



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

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- **Now, another tool for SBI to resolve stress** : State Bank of India sees the recently-introduced pre-packaged insolvency resolution process (PPIRP) for MSME corporates as another good tool in its armoury for resolving stress. Swaminathan Janakiraman, Managing Director (Risk, Compliance and Stressed Assets Resolution Group (SARG), SBI, told BusinessLine that the bank was putting together a policy framework for the same. "We are putting together a board-approved policy framework for implementation of pre-pack among our MSME corporate customers. Over the next 4-6 weeks, we will start implementation and much would depend on how the ongoing second wave of Covid-19 plays out," said Janakiraman. He made it clear that SBI would like to have multiple tools for resolving stress and that PPIRP cannot be a one-size fits all solution for the bank. - Business Line
- **National Asset Reconstruction Company to be operational next month: IBA CEO** : National Asset Reconstruction Company Ltd (NARCL), the name coined for the bad bank announced in the Budget 2021-22, is expected to be operational in June. Bad bank refers to a financial institution that takes over bad assets of lenders and undertakes resolution. The new entity is being created in collaboration with both public and private sector banks, Indian Banks' Association Chief Executive Officer (CEO) Sunil Mehta said. "Various preparatory work is going on and we hope that it should be operational next month. The biggest advantage of NARCL would be aggregation of identified NPAs (non-performing assets). "This is expected to be more efficient in recovery as it will step into the shoes of multiple lenders who currently have different compulsions when it comes to resolving a bad loan," he said. - economic times
- **2,118 branches of state-run banks closed or merged in last fiscal: RTI** : As many as 2,118 branches of 10 public sector banks have either been closed or merged with other banks in the last fiscal, according to an RTI reply. The highest number of 1,283 branches of Bank of Baroda were either closed or merged, according to information provided to an RTI query filed by Neemuch-based activist Chandrashekhhar Gaud. No branch of Bank of India and UCO bank was closed in the last fiscal. The government consolidated ten PSU banks into four in the last financial year, bringing the number of nationalised banks to 12. All India Bank Employees Association general secretary CH Venkatachalam said a dip in the number of the public sector banks was not in the interest of the banking industry and domestic economy. - Business Standard.
- **Robust regulatory framework needed to deal with 'open banking' challenges: Experts** : India needs a robust regulatory framework to deal with multiple challenges emanating from



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increasing number of players sitting in different geographical locations getting involved in open banking operations, feel experts. Open banking refers to sharing and leveraging of customer-permissioned data by banks with third-party developers and firms to build applications and services, including those that provide real-time payments, greater financial transparency options for account holders, marketing and cross-selling opportunities. Sivarama Krishnan, Partner & Leader, Cybersecurity, PwC India, pitched for a three-level governance model to deal with the security issues concerning open banking, stressing that with open API (application programming interface) and disruptive innovations regulated entities will integrate even deeper with the external world. "We need governance at three levels – broad country level privacy framework (minimum principles to be met by all entities of certain size and above), individual regulatory framework for specific industry-related use cases around privacy requirements and organisational to evolve data protection techniques which help protect the data which can be shared for processing purposes with third parties," he said. - economic times

- **Total balance in Jan Dhan accounts goes down by ₹2,787 crore in April :** For the first time in the last eight months, total balance in Pradhan Mantri Jan Dhan Yojana (PMJDY) accounts has come down significantly in April. As per latest government data, total balance in Jan Dhan accounts decreased to ₹1,43,297 crore as on April 28, 2021 as against ₹1,46,084 crore in the beginning of the month, a drop of ₹2,787 crore. An analysis of total balance trajectory shows that generally the increase per month ranges from ₹1,000 crore to ₹1,500 crore. During March, there was an addition of ₹5,882 crore in the accounts opened under the Centre's flagship financial inclusion scheme which was attributed to the 'push' given by the elections in five States. "But for the first time in the last eight months, we notice a decrease in total balance, which is a noteworthy point," a senior State Bank of India official told BusinessLine. - Business Line
- **BBB recommends two names for forthcoming two LIC MD posts :** The Banks Board Bureau (BBB), an apex body tasked to recommend candidates for the top management posts in public sector banks and state owned insurers, has recommended two names for the forthcoming two positions of Managing Director in insurance behemoth Life Insurance Corporation (LIC). While Ipe Mini has been recommended for the first vacancy of Managing Director of LIC, the BBB has recommended B C Patnaik for the second vacancy of Managing Director in LIC. Meanwhile, the Finance Ministry is yet to approach the Appointments Committee of the Cabinet (ACC) on the issue of recommending an extension in the tenure of the incumbent LIC Chairman M R Kumar. Although it is widely speculated that Government is bringing changes in the eligibility and experience criteria for appointment of LIC Chairman, no such formal proposal has been yet made by the Finance Ministry to the ACC as yet, it is learnt. - Business Line



