



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

May 14, 2021

- **SBI invites bids for selling NPAs worth Rs 217 crore** : Largest lender State Bank of India (SBI) on Wednesday invited bids for selling two non-performing assets (NPAs) worth Rs 217 crore on a 100% cash basis. The NPA sale assumes significance at a time when National Asset Reconstruction Company (ARC) or the bad bank is getting a final shape. SBI has set a reserve price of Rs 42.5 crore for two accounts, implying a haircut of 80%. The two accounts are – Khare and Tarkunde Infrastructure and Heavy Metal and Tubes. According to sources, SBI is likely to put more NPAs accounts on sale this month, which will not be sent to National ARC. The proposed National ARC is expected to take over legacy stressed assets larger than Rs 500 crore in total exposure from banks. Therefore, some of the accounts below Rs 500-crore exposure are being identified by the bank to be sold to existing ARCs. In the sale notice put up by SBI on Wednesday, the bank said bidders can submit expressions of interest till May 17, 2021. The process of e-bidding for two NPA accounts will be conducted on June 6, 2021. SBI has also specified to use the Swiss challenge method for auctioning. “The auction for above accounts is under Swiss challenge method, based on an existing offer in hand, who will have the right to match the highest bid,” SBI said in its sale notice. - Financial Express
- **IOB gets shareholders’ nod for ₹4,100-cr infusion by Gol** : State-owned Indian Overseas Bank on Wednesday convened an Extraordinary General Meeting (EGM) of its shareholders for a ₹4,100-crore capital infusion. The Chennai-headquartered PSU lender obtained shareholders’ approval for issuance of 246,54,23,932 equity shares to the Government of India (GoI) on preferential basis for a capital infusion of ₹4,100 crore, according to a statement. Also read: IOB launches retail loans on digital platform The EGM was conducted through the virtual medium and was attended by directors, shareholders and other stakeholders of the bank. The issue price of the equity share was ₹16.63 per share (including share premium of ₹6.63 per share). Of the ₹4,100 crore, an amount of ₹2,465.42 crore will be credited to the share capital account and ₹1,634.58 crore will be credited to the share premium account. Accordingly, the shareholding of the GoI will increase to 96.38 per cent from 95.84 per cent. - Business Line
- **RBI cancels United Co-operative Bank's licence** : The Reserve Bank of India has cancelled the licence of United Co-operative Bank Ltd of West Bengal as the bank does not have adequate capital and earning prospects. All the depositors of the bank will receive the full amount of their deposits from the Deposit Insurance and Credit Guarantee Corporation (DICGC). The bank ceases to carry on banking business with effect from the close of business on May 13, 2021 and the process of liquidation will now begin. The bank does not have enough liquidity to pay depositors in full, RBI said. On liquidation, every depositor is entitled to receive deposit insurance claims up to Rs 5 lakh. - economic times



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- **Government stake sale will not affect IDBI's plans: IDBI Bank CEO :** IDBI Bank will continue to be a professionally managed organisation after the government's stake sale. Its new shareholders will be able to voice their opinions only on the board. Bidders would also have to clear the RBI's 'fit and proper' criteria before picking up a stake in the LIC-controlled bank. Speaking to TOI, IDBI Bank MD & CEO Rakesh Sharma said, "While the bank may have new promoters, it will continue to be run by its management and board according to its policies. The new shareholders may have some focus area, but they will have to come through the board." Last week, the Cabinet had approved strategic disinvestment in the transfer of management control in IDBI Bank. Even as the government has announced its stake sale, IDBI Bank is going ahead with obtaining shareholder approval for raising capital. According to Sharma, this enabling resolution is an annual exercise so that the bank can access markets without delay. - economic times
- **PNB scam: Court issues show cause notice to Nirav Modi :** A special court here has issued a public notice to fugitive diamond merchant Nirav Modi, wanted in India for alleged fraud and money laundering in the PNB scam case, asking why his properties should not be confiscated under the Fugitive Economic Offenders (FEO) Act. Special Judge V C Barde has also asked Modi to appear before the court on June 11. The court said if the accused failed to appear, it will proceed with action against him under the FEO Act. The special court had in December 2019 declared Nirav Modi a fugitive economic offender, on a plea of the Enforcement Directorate (ED), which is conducting a probe into the case. - economic times
- **Retail loans constitute large share of loan recast by private banks :** Even as Resolution 2.0 announced by the Reserve Bank of India is expected to help small borrowers tide over the current economic uncertainty, trends from the restructuring scheme last year indicate that retail customers were the ones to benefit most from it. Data released by banks along with their fourth quarter results show that loans by retail borrowers dominated the loan restructuring scheme of last year, while only a few companies used the benefit. Private sector lender HDFC Bank's total restructuring was for 3.36 lakh accounts, amounting to ₹6,508.37 crore, of which 2.87 lakh accounts were for retail loans amounting to ₹5,456 crore. Similarly, the total restructuring by Axis Bank amounted to ₹844.6 crore, of which retail loans accounted for ₹503.71 crore. Kotak Mahindra Bank restructured loans worth ₹121.5 crore, of which ₹82.38 crore were for retail borrowers. - Business Line
- **IDBI Bank to cap corporate exposure to Rs 500 crore:** With the exit from Prompt Corrective Action (PCA) framework, IDBI Bank is looking to disburse about Rs 4,500-5,000 crore to corporates, predominantly mid-sized manufacturing units, in the current financial year (FY22). The focus will be on sectors such as steel, cement, pharma, and chemicals. The bank will cap the exposure limit of one entity at about Rs 500 crore to avoid chunky exposures. It, however,



