation added 1.27 million subscribers in April while new subscribers added under the Employees State Insurance Corporation stood at 1.04 million and under the National Pension Scheme was 55,844, reflecting the number of formal jobs created in the country in the month. The payroll data by the ministry of statistics and programme implementation, released on Friday, shows net new additions under the EPFO was higher by 13.7% in April compared to March at 1.12 million, but fell for ESIC and NPS compared to March.  
<https://economictimes.indiatimes.com/jobs/epfo-adds-1-27-million-subscribers-in-april/articleshow/83844142.cms>
- **Using unique tricks, two robbers target 19 ATMs across Tamil Nadu, loot Rs 48 lakh; heist caught on cam:** On Wednesday, in yet another case of ATM fraud incident, two men loot 19 ATMs with a unique trick in Tamil Nadu. The incident took place at various locations in the SBI ATMs. As per the report, Chennai police are on the lookout for the accused. The State Bank of India has suspended ATM withdrawals across the country. The bank team is trying to find out how both managed to loot money using a particular kind of Japanese-made cash deposit machines. The incident came to light when Chennai police have received seven complaints of cash missing from different ATMs. The act by the



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robbers have been caught on the CCTV footage. One of the accused in the video is wearing a helmet. The report further suggests that the SBI bank officials confirmed Rs 69,000 was unaccounted for. Others cases of ATM robbery were reported from Velachery, Taramani, Virugambakkam, and Ramapuram between June 17 and June 19.

<https://www.timesnownews.com/chennai/article/using-unique-tricks-two-robbers-target-19-atms-across-tamil-nadu-loot-rs-48-lakh-heist-caught-on-cam/774684>

- **Maharashtra State Cooperative Bank reports Rs 369-crore net in FY21:** Maharashtra State Cooperative Bank (MSC) Bank has reported a net profit of Rs 369 crore for the financial year 2021, a rise of 14% over the previous year. The bank's total income dropped 30% to Rs 2,427 crore, from Rs 3,485 crore. The bank had made provision of Rs 1,012 crore towards NPA loan write-off and Rs 455 crore general reserves write-off, according to senior officials. The gross profit of the bank fell to Rs 776 crore, compared with Rs 1,345 crore for the previous year, down 42%. In FY20, general reserves of Rs 455 crore, Rs 62-crore IDR (investment depreciation reserve) and Rs 75-crore old IR (overdue interest reserve) were written back (total Rs 592 crore).  
<https://www.financialexpress.com/industry/banking-finance/maharashtra-state-cooperative-bank-reports-rs-369-crore-net-in-fy21/2277969/>
- **Pandemic won't deliver a big shock to banking system: Principal economic advisor Sanjeev Sanyal:** The Indian banking system would not be hit by the pandemic as much as feared by many Sanjeev Sanyal, principal economic advisor, said. "The IBC (Indian Bankruptcy Code) process related cases are getting solved. The NCLT system has continued to function. The banking channels mostly remained muted for financing. Some NPAs will pop up but the shock will be smaller than feared," Sanyal said at a session of the Merchants' Chamber of Commerce and Industry. He said as the government was opening up more and more avenues for private investments. The booming stock markets could be a source for meeting the financing needs through more equity participation. The capital expenditure, which the government started ramping up from October last year onwards to create more assets, has resulted in a strong economic recovery for the January-March quarter last fiscal. Sanyal said the FY22 Budget focussed on expanding the economy and that's what the government is implementing.  
<https://www.financialexpress.com/industry/banking-finance/pandemic-wont-deliver-a-big-shock-to-banking-system-principal-economic-advisor-sanjeev-sanyal/2277905/>
- **All PSBs, REC to buy stakes in bad bank; Indian Banks' Association files application for incorporation of NARCL:** The Indian Banks' Association (IBA) has filed an application with the corporate affairs ministry for the incorporation of the National Asset Reconstruction Company (NARCL), which will pave the way for its swift operationalisation, banking sources told FE. Not just large lenders but all public-sector banks (PSBs), barring Punjab & Sind Bank, have evinced interest in picking up stakes in the so-called bad bank, one of the sources said. The IBA – which is spearheading the initiative to set up the NARCL – has also held talks with REC, seeking its contribution to equity, he added. "The discussions with REC (which finances rural electrification projects) have been moving towards a positive outcome," the source said. No private bank has yet agreed to put in capital but talks are still on.  
<https://www.financialexpress.com/industry/banking-finance/all-psbs-rec-to-buy-stakes-in-bad-bank-indian-banks-association-files-application-for-incorporation-of-narcl/2277980/>



