



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

May 26, 2021

- **RBI meets heads of private sector banks to assess Covid impact:** The Reserve Bank of India Governor Shaktikanta Das and his deputies on Tuesday met with the head of select private sector banks to assess the impact of Covid on the Indian economy, the asset quality of lenders and credit flow to important sectors. The meeting which was held over video conference was also attended by all four deputy governors M. K. Jain, Rajeshwar Rao, Dr. Michael D. Patra and T. Rabi Sankar. In a statement issued by the RBI, the regulator said that the governor impressed upon banks to quickly and swiftly implement the measures announced by it. "Das also advised the banks to ensure continuity in provision of various financial services including credit facilities to individuals and businesses in the face of challenges brought on by the pandemic,0 the RBI said. "He also urged them to continue focussing on efforts to further strengthen their balance sheets proactively."  
<https://economictimes.indiatimes.com/industry/banking/finance/banking/rbi-meets-heads-of-private-sector-banks-to-assess-covid-impact/articleshow/82944191.cms?from=mdr#:~:text=The%20Reserve%20Bank%20of%20India,credit%20flow%20to%20important%20sectors.>
- **RBI Framework 2.0: SBI Card puts in place mechanism for COVID stress relief:** SBI Cards and Payment Services (SBI Card) on Monday said it has framed a COVID-19 related stress resolution mechanism in accordance with the RBI's recently announced relief measures. Pursuant to RBI's circular dated May 5, 2021, the company has framed the resolution framework 2.0 for COVID-19 related stress of individuals and small businesses, based on the tenets as enumerated in the central bank guidelines, SBI Card said in a regulatory filing. "The policy covers norms on offering relief to stressed cardholders by means of resolution plans and the related provisioning and asset classification norms," it said. Earlier this month, the Reserve Bank came out with the Resolution Framework 2.0 under which individuals and small businesses having exposure up to Rs 25 crore can opt for loan restructuring if they had not availed its earlier scheme.  
<https://economictimes.indiatimes.com/industry/banking/finance/banking/rbi-framework-2-0-sbi-card-puts-in-place-mechanism-for-covid-stress-relief/articleshow/82916554.cms>
- **Punjab National Bank and PNB Housing Finance enter new brand agreement:** Punjab National Bank (PNB) and PNB Housing Finance have entered into a fresh brand agreement, which gives PNB the right to withdraw its brand name from the mortgage lender. PNB holds 33% in PNB Housing. The revised brand agreement raised doubts on whether a change in holding pattern is likely anytime soon.The existing brand arrangement dated December 7, 2009 will continue to govern use of PNB trademark until PNB's shareholding in the housing



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finance company is 30% or more. Upon PNB's shareholding falling below 30%, the new agreement dated May 24 will replace the existing agreement, the housing finance company said in a regulatory filing. "In the event PNB's shareholding in mortgage lender falling below 20%, PNB would have the right to terminate the revised agreement. In case of such termination, PNB Housing shall be allowed a transition period of up to 24 months for change of brand name," it said.

<https://economictimes.indiatimes.com/industry/banking/finance/banking/punjab-national-bank-and-pnb-housing-finance-enter-new-brand-agreement/articleshow/82945541.cms>

- **Banks Board Bureau recommends S L Jain for Indian Bank MD position:** The Banks Board Bureau (BBB) has recommended the name of S L Jain for the post of managing director (MD) of state-owned Indian Bank. The term of incumbent MD of the Chennai-based lender, Padmaja Chundurur, would superannuate later this month. The bureau interfaced with nine candidates from various public sector banks on May 24 for the forthcoming vacancy of managing director and chief executive officer in the Indian Bank, the BBB said in a statement. The headhunter for state-owned banks and financial institutions also recommended Soma Sankara Prasad as the candidate on the reserve list for the said vacancy.  
<https://economictimes.indiatimes.com/industry/banking/finance/banking/banks-board-bureau-recommends-s-l-jain-for-indian-bank-md-position/articleshow/82919812.cms>
- **Appellate Tribunal stays Mumbai NCLT order to consider Kapil Wadhawan's DHFL settlement offer:** The National Company Law Appellate Tribunal (NCLAT) on Tuesday stayed the Mumbai NCLT's order which directed the administrator of Dewan Housing Finance to consider a settlement proposal by its former promoter Kapil Wadhawan, who is now in jail for alleged misdeeds. The division bench, headed by Justice AIS Cheema and VP Singh in an oral order stayed the directive passed by the National Company Law Tribunal's (NCLT) Mumbai chapter on May 19. RBI-appointed administrator, the committee of creditors (CoC) and Piramal group, which emerged successful bidder to own the indebted home financier filed three separate applications challenging the order in favour of the ousted promoter.  
<https://economictimes.indiatimes.com/industry/banking/finance/banking/appellate-tribunal-stays-mumbai-nclt-order-to-consider-kapil-wadhawans-dhfl-settlement-offer/articleshow/82934350.cms>
- **Second wave: HDFC Bank concerned over retail asset quality in near-term:** The country's largest private sector lender HDFC Bank expects the otherwise resilient retail segment to report a higher incidence of asset quality stress because of the second wave of COVID-19 infections. Borrowers who had to avail cover under regulatory dispensations like moratorium and restructuring after the first wave will be the highest impacted, its chief executive and managing director Sashidhar Jagdishan said on an investor call. Terming the near-term expectations as "tepid" and making it clear that the bank will be "cautious" in these