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may look at large exposure only for high-rated public sector units, the bank's executives said. Rakesh Sharma, managing director and chief executive of IDBI Bank, said the lender expects to grow its loan book by 10 per cent in FY22 with calibrated exposure to corporate accounts and a thrust on the retail segment. The bank is also looking to grow its Rs 45,000 crore corporate book by about 10 per cent. - Business Standard

- **The financial condition of PMC Bank continues to be precarious: RBI :** The Reserve Bank of India said any generalisation for release of funds to meet 'financial needs' of scam-hit Punjab and Maharashtra Co-operative (PMC) Bank's depositors may not be appropriate and sustainable, owing to the bank's precarious financial position. The central bank made the aforementioned observation in its affidavit filed in the Delhi High Court in reply to consumer rights activist Bejon Kumar Misra's petition. Through the petition, Misra is seeking immediate release of emergency funds to meet financial needs arising out of out-break of second wave of Covid-19 and to declare extension of directions issued to PMC Bank under the Banking Regulation Act 1949 as ultra vires. - Business Line
- **IDFC First Bank MD&CEO V Vaidyanathan gifts 1.5 lakh shares each to three persons to buy homes :** In a rare gesture, IDFC First Bank Managing Director and Chief Executive Officer, V Vaidyanathan, has gifted a total of 4.5 lakh shares of the bank to three persons as a gift for purchase of home. Vaidyanathan has transferred 1.5 lakh shares each to M Selvaraj, Alexia Selvaraj and Utkarsha Todankar as a gift, the bank informed the stock exchanges on Thursday. At Thursday's share price of Rs 55.30 apiece, the shares are worth a total of approximately Rs 2.5 crores. It is learned that these three individuals are the support staff of Vaidyanathan. They had identified houses but needed financial assistance to complete the purchase. Since the transactions were fairly large, it was disclosed to the stock exchanges. "We wish to inform you that Mr. V. Vaidyanathan, Managing Director & CEO, has transferred the following shares of IDFC FIRST Bank held by him to the persons named attached. It is declared that the recipients are not related to him in any manner under the definition of related parties of the Companies Act or SEBI Regulations," the bank said. These transactions are without consideration, the bank said. - moneycontrol.
- **Officers' unions appeal to CVC to put annual transfers in PSBs on hold due to the pandemic :** Four bank officers' unions have requested the Chief Vigilance Commissioner (CVC) to direct public sector bank (PSB) managements to put the annual transfer of officers on hold for at least a year in view of the raging Covid-19 pandemic. The Unions, in a letter to CVC underscored that on account of imposition of lockdown in many States and pandemic compulsions, it will be very difficult for officers to shift to new locations, find transit accommodation, locate residential accommodation, transport household goods, etc. "...Most importantly, officers and their families will be exposed and will have much more chances of contracting Corona and facing the consequences for themselves and then spreading the



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disease,” they added. The four unions which wrote to CVC are: All India Bank Officers’ Confederation, All India Bank Officers’ Association, Indian National Bank Officers’ Congress and National Organisation of Bank Officers. The unions observed that in terms of CVC’s extant guidelines, rotational transfer of officers after three years is required to be strictly carried out from sensitive seats/posts. “Though it has further been clarified that the Commission’s advice is for change from the sensitive seat/ post, and not necessarily from the station, which is to be governed by the policy of the respective Institution. - Business Line

