



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

May 23, 2021

- **SBI employees likely to get performance linked incentive of 15-days' salary: Report:** State Bank of India (SBI), the largest public sector bank in the country, is going to pay its 2.5 lakh employees 15 days' salary as performance-linked incentive for the previous fiscal, according to reports. This comes after the bank reported a net profit of Rs 6,450.7 crore for the quarter ended March 2021, registering a jump of 80.1 percent from Rs 3,580.8 crore in the year-ago period. According to the wage agreement signed with the Indian Banks' Association in November 2020, the employees of public sector banks are entitled to get incentives when a bank reports annual growth in operating profit and positive net profit. If a PSU lender reports between a 5-10 percent jump in its operating profit then its employees will get 5 days' salary (basic plus DA) as an incentive. This incentive will be to 10 days' salary if operating profit jumps between 10-15 percent and 15 days' salary if operating profit increases by more than 15 percent, the report mentioned - cnbctv18
- **SBI close to selling NPA account MSP Metallics for ₹470 crore:** Lenders led by State Bank of India (SBI) have entered the last leg of selling the non-performing asset (NPA) account MSP Metallics Ltd to CFM Asset Reconstruction Company (ARC) in an all-cash deal valued at ₹470 crore, according to three bankers aware of the matter. The offer made by CFM ARC is higher than the reserve price of ₹350 crore. A consortium of 10 banks led by SBI had called for bids from different ARCs in April. CFM has bought the asset on behalf of an Odisha-based miner who wants to set up a captive steel plant, according to the bankers mentioned above. "It's interesting that CFM ARC agreed to pay a higher price for the asset while other ARCs had bid closer to the reserve price. It's likely that the ARC has tied up with an investor to bid for the asset," said a banker with a rival ARC. - Live Mint
- **Punjab & Sind Bank back in the black in after eight red quarters:** Signalling a turnaround, Punjab & Sind Bank (PSB), a public sector lender, on Saturday reported a net profit of ₹161-crore for the fourth quarter ended March 31, 2021 as compared to net loss of ₹236 crore in the same quarter last year. This is the first quarterly profit for the bank after eight consecutive quarters of net losses. "We are confident of sustaining the latest quarterly performance in this fiscal also. We will be able to achieve profits in each of the quarters this fiscal," S Krishnan, MD & CEO, PSB, told BusinessLine. - Business Line
- **Banks eye sureties of ₹1.8-lakh cr:** Personal guarantees amounting to ₹1.8-lakh crore given by promoters of as many as 42 defaulting corporate entities could now be invoked by banks following the Supreme Court order. This is likely to include Kapil and Dheeraj Wadhwan of DHFL (₹79,344 crore); Videocon promoters Venugopal and Rajkumar Dhoot (₹22,076 crore);



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Lanco Infratech’s Madhusudhan Rao and family (₹5,253 crore); IVRCL’s Sudhir Reddy (₹7,058 crore); and Jatin Mehta of Winsome Diamonds (₹6,185 crore), according to a PIL filed in the Supreme Court. Legal experts said that creditors can now initiate concurrent insolvency proceedings against the corporate debtor and the personal guarantors. Abhay Itagi, Principal Associate at law firm MV Kini, said the personal guarantors, invariably promoters, shall be liable for their flawed decisions and hopefully appropriate provisions will be inserted for simultaneous insolvency proceedings against the promoter(s) and the company. - Business Line

- **IBA to Department of Financial Services: ‘Ongoing Covid wave claims lives of 1,300 bank staff’:** As many as 1,300 bank employees have died due to the ongoing Covid wave, much higher than the overall national average. According to a recent communication from the Indian Banks’ Association (IBA) to the Department of Financial Services (DFS), Ministry of Finance, 600 bank employees — 0.04 per cent — of the total bank staff numbering 13.50 lakh died due to Covid, while the ratio for the whole country was 0.01 per cent — 1,53,000 deaths — of the total population of 130 crore. However, as of now, 1,300 bank employees have already died due to Covid as the second wave intensified in March and April. This is 0.10 per cent (1,300 deaths) of the total bank staff while for the entire country, the ratio of death is 0.02 per cent (2,87,000 deaths). According to bankers, the number of deaths among the bank staff is very high when compared to the national average. The number of bank staff who got infected with Covid is also very high as they are yet to get vaccinated. - indian express
- **Rajesh Bansal appointed as CEO of Reserve Bank Innovation Hub:** The Board of Reserve Bank Innovation Hub (RBIH) has appointed Rajesh Bansal as the chief executive officer (CEO) of the RBIH with effect from May 17, 2021, the RBIH said in a statement on May 22. Bansal has over twenty five years of experience in designing technology-led population-scale payment products, electronic cash transfers, digital financial services, and digital IDs to enable inclusive development in India and multiple Asian and African markets. Earlier, Bansal served at the RBI in various capacities in the areas of technology, financial inclusion and payment systems. RBI has set up the RBIH with the objective to test potential new capabilities, opportunities in technology and leverage on the same to create viable products or services and enable their adoption for wider reach and greater impact across the country, the RBIH said. - moneycontrol.
- **RBI rules on hiring statutory auditors alarm non-banks:** Non-banking financial companies (NBFCs) are worried that the Reserve Bank of India’s (RBI’s) new guidelines on hiring statutory auditors will make it difficult for them to find professionals who fit the bill, especially in the middle of the year. While the new guidelines issued on 27 April find favour with a section of auditors, others empathize with the sentiments of NBFCs. The central bank’s move may be in the right direction to improve audit quality, but may be too stringent for many entities, they



