



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

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- **SBI to sell three NPA accounts next month for recovery of over Rs 235 crore:** The State Bank of India (SBI) will sell three bad accounts to asset reconstruction companies or other financial institutions next month to recover dues of over Rs 235 crore, according to a sales notice. In terms of the bank's policy on sale of financial assets, in line with regulatory guidelines, SBI said it has placed Heavy Metal and Tubes Ltd, Khare and Tarkunde Infrastructure Pvt Ltd and Elize International Ltd for sale to recover a total of Rs 235.32 crore. Heavy Metal has outstanding dues of Rs 116.91 crore to the bank, Khare and Tarkunde owes Rs 99.84 crore and Elize International Rs 18.57 crore. The bank has set the reserve prices for these NPA accounts for sale at Rs 27.50 crore, Rs 15 crore and Rs 8 crore, respectively. The e-auction of Heavy Metal and Tubes; and Khare and Tarkunde will take place on June 7, while that of Elize will be on June 8. SBI said the interested ARCs/banks/NBFCs/FIs can conduct due diligence of these assets with immediate effect, after submitting expressions of interest and executing a non-disclosure agreement with the bank. - economic times
- **Govt may amend DICGC Act in monsoon session to provide timely service to ailing bank depositors:** In a bid to ensure timely support to depositors of stressed banks, the government may bring amendment to DICGC Act in the monsoon session with the objective to provide account holders easy and time-bound access to funds to the extent of the deposit insurance cover. Last year, the government raised insurance cover on deposit five-folds to Rs 5 lakh with a view to provide support to depositors of ailing lenders like Punjab and Maharashtra Co-operative (PMC) Bank. Following the collapse of PMC Bank, Yes Bank and Lakshmi Vilas Bank too came under stress leading to restructuring by the regulator and the government. The amendment to the Deposit Insurance and Credit Guarantee Corporation (DICGC) Act, 1961 is the budget announcement made by the Finance Minister and the Bill is almost ready, sources said. It is expected that the Bill will be tabled in the upcoming monsoon session after being vetted by the Union Cabinet, sources added. - economic times
- **Covid-19 takes a toll on low-income group's capacity to buy home:** The Covid-19 pandemic took a toll on the capacity of the low-income group (LIG) to buy a home in FY21, going by housing finance bellwether HDFC's loan approval numbers. However, the appetite of the higher income group (HIG) and middle-income group (MIG) on this count remained undiminished. In the LIG segment (annual income: above ₹3 lakh to ₹6 lakh) in number terms, housing loan approvals declined to 27 per cent of overall approvals in FY21 from 30 per cent in FY20, as per HDFC's investor presentation. In value terms, too, housing loan approvals in the aforementioned segment were down to 14 per cent of overall approvals against 16 per cent. This trend could be attributed to buyers' sentiments getting impacted due to the



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pandemic, which triggered job losses and salary cuts as trade and industry hunkered down, resorting to desperate cost-cutting measures to stay afloat. - Business Line

- **RBI raises concerns over dual microfinance regulation in Assam:** The Reserve Bank of India has expressed strong reservations about Assam’s bid to regulate microfinance activities by way of a legislation, because the Act, promulgated on January 27, leads to dual regulation of a key component of the credit market. During the first meeting of the newly formed Assam government and microfinance stakeholders in Guwahati on Saturday, RBI officials are said to have argued that banks and non-bank microlenders, which are regulated by it and operate within a laid down framework, should not come under the purview of the state-level Act. This was, in a way, a reiteration of the concerns raised by top executives at Mint Street a few months ago. The dual regulatory structure, a norm in the cooperative banking set-up, is often criticized for their ill financial health amid gaps in regulation. The Assam Microfinance Institutions (Regulation of Moneylending) Act, 2020, requires microfinance lenders to seek separate registrations for operating in a particular village or town. This, according to the Act, is “to protect and relieve the economically vulnerable groups and individuals from the undue hardship of usurious interest rates and coercive means of recovery”. - economic times
- **IDBI-Sivasankaran deal raises hope for other defaulting promoters:** Former promoters of defaulting companies that are under the insolvency process can hope to take back control of their companies if the debt resolution process fails to find new owners. The recent decision by consortium of lenders led by IDBI Bank to allow C Sivasankaran to take ownership of his company by paying an amount higher than the liquidation amount may have raised hopes of erstwhile promoters such as Naresh Goyal, Anil Ambani and Punj Lloyd. The companies once owned by these promoters including Jet Airways, Reliance Communications and Punj Lloyd are heading towards liquidation under the IBC process. Bharat Chugh, Independent Counsel and former Judge, said the amount for which IDBI Bank finally appears to have settled is a measly 10 per cent of the total outstanding. These settlements may create perverse incentives for defaulters who can get away with a mere rap on the knuckles after defaulting on millions of dollars worth of loans, which is all public money. This would neither lead to responsible banking and lending, nor responsible repayment, and creates a bad precedent. - Business Line
- **M-cap of eight most valued companies plummets over Rs 1.13 lakh crore:** Eight of the top-10 most valued companies witnessed a combined erosion of Rs 1,13,074.57 crore in market valuation last week, with Tata Consultancy Services, Infosys and HDFC Bank emerging as the worst hit. Among the top-10 most valued companies, only Reliance Industries Limited and State Bank of India managed to book gains on a weekly basis. During the holiday-truncated trading week, the BSE benchmark Sensex tanked 473.92 points or 0.96 per cent. The valuation of Tata Consultancy Services tumbled Rs 30,054.79 crore to Rs 11,28,488.10 crore. Infosys



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witnessed an erosion of Rs 15,168.41 crore, taking its market worth to Rs 5,61,060.44 crore. The market capitalisation (mcap) of HDFC Bank eroded by Rs 15,139.12 crore to Rs 7,65,035.49 crore and that of Kotak Mahindra Bank plummeted by Rs 14,398.04 crore to Rs 3,38,358.80 crore. - moneycontrol.