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- **RBI links NBFC dividend payout to capital, NPA norms:** The Reserve Bank of India has linked declaration of dividend by non-banking finance companies (NBFCs) to their meeting minimum prudential norms on capital and bad loans. The RBI also set the maximum payout ratio as part of its guidelines on distribution of dividend by NBFCs. The RBI said the guidelines, aimed at infusing greater transparency and uniformity in the payout practice, will be effective for declaration of dividend from the financial year ending March 31, 2022.  
<https://www.thehindubusinessline.com/money-and-banking/rbi-links-nbfc-dividend-payout-to-capital-npa-norms/article34955721.ece>
- **MAS Financial raises ₹100 crore via market-linked NCDs:** Ahmedabad-based NBFC MAS Financial Services informed that the company has raised ₹100 crore via market-linked non-convertible debentures. At its meeting held in June 23, 2021, the finance committee of the board of directors of the company, approved and allotted 10,000 rated, senior, secured, listed, transferable, redeemable, principal protected market-linked NCDs on a private placement basis. The market-linked NCDs have a face value of ₹1,00,000 each aggregating up to ₹100 crore. The allotment of 10,000 market-linked NCDs, was inclusive of a green shoe option comprising 5000 market-linked NCDs which was activated to retain over-subscription, the company informed.  
<https://www.thehindubusinessline.com/money-and-banking/mas-financial-raises-100-crore-via-market-linked-ncds/article34961736.ece>
- **Kapol Co-op bank takes first step towards amalgamation with Pune-based Cosmos Bank:** Action is hotting up in the urban co-operative banking (UCB) space, with Mumbai-based Kapol Co-operative Bank taking its first step towards an amalgamation with Pune-based Cosmos Co-operative Bank. The special general body meeting of the Kapol Co-operative Bank unanimously voted on the resolution “to consider and approve merger of the Bank with The Cosmos Co-operative Bank Ltd” on June 9, 2021. The aforementioned development came about nine days before the Reserve Bank of India (RBI) accorded its “in-principle” approval to Centrum Financial Services to set up a small finance bank (SFB), which in turn is expected to takeover the scam-hit Punjab & Maharashtra Co-operative (PMC) Bank.  
<https://www.thehindubusinessline.com/money-and-banking/kapol-co-op-bank-takes-first-step-towards-amalgamation-with-pune-based-cosmos-bank/article34953208.ece>
- **Freecharge to offer a range of comprehensive financial services:** Digital payments player Freecharge is set to launch a slew of products this year as it looks to offer a set of comprehensive financial products. On the anvil, is a neo banking platform as well as lending services for small and medium enterprises. “Our focus has been to provide a full suite of financial services, including payments, lending and savings. We have been working on it for the last two years and they will be launched during the course of this year,” said Siddharth Mehta, CEO, Freecharge. Apart from payments, the company is already offers financial services such as mutual funds, credit cards, insurance and e-gold on its platform. It has recently also launched PayLater for its customers.  
<https://www.thehindubusinessline.com/money-and-banking/freecharge-to-offer-a-range-of-comprehensive-financial-services/article34962030.ece>





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- **AIBOA appeals to President of India against privatisation of two PSBs:** The All India Bank Officers' Association (AIBOA) has appealed to the President of India to advise the Council of Ministers to rescind the proposed moves to privatise two public sector banks (PSBs) and undertake strategic disinvestment in IDBI Bank. S Nagarajan, General Secretary, AIBOA, in a letter to President Ram Nath Kovind, emphasised that during the past 51 years, the nationalised banks continuously contributed to the growth of the economy and were instrumental in all developmental activities without exception. He observed that PSBs wholeheartedly supported the economic development needs of the country, implementing Government schemes and instructions to benefit the citizens at large. "The Public Sector Banks (PSBs) have stood the test of time....the wealth created in the nation through Public Sector Undertakings and also PSBs need to be protected and promoted," he said.  
<https://www.thehindubusinessline.com/money-and-banking/aiboa-appeals-to-president-of-india-against-privatisation-of-two-psbs/article34964716.ece>
- **Wadhawan plans to challenge NCLT nod to Piramal's resolution plan for DHFL:** Kapil Wadhawan, former promoter of Dewan Housing Finance Corporation Ltd (DHFL), plans to challenge the approval by the National Company Law Tribunal to the resolution plan of Piramal Capital and Housing Finance Ltd. Wadhawan's counsel JP Sen informed the National Company Law Appellate Tribunal (NCLAT) about this on Friday.  
<https://www.thehindubusinessline.com/companies/wadhawan-plans-to-challenge-nclt-nod-to-piramals-resolution-plan-for-dhfl/article34972615.ece>
- **Sensex, Nifty end stronger led by metals, financials:** The BSE Sensex closed at 52,925.04, up 226.04 points or 0.43 per cent. It hit an intraday high of 52,973.07 and a low of 52,614.49. The Nifty 50 closed at 15,860.35, up 69.90 points or 0.44 per cent. It hit an intraday high of 15,870.80 and a low of 15,772.30. Tata Steel, Axis Bank, State Bank of India, ICICI Bank and Hindalco were the top gainers on the Nifty 50 while Reliance Industries, Hindustan Unilever, NTPC, Titan and Asian Paints were the top laggards.  
<https://www.thehindubusinessline.com/markets/stock-markets/sensex-nifty-end-stronger-led-by-metals-financials/article34967531.ece>
- **Rupee slips 2 paise to close at 74.20 against US dollar:** The rupee weakened by 2 paise to end at 74.20 (provisional) against the US dollar on Friday as higher crude oil prices weighed on forex market sentiment. At the interbank foreign exchange market, the rupee opened at 74.15 per dollar as against its previous close of 74.18. It hovered in the range of 74.14 to 74.25 during the day, before ending at 74.20 against the greenback.  
<https://economictimes.indiatimes.com/markets/forex/rupee-slips-2-paise-to-close-at-74-20-against-us-dollar/articleshow/83837985.cms>

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