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said. According to the central bank, auditors must be rotated every three years with a cooling off period of six years before the next appointment, while joint audits by more than one auditor have been mandated for NBFCs with assets of ₹15,000 crore or more. That apart, auditors will also not be allowed to work for more than eight NBFC clients concurrently. - Live Mint

- **SBI's March quarter showing impresses Street; stock jumps over 5%:** The Q4, 2020-21, results of State Bank of India (SBI), India's largest lender, beat expectations. The stock jumped over 5 per cent on the National Stock Exchange. SBI reported an 80 per cent year-on-year (YoY) rise in net profit to Rs 6,450.75 crore, which beat consensus estimates. Provisions and contingencies fell to Rs 11,051 crore against Rs 13,495.1 crore for the corresponding period a year ago. The net interest income (NII) saw growth of 19 per cent YoY to Rs 27,067 crore. The asset quality improved as the gross non-performing assets (NPA) ratio came in at 4.98 per cent of assets in Q4, down from 6.15 per cent a year ago. Similarly, the net NPA ratio (bad loans not covered by provisions) improved to 1.5 per cent of assets in Q4, versus 2.23 per cent in Q4, 2019-20. - Business Standard
- **Exim bank eyes to raise \$3 billion in FY22:** Export-Import Bank of India may raise about \$3 billion in FY22, as against \$2 billion in FY21, to support Indian exports, as the global trade is gradually opening up. David Rasquinha, MD & CEO of the bank, said that he sees demand for pharmaceuticals, chemicals, home textiles, among others, gaining traction as advanced economies are gradually coming out of the Covid-19 pandemic. "This opens up an opportunity for Indian exporters," said Rasquinha. - Business Line
- **Covid-19: UK-based banks announce financial and medical support for employees in India:** Barclays and Standard Chartered Bank have announced a slew of measures, including salary advance, enhanced insurance limits and doctors on call, for their employees in India to help them deal with the Covid-19 pandemic. Barclays has introduced a new set of measures, including facilitating vaccinations, enhanced insurance limits, uncapped paid leave, financial aid and support channels, for its over 20,000 employees in India to deal with the Covid-19 pandemic. - Business Line
- **Precious metal heads towards Rs 50,000 per 10 gram; money managers raise net long positions:** Gold prices jumped by 1.53 percent during the week to settle at Rs 48,404 per 10 gram on choppy trading, a weak dollar and benchmark yields. However, rupee appreciation capped the upside. The yellow metal was supported by rising COVID-19 cases in Asia, a fall in the value of cryptocurrencies and the continuing easy money policies of global central banks. The yellow metal dropped in three out of five trading sessions on the MCX and ended the week with a gain of Rs 728. COMEX gold, on the other hand, rose \$38 or 2.06 percent during the same period. The bullion metal has been trading higher than 20, 50 and 100 days' moving



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averages but lower than the 5 and 200 days' moving averages on the daily chart. The momentum indicator Relative Strength Index (RSI) is at 62.45, signalling bullish sentiment in prices.

- **Over 60 stocks in BSE500 index rise 10-40% in a week, Sensex back above 50K:** Bulls remained in control throughout the week pushing benchmark indices above their crucial resistance levels. The S&P BSE Sensex climbed above 50,000 while the Nifty50 also closed above 15,100 levels. The market recorded its biggest weekly gain since the budget week where the S&P BSE Sensex rose 3.7 percent while the Nifty50 was up 3.4 percent for the week ended May 21, but the big action was seen in the broader market space. The S&P BSE Midcap index rose 4.7 percent while the S&P BSE Smallcap index gained 4.1 percent in the same period.