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- **Fincare SFB files DRHP for IPO of up to ₹1,330 cr** : Fincare Small Finance Bank will be making an initial public offer (IPO) aggregating up to ₹1,330 crore, comprising fresh issue aggregating up to ₹330 crore and an offer-for-sale aggregating up to ₹1,000 crore by the promoter selling shareholder. Fincare SFB proposes to utilise the net proceeds from the fresh issue towards augmenting its Tier-1 capital base to meet its future capital requirements, according to the bank's Draft Red Herring Prospectus (DRHP). The bank may, in consultation with Managers (to the IPO), consider a pre-IPO Placement aggregating up to ₹200 crore, the DRHP said. Business Line
- **IDBI Bank's officers, employees' unions urge Government to drop proposal on stake sale** : The United Forum of IDBI Officers and Employees said its members may resort to industrial action if the Government does not drop its proposed move to sell IDBI Bank to a strategic buyer. "We fervently urge upon the Government of India to drop its contemplated move to sell IDBI Bank to a strategic buyer, failing which the Officers and Employees will be left with no other option but to take recourse to organizational forms of action which on our part are anxious to avoid at this juncture," the Forum's Joint Convenors Ratnakar Wankhade and Vithal Koteswara Rao A.V., said in a letter to the Finance Minister. The Government and the Life Insurance Corporation of India (LIC) together own 94.72 per cent of equity of IDBI Bank (Government: 45.48 per cent and LIC: 49.24 per cent). LIC is currently the promoter of IDBI Bank with management control and Government is the co-promoter. - Business Line
- **Navi Finserv to offer home loans in Hyderabad** : Navi Finserv, part of Navi Technologies co-founded by Sachin Bansal, will launch its quick, and affordable retail home loans via the Navi App in Hyderabad soon. Navi will provide home loans starting from ₹10 lakh up to ₹1.5 crores with tenure of up to 25 years and interest rate starting at 6.95 per cent. The Navi App can be downloaded on Google Play store. Navi Finserv Private Limited is an RBI registered Non-Banking Finance Company (NBFC), according to a release. - Business Line
- **M-cap of eight among top-10 most-valued companies zooms by Rs 81,250.83 crore** : Eight of the top-10 most-valued companies together added Rs 81,250.83 crore in market valuation last week, with Tata Consultancy Service (TCS) emerging as the biggest gainer. Only Reliance Industries Ltd (RIL) and Infosys took losses in their market capitalisation for the week closed on Friday. Rest eight companies -- TCS, HDFC Bank, Hindustan Unilever Ltd (HUL), HDFC, ICICI Bank, Kotak Mahindra Bank, Bajaj Finance and State Bank of India -- emerged as gainers. The market valuation of TCS jumped Rs 34,623.12 crore to reach Rs 11,58,542.89 crore. HUL added Rs 13,897.69 crore to take its valuation to Rs 5,66,950.71 crore. The valuation of HDFC gained Rs 13,728.03 crore to Rs 4,50,310.13 crore and that of Kotak Mahindra Bank rallied Rs 6,213.06 crore to Rs 3,52,756.84 crore. - Business Line



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- **Despite Q4 surge, securitisation volumes fall short of Rs 1 trn in FY21** : Securitisation deals in Q4FY20-21 amounted to Rs 40,000 crore, to become the highest-grossing quarter for the 2020-21 fiscal year. But despite this last-quarter surge, volumes were lower than the psychological Rs 1-trillion mark, down from the Rs 1.9 trillion clocked in each of the preceding two fiscal years. Asset-backed securitisation (ABS) deals accounted for nearly two-thirds of securitised volumes. Mortgage-backed securitisation (MBS) issuances, with underlying home loans and loans-against-property, made up for the rest, with investors drawing comfort from stable collection efficiency in MBS pools in the post-moratorium period. - Business Standard
- **Economy likely to rebound by Q4 of FY22, Bandhan Bank bullish on meeting targets:** Chandra Shekhar Ghosh : Bandhan Bank MD & CEO Chandra Shekhar Ghosh is hopeful that the economy will rebound by the third and fourth quarters of the current fiscal, enabling the lender to meet its targets. He said the bank had exercised caution amid the COVID-19 pandemic and made additional provisioning in the last quarter of 2020-21. “We remain cautiously optimistic for the current fiscal as we have made additional provisioning as safeguard. The second wave of Covid pain is expected to subside in the next two-three months, and this time people are better geared than the first wave that took everyone by surprise. “The worst seems to be over, and the economy will rebound by the time major lending business happens in Q3 and Q4, to meet our targets,” Ghosh told PTI. - financial express
- **FPIs withdraw Rs 5,936 crore from equities in May amid worries over 2nd COVID wave** : Foreign investors have pulled out Rs 5,936 crore from the Indian equities in the first week of May amid worries over the intense second wave of coronavirus infection and its fallout on the economy. Foreign investors had pulled out Rs 9,659 crore in April after infusing money in the preceding six months, according to the depositories' data.If fears of COVID-19 persist among overseas investors, then further redemptions cannot be ruled out, Himanshu Srivastava, Associate Director - Manager Research, Morningstar India, stated.According to the data, foreign portfolio investors (FPIs) withdrew a net sum of Rs 5,936 crore from Indian equity markets during May 3-7. - moneycontrol..