- **COVID takes a toll on bank employees as nearly 1.5 lakh get infected, about 1,200 lose lives:** Bank employees have been caught between a rock and a hard place fighting the pandemic on one hand, and dealing with the pressure to attend to customers that walk into branches, on the other hand. Though many banks have theoretically reduced staff strength at branches, in many cases, employees have been asked to attend offices, exposing them to the risk of infections, said several employees Moneycontrol spoke to across different bank and employee unions. The number of infections and associated deaths have gone up sharply in the second wave of the pandemic with cases spiking across different states. Around one-and-half lakh bank employees have been affected by the coronavirus so far across different banks. Among them, around 1,200 employees have already succumbed to the deadly virus, according to data compiled by the All India Bank Employee Association (AIBEA). - moneycontrol.
- **India added 42.3 tonnes gold to its reserves in FY21 :** India’s gold reserves went up by 42.3 tonnes in the one-year period ended March 31, 2021, against 40.45 tonnes in the year-ago period. As at end-March 2021, the Reserve Bank held 695.31 tonnes of gold as part of its foreign exchange reserves management against 653.01 tonnes as at March-end 2020, as per the central bank’s “Half Yearly Report on Management of Foreign Exchange (Fx) Reserves.” During the half year period (October 2020 - March 2021) under review, India’s Fx reserves increased from \$544.69 billion as at end-September 2020 to \$576.98 billion as at end-March 2021. - Business Line
- **South Indian Bank launches video KYC account opening :** South Indian Bank has rolled out Video KYC Accounting Opening. This digital initiative helps the customer open an account through a video call just with the help of PAN and Aadhaar number of the customer. Video KYC is a hassle-free mode of account opening which allows the customer to open an account fully online, completing all KYC procedures instantly. KYC documents are verified, and the signature and photograph are captured in the process. Customers can initiate Video KYC Account Opening by visiting [videokyc.southindianbank](http://videokyc.southindianbank) . The link will be available in the pre-login page of SIB Mirror+ (Bank’s mobile App) and also in the bank’s website. - Business Line



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- **Ess Kay Fincorp raises ₹337 crore in Series E funding** : Ess Kay Fincorp Ltd, a non-banking finance company, has raised ₹337 crore in a Series E funding from TPG Growth, Norwest Venture Partners and Evolve. The company's promoter Rajendra Setia also invested in this round. With this investment, the firm has raised over ₹1,000 crore of external capital from marquee investors. Akshay Tanna, Partner, TPG Growth, said "This is our third round of investment in the company in the last 2.5 years and we continue to be strong believers in Ess Kay's business model that bridges the large credit gap that exists for un-banked and under-banked populations in India. The strength of the founder and management team has allowed the company to navigate several disruptions along its journey, creating a successful rural focused lending platform in India. We are excited to strengthen our relationship with Ess Kay and look forward to continuing to work with the team to build on Ess Kay's long-term success". - Business Line
- **Gold prices slide globally on broad asset sell-off, stronger US dollar** : Gold prices edged lower to Rs 47,282 per kg on March 11 on broader selloff across assets class, firm dollar and rising bond yields. The bullion metal was weighed down by US inflation surged to 13 years high as the economic recovery activity picked up the pace. The commodity market was shut in the first half of the session on account of the Eid-ul-Fitr holiday. Gold futures for June delivery dropped Rs 200, or 0.42 percent, at Rs 47,282 per 10 gram in evening trade on a business turnover of 7,603 lots. The same for August slipped Rs 225, or 0.47 percent, at Rs 47,767 on a business turnover of 6,423 lots. The value of June and August's contracts traded so far is Rs 256.31 crore and Rs 60.21 crore, respectively. - moneycontrol.
- **Sensex skids for 2nd day as inflation worries haunt global equities** : The 30-share BSE benchmark slumped 471.01 points or 0.96 per cent to finish at 48,690.80. Similarly, the broader NSE Nifty tumbled 154.25 points or 1.04 per cent to 14,696.50. IndusInd Bank was the top laggard on the Sensex chart, shedding 3.35 per cent, followed by HUL, ONGC, ICICI Bank, Axis Bank, Kotak Bank, M&M, UltraTech Cement and Tech Mahindra. On the other hand, Titan, Maruti, PowerGrid, SBI, NTPC, Dr Reddy's and L&T managed to close in the green, climbing up to 1.31 per cent.