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extraordinary times, Jagdishan said, "First time in so many years, we may not have any grip on what is going to happen".

<https://economictimes.indiatimes.com/industry/banking/finance/banking/second-wave-hdfc-bank-concerned-over-retail-asset-quality-in-near-term/articleshow/82940967.cms>

- **NCLAT stays NCLT order on DHFL:** In a relief to the ongoing resolution process of Dewan Housing Finance Corporation Ltd, the National Company Law Appellate Tribunal (NCLAT) has stayed an order by the National Company Law Tribunal (NCLT), which had directed the lenders to consider the offer made by Kapil Wadhawan. The NCLAT heard the plea by the Committee of Creditors of DHFL challenging the May 19 order of NCLT on Tuesday. Both the Committee of Creditors of DHFL as well as the Administrator had filed separate applications challenging the NCLT order to consider the offer made by its former promoter Kapil Wadhawan within the next 10 days. Meanwhile, the Piramal Group on Tuesday also filed a separate appeal in the NCLAT challenging the NCLT order on DHFL.  
<https://www.thehindubusinessline.com/news/national/nclat-stays-nclt-order-on-dhfl/article34639778.ece>
- **YES Bank implements TransUnion’s onboarding solution:** Private sector lender YES Bank on Tuesday announced the implementation of TransUnion’s onboarding solution, which will enable it to onboard its credit card customers seamlessly. “The solution has been uniquely designed to enable a digital, streamlined onboarding process that delivers the experience consumers prefer such as fewer customer information fields to input, no physical paperwork, and comparatively lesser time required for completing the credit card application,” Yes Bank said in a statement. An in-person interaction with customers for physical documentation and processing is now replaced with a digital process wherein a digital application link is sent to the customer, which the customer can complete along with a video KYC, it further said.  
<https://www.thehindubusinessline.com/money-and-banking/yes-bank-implements-transunions-onboarding-solution/article34642485.ece>
- **RBI should appoint statutory auditors for public sector banks: ICAI:** The CA Institute has suggested that appointment of statutory central auditors (SCAs) of public sector banks should be done by the Reserve Bank of India and not by the bank managements. The audit regulator is keen that the banks’ auditors be appointed on the lines of Comptroller and Auditor General of India appointing public sector entities’ auditors. “We have suggested that RBI itself should appoint the statutory auditors of public sector banks. The current system of bank managements appointing statutory auditors should be done away with,” Nihar Jambusaria, President, Institute of Chartered Accountants of India (ICAI), told BusinessLine. This suggestion was conveyed to the central bank at a recent virtual interaction between the top brass of the CA Institute and senior RBI officials.



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<https://www.thehindubusinessline.com/money-and-banking/let-rbi-appoint-public-sector-banks-statutory-auditors-icai/article34643650.ece>

- **Fugitive businessman Mehul Choksi goes missing: Antiguan police:** Fugitive diamantaire Mehul Choksi, wanted in a ₹13,500-crore loan fraud in Punjab National Bank, has gone missing in Antigua and Barbuda where he had been staying since January 2018, the Royal Police Force of the Caribbean island nation said in a statement. The police force which has launched a missing person operation issued a statement along with the photograph of the businessman seeking information from public. "The Police are investigating a Missing Person Report made of 62-year-old Mehul Choksi of Jolly Harbour. Mehul was reported missing on Sunday 23rd May 2021 at the Johnson Point Police Station," the statement said. Choksi was last seen on Sunday in his car which was recovered by the police following searches but he could not be found, it said.

