



**THE INSTITUTE OF
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DAILY UPDATES BY BFSI COMMITTEE, ICAI

May 7, 2021

- **PSBs form 'Alliance' to provide door step banking:** Public sector banks (PSBs) have come together to form a new company in an attempt to take banking services to the doorsteps of their customers as they battle the challenges posed by the Covid 19 pandemic. The new company called PSB Alliance Pvt Ltd will engage banking correspondents on behalf of the 12 public sector banks under a common standard operating procedure (SoP) to provide financial and non financial services directly to customer homes. Former State Bank of India (SBI) chief general manager and deputy CEO of Reliance Jio Payments Bank, Rajinder Mirakhur has been appointed as CEO of the new company. "Currently, different PSBs engage different banking correspondents (BCs) for their doorstep banking services. With this company we are hoping to provide resources which can be used by all PSBs at a low cost," Mirakhur told ET.

<https://economictimes.indiatimes.com/industry/banking/finance/banking/psbs-form-alliance-to-provide-door-step-banking/articleshow/82433465.cms?from=mdr>

- **PSBs will only lead bad bank, pvt banks also need to support it: SBI MD:** State-run lenders will take a lead in creation of the bad bank, but the sick asset resolution platform needs the support of private banks and other lenders to be successful, State Bank of India Managing Director Swaminathan J said on Thursday. If all lenders come on board, the National Asset Reconstruction Company (NARC) announced in the budget will be able to aggregate 100 per cent of a sick company's outstanding loans, which shall ultimately lead to better resolution of the asset quality stress for all. The government is yet to announce the specific contours of the NARC or the bad bank and has also only said that it is willing to provide some sovereign guarantee to help the platform.

<https://bfsi.economictimes.indiatimes.com/news/banking/psbs-will-only-lead-bad-bank-pvt-banks-also-need-to-support-it-sbi-md/82449255#:~:text=09%3A03%20IST-,State%2Drun%20lenders%20will%20take%20a%20lead%20in%20creation%20of,Swaminathan%20J%20said%20on%20Thursday.>

- **BoB allots Rs 500 cr to Serum after RBI liquidity tap for healthcare firms:** Banks have changed gear to cater to healthcare after the Reserve Bank of India on Wednesday opened a Rs 50,000 crore liquidity tap exclusively for companies involved in providing vaccine, oxygen, ventilator etc as the country fights a ferocious second wave of Covid-19 pandemic. At least one lender, Bank of Baroda (BoB), has sanctioned Rs 500 crore to Serum Institute of India (SII), – which is producing Covishield, the vaccine against coronavirus infection. State Bank of India (SBI), the country's largest lender, has sanctioned a credit line to Bharat Biotech, which produces the Covaxin inoculation, recently, a top bank official said, without disclosing the amount of the sanction. "Bank of Baroda has sanctioned Rs 500 crore to Serum



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Institute today,” an official with direct knowledge of the development told Business Standard late evening Wednesday.

https://www.business-standard.com/article/finance/bob-gives-rs-500-cr-to-serum-after-rbi-s-liquidity-tap-for-healthcare-firms-121050600339_1.html

- **KVG Bank bags PFRDA awards** : Karnataka Vikas Grameen Bank (KVGB), a regional rural bank headquartered in Dharwad, has bagged five awards (Lead to Leap, APY Makers of Excellence, Game Changers, Leadership Capital and Amazing Achievers) under various campaigns held for enrolment of Atal Pension Yojana (APY) from the Pension Fund Regulatory and Development Authority (PFRDA). Quoting P Gopi Krishna, Chairman of KVGB, a press statement said that the bank is playing a pivotal role in implementation of social security schemes such as Atal Pension Yojana (APY), Prime Minister Jeevan Jyothi Bima Yojana (PMJJBY), and Prime Minister Suraksha Bima Yojana (PMSBY).

[https://www.thehindubusinessline.com/money-and-banking/kvg-bank-bags-pfrda-awards/article34497837.ece#:~:text=Karnataka%20Vikas%20Grameen%20Bank%20\(KVGB,the%20Pension%20Fund%20Regulatory%20and](https://www.thehindubusinessline.com/money-and-banking/kvg-bank-bags-pfrda-awards/article34497837.ece#:~:text=Karnataka%20Vikas%20Grameen%20Bank%20(KVGB,the%20Pension%20Fund%20Regulatory%20and)

- **Collections, disbursements picked up in March quarter: Equitas SFB** : Equitas Small Finance Bank (Equitas SFB) said the bank had a reasonably good fourth quarter as collections and disbursements continued to pick up across the product segments. The vehicle finance portfolio, in particular, has done better than its initial assessment. The Chennai-headquartered bank said it continued to focus on collections in March and achieved collection efficiency of 108.51% while its billing efficiency stayed at 91.12%. Collection efficiency represents total collections during the month as a percentage of March total EMI due, while billing efficiency represents only the EMI collected as a percentage of March total EMI due.

<https://www.financialexpress.com/industry/banking-finance/collections-disbursements-picked-up-in-march-quarter-equitas-sfb/2246732/>

- **Loan recasts: Small borrowers get fresh relief from RBI** : The Reserve Bank of India (RBI) on Wednesday allowed lenders to carry out a fresh round of restructuring of small borrower accounts which had not availed of the benefit of the recast scheme for Covid-related stress last year. Individuals and small businesses with loans of up to Rs 25 crore who have never undergone restructuring before and who were classified as standard as on March 31, 2021, shall be eligible under the new scheme, titled resolution framework 2.0. “The resurgence of Covid-19 pandemic in India in recent weeks and the associated containment measures adopted at local/regional levels have created new uncertainties and impacted the nascent economic revival that was taking shape. In this environment the most vulnerable category of borrowers are individual borrowers, small businesses and MSMEs,” RBI governor Shaktikanta Das said in an unscheduled morning address.



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<https://www.financialexpress.com/industry/banking-finance/loan-recasts-small-borrowers-get-fresh-relief-from-rbi/2246681/#:~:text=The%20Reserve%20Bank%20of%20India,Covid%2Drelated%20stress%20last%20year.>

- **J&K Bank board to meet next week to consider raising of capital** : The Jammu & Kashmir government will infuse up to Rs 500 crore into Jammu and Kashmir Bank (J&K Bank) as its promoter shareholder. In a regulatory filing the public sector lender said its board will meet next week to consider the said proposal."The Board of Directors of the Bank will meet on Wednesday, May 12, 2021... to consider/discuss the proposal of capital infusion by the Government of Jammu & Kashmir as its promoter shareholder to the tune of Rs 500 crore in the bank," Jammu & Kashmir Bank said in a regulatory filing. Shares of Jammu & Kashmir Bank were trading 1.02 percent higher at Rs 24.85 apiece on BSE.

<https://www.moneycontrol.com/news/business/jk-bank-board-to-meet-next-week-to-consider-raising-of-capital-6860811.html>

- **IDBI Bank divestment: LIC may sell stake in multiple tranches, up to 5% in FY22** : On May 5, the Cabinet Committee on Economic Affairs (CCEA) chaired by PM Narendra Modi gave an in-principle approval for strategic disinvestment along with transfer of management control in IDBI Bank. With this, the process of stake sale in IDBI Bank will be kicked out formally. Sources told Moneycontrol that Life Insurance Corporation of India (LIC) would be paring its stake in multiple tranches, starting with an initial sale of 3-5 percent ahead of its initial public offering (IPO) in Q3FY22."The idea is to unlock value. And it will be through multiple tranches that are spread out evenly. The new buyer should not only be able to infuse capital into the bank, but also get additional technology prowess for IDBI Bank to compete with its peers," said an official. CCEA had said in a statement that the extent of respective shareholding to be divested by Government of India and LIC shall be decided at the time of structuring of transaction in consultation with RBI. LIC did not respond to a query sent by Moneycontrol.

<https://www.moneycontrol.com/news/business/companies/idbi-bank-divestment-lic-may-sell-stake-in-multiple-tranches-up-to-5-in-fy22-6860221.html>

- **Will the RBI liquidity window turn small banks big?** : Small-finance banks are likely to turn more competitive with the latest Rs 10,000-crore support from the Reserve Bank of India (RBI) as they would get such funds at 4% for three years - a rate significantly below their average cost of funding. According to industry captains, the new facility would help them to get about 1-1.5% positive carry on the borrowed fund, even after investing the same amount into government securities as mandated by the central bank."It's a great confidence booster. The positive carry would offset the rising credit cost



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following the second wave, which is likely to disrupt income generation of our borrowers," said Jana Small Finance Bank's chief executive Ajay Kanwal. "Moreover, the low rate would be locked for three years," The banking system including small finance banks is sitting on cash surplus of Rs 7.12 lakh crore.