<https://www.thehindubusinessline.com/news/national/fugitive-businessman-mehul-choksi-goes-missing-antiguan-police/article34638613.ece>

- **Rise in cyber crime post Covid is growing risk to bank ratings: S&P:** The banking sector is becoming more exposed to cyber crime after Covid-19 pandemic accelerated digitalisation and remote working, S & P Global Ratings said on Tuesday. Cyber attacks can harm credit ratings mainly through reputational damage and potential monetary losses, it said in a report titled 'Cyber Risk In A New Era: The Effect On Bank Ratings.' "Cyber attacks have had only a limited effect on bank ratings to date but can trigger more rating actions in the future as cyber incidents become more frequent and complex," said Credit Analyst Irina Velieva. Banks and other financial institutions are attractive targets for cyber criminals because they possess valuable personal data and play a critical role in servicing particular financial or economic needs and segments.

[https://www.business-standard.com/article/finance/cyber-crime-is-growing-risk-to-bank-ratings-s-p-121052500341\\_1.html#:~:text=%C2%ABBack-Rise%20in%20cyber%20crime%20post%20Covid,risk%20to%20bank%20ratings%3A%20S%26P&text=The%20banking%20sector%20is%20becoming,Global%20Ratings%20said%20on%20Tuesday.](https://www.business-standard.com/article/finance/cyber-crime-is-growing-risk-to-bank-ratings-s-p-121052500341_1.html#:~:text=%C2%ABBack-Rise%20in%20cyber%20crime%20post%20Covid,risk%20to%20bank%20ratings%3A%20S%26P&text=The%20banking%20sector%20is%20becoming,Global%20Ratings%20said%20on%20Tuesday.)

- **Ensure continuity in provision of financial services: RBI gov to pvt banks:** RBI Governor Shaktikanta Das on Tuesday asked private sector banks to ensure continuity in the provision of various financial services, including credit facilities to individuals and businesses, in the face of challenges brought on by the pandemic. Earlier this month, the governor had held a similar meeting with MD and CEOs of public sector banks. During the meeting with the MD and CEOs of select private sector banks, Das also impressed upon the banks to quickly and swiftly implement the measures announced by the RBI on May 5, 2021, in right earnest. On May 5, the governor had announced a slew of measures, including term liquidity facility of Rs 50,000



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crore to ease access to emergency health services. They were also aimed to further improve lending to the MSME sector, restructuring of loans, and rationalisation of compliance to KYC, in wake of the second wave of the COVID-19 pandemic.

[https://www.business-standard.com/article/finance/ensure-continuity-in-provision-of-financial-services-rbi-guv-to-pvt-banks-121052501337\\_1.html](https://www.business-standard.com/article/finance/ensure-continuity-in-provision-of-financial-services-rbi-guv-to-pvt-banks-121052501337_1.html)

- **HDFC to raise up to Rs 7,000 cr by issuing bonds on private placement basis:** HDFC Ltd on Tuesday said it will raise up to Rs 7,000 crore by issuing bonds on private placement basis. The base issue size for the secured redeemable non-convertible debentures (NCDs) is Rs 5,000 crore with option to retain oversubscription of up to Rs 2,000 crore, HDFC said in a regulatory filing. The country's largest mortgage lender will offer coupon rate of 6 per cent per annum on the bonds, the issue for which opens on May 28, 2021. The issue will close on the same day. "The object of the issue is to augment the long-term resources of the Corporation. The proceeds of the present issue would be utilised for financing/refinancing the housing finance business requirements of the Corporation," it said. The bonds have a tenor of 4 years and 363 days, and the redemption date is set as May 29, 2026. The arranger of the issue is Axis Bank. HDFC stock closed 0.45 per cent lower at Rs 2,528.90 on BSE.  
[https://www.business-standard.com/article/finance/hdfc-to-raise-up-to-rs-7-000-cr-by-issuing-bonds-on-private-placement-basis-121052501422\\_1.html](https://www.business-standard.com/article/finance/hdfc-to-raise-up-to-rs-7-000-cr-by-issuing-bonds-on-private-placement-basis-121052501422_1.html)
- **India's GDP to grow at 1.3% in March quarter, full year contraction for FY21 at 7.3%: SBI report:** The country's GDP is likely to grow at 1.3 per cent in the fourth quarter of 2020-21 and may see a contraction of around 7.3 per cent for the full financial year, according to an SBI research report 'Ecowrap'. The e-National Statistical Office (NSO) will release the GDP estimates for the March 2021 quarter and provisional annual estimates for the year 2020-21 on May 31. "Based on our 'nowcasting model', the forecasted GDP growth for Q4 would be around 1.3 per cent (with downward bias) as against NSO (National Statistical Office) projection of a negative (-)1 per cent," the research report said. "We now expect GDP decline for the full year (FY 2020-21) to be around 7.3 per cent (compared to our earlier prediction of minus 7.4 per cent)," it said.  
<https://economictimes.indiatimes.com/news/economy/indicators/indias-gdp-to-grow-at-1-3-in-march-quarter-sbi-report/articleshow/82939789.cms>
- **Freecharge launches 'Pay Later' for its customers:** Freecharge has launched 'Pay Later' facility for its customers. "The expenses get aggregated for a month and customers can pay at the end of the month, in a seamless manner," it said in a statement on Tuesday, adding that it can be used both on Freecharge's platform as well as on a network of over 10,000 online and offline merchants. Using Pay Later, customers can pay their electricity bills, recharge their mobiles, order food, medicines, grocery online without the need for any card. "Unlike other digital payment options, Pay Later does not require remembering or saving card