<https://economictimes.indiatimes.com/industry/banking/finance/banking/will-the-rbi-liquidity-window-turn-small-banks-big/articleshow/82436005.cms?from=mdr>

- **RBI allows lenders to revamp MSME accounts under Covid-19 related stress** : The Reserve Bank of India (RBI) has allowed lenders to extend the facility for restructuring existing loans of micro, small and medium enterprises (MSMEs) without a downgrade in the asset classification under the "Resolution Framework 2.0" given the uncertainties created by the resurgence of the Covid-19 pandemic. Among the conditions specified by the central bank for restructuring existing MSME loans include: the aggregate exposure, including non-fund based facilities, of all lenders to the borrower should not exceed ₹25 crore as on March 31, 2021; and the borrower's account should have been a 'standard asset' as on March 31, 2021. Further, the borrower's account should not have been restructured earlier.

<https://www.thehindubusinessline.com/companies/msme/rbi-allows-lenders-to-revamp-msme-accounts-under-covid-19-related-stress/article34495597.ece#:~:text=The%20Reserve%20Bank%20of%20India,of%20the%20Covid%2D19%20pandemic.>

- **Bank unions term Govt's move to divest stake in IDBI Bank as retrograde** : Bank unions said the Cabinet approval for strategic disinvestment of the Government's stake in IDBI Bank and transfer of management control to a strategic buyer is a retrograde step. "The decision to disinvest in a depressing scenario would lead to underselling and passing the benefits to the private investors. It may also lead to whitewashing the bad loans from the balance sheet," said S Nagarajan, General Secretary, All India Bank Officers' Association (AIBOA), in a letter to the President of India, Prime Minister, RBI Governor, and Chiefs of IDBI Bank and LIC.

<https://www.thehindubusinessline.com/companies/bank-unions-term-govts-move-to-divest-stake-in-idbi-bank-as-retrograde/article34500521.ece>

- **Gold prices near Rs 47,000/10 gm as US dollar slides; silver rises Rs 465 a kg** : Gold prices soared by 239 to Rs 46,992 per 10 gram in the Mumbai retail market on strong global cues, but further advanced was restricted by a firm rupee. The retreat in the US dollar and concerns over the second wave of coronavirus in many countries continue to offer lower-level support to the yellow metal. The bullion metal continues bullish momentum and gained \$25.53 or 1.44 percent in May and making efforts to



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break the \$1,800/oz resistance zone. The rate of 10 gram 22-carat gold in Mumbai was Rs 43,045 plus 3 percent GST, while 24-carat 10 gram was Rs 46,992 plus GST. The 18-carat gold quoted at Rs 35,244 plus GST in the retail market. Silver prices jumped by Rs 465 to Rs 69,300 per kg from its closing on May 5.

<https://www.moneycontrol.com/news/business/commodities/gold-prices-near-rs-4700010-gm-as-us-dollar-slides-silver-rises-rs-465-a-kg-6862571.html>

- **Rupee rises 13 paise to settle at 73.78 against US dollar** : The rupee strengthened by 13 paise to end at 73.78 (provisional) against the US dollar on Thursday, supported by positive domestic equities and weak American currency. At the interbank forex market, the local unit opened at 73.87 against the greenback and witnessed an intra-day high of 73.77 and a low of 74. It finally ended at 73.78 against the American currency, registering a rise of 13 paise over its previous closing.

<https://www.thehindubusinessline.com/markets/forex/rupee-rises-7-paise-to-7384-against-us-dollar/article34495965.ece>

- **Sensex, Nifty trade flat; Tata Steel up 4%** : The 30-share BSE index was trading 174.54 points or 0.36 per cent higher at 48,852.09 in initial deals. Similarly, the broader NSE Nifty advanced 69.05 points or 0.47 per cent to 14,686.90. Bajaj Auto was the top gainer in the Sensex pack, gaining over 2 per cent, followed by Bajaj Finance, ITC, HDFC, Titan, Maruti and M&M. On the other hand, HCL Tech, Sun Pharma, Bharti Airtel and PowerGrid were among laggards.

<https://www.thehindubusinessline.com/markets/stock-markets/sensex-nifty-trade-flat-tata-steel-up-4/article34495755.ece>