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numbers, loading wallet or any OTP approvals. All the payments can be done through a secure one click process," it further said.

<https://www.thehindubusinessline.com/money-and-banking/freecharge-launches-pay-later-for-its-customers/article34641807.ece>

- **Mortgage lenders to see strong growth on back of low rates:** As mortgage rates remain at historic lows, India's housing finance companies are expected to see strong growth in the coming quarters. Analysts believe that housing finance companies (HFCs) are strongly positioned for profitable growth as they have now fortified their balance sheets with significant capital and provisioning and are focussed on diversified sources and reduced reliance on commercial papers. "Further, strong players like HDFC have gained 200 basis points (bps) of market share over the last two years despite significant competition from banks in the retail segment," JM Financial Institutional Securities Ltd said in a report on 24 May. With retail home loan pricing offered by major HFCs at similar level to banks now, they are well placed to accelerate their growth, it said.  
<https://www.livemint.com/industry/banking/mortgage-lenders-to-see-strong-growth-on-back-of-low-rates-11621935726006.html>
- **Cybercrime a growing risk to bank ratings, says S&P:** The banking sector is becoming more exposed to cybercrime after the covid-19 pandemic accelerated digitalization and remote working, which could lead to more rating actions, S&P Global Ratings said in a report on Tuesday. "Cyberattacks have had only a limited effect on bank ratings to date but could trigger more rating actions in the future as cyber incidents become more frequent and complex," said S&P Global Ratings credit analyst Irina Velieva. Cyberattacks can harm credit ratings, mainly through reputational damage and potential monetary losses. Banks and other financial institutions are attractive targets for cyber criminals because they possess valuable personal data and play a critical role in servicing particular financial or economic needs and segments, it said. Institutions with weak risk governance are less prepared for, and therefore more vulnerable to cyberattacks.  
<https://www.livemint.com/industry/banking/cybercrime-a-growing-risk-to-bank-ratings-says-sp-11621937253451.html>
- **Rupee surges 19 paise to close at 72.77 against US dollar:** The rupee strengthened by 19 paise to end at 72.77 (provisional) against the US dollar on Tuesday, tracking weakness in the American currency in the overseas market. At the interbank forex market, the local unit opened at 72.85 against the greenback and witnessed an intra-day high of 72.75 and a low of 72.87. It finally ended at 72.77 against the American currency, registering a rise of 19 paise over its previous close. On Monday, the rupee had settled at 72.96.



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<https://www.thehindubusinessline.com/markets/forex/rupee-surges-19-paise-to-close-at-7277-against-us-dollar/article34641943.ece>

- **Sensex, Nifty end flat amid profit-booking:** The 30-share BSE Sensex settled 14.37 points or 0.03 per cent lower at 50,637.53, while the broader NSE Nifty advanced 10.75 points or 0.07 per cent to 15,208.45. Asian Paints was the top gainer in the Sensex pack, advancing over 3 per cent, followed by Titan, Bajaj Finserv, ONGC, Infosys and TCS. On the other hand, HDFC Bank, Axis Bank, Reliance Industries, IndusInd Bank, HDFC and ITC were among the laggards.  
<https://www.thehindu.com/business/markets/sensex-nifty-end-flat-amid-profit-booking/article34641781.ece>
- **Gold prices today fall, a day after jumping to nearly 4-month high, silver dips:** Gold and silver prices today edged lower in Indian markets amid decline in global rates. On MCX, gold futures were down 0.22% to ₹48,444 per 10 gram while silver rates fell 0.46% to ₹71,480 per kg. In the previous session, gold had edged 0.26% higher to close near 4-month high while silver had surged over 1%. Domestic prices could hover in the range of ₹48,400- 48,900, says Navneet Damani, VP – Commodities Research, Motilal Oswal Financial Services, while broader range on COMEX could be between \$1865-1900.  
<https://www.livemint.com/market/commodities/gold-prices-today-fall-a-day-after-jumping-to-nearly-4-month-high-silver-dips-11621913564953.html>

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