



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

May 27, 2021

- **RBI gov tells private banks to continue strengthening balance sheets:** Reserve Bank of India (RBI) governor Shaktikanta Das on Tuesday urged the heads of a select group of private sector banks to continue strengthening their balance sheets proactively. The call comes barely a week after he met heads of state-owned banks. Going by statements issued on Tuesday and on 19 May, he discussed near-identical issues with both sets of bankers. His call on balance sheets comes amid the second wave of the covid-19 pandemic, which has presented another round of asset quality concerns for banks. A stronger and a more resilient balance sheet, thus, will be able to better withstand shocks emanating from the pandemic. Moreover, a stronger balance sheet also ensures that banks continue to lend despite challenges and do not choke the flow of credit in the economy.
<https://www.livemint.com/industry/banking/rbi-guv-tells-private-banks-to-continue-strengthening-balance-sheets-11621948409404.html>
- **RBI Guv asks pvt sector bank chiefs to ensure continuity in provision of financial services:** Das also underscored the importance of quickly and swiftly implementing the measures announced by RBI. Reserve Bank of India (RBI) governor Shaktikanta Das on Tuesday advised Private Sector Banks (PvSBs) chiefs 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. In a meeting with the MD & CEOs of select PvSBs through video conference, Das also underscored the importance of quickly and swiftly implementing the measures announced by RBI on May 5, in right earnest. The issues that were discussed in the meeting related to assessment of the current economic situation and the state of the banking sector; credit flows to different segments of the economy, particularly to small borrowers, MSMEs, etc. and progress in the implementation of Covid Resolution Framework 1.0.
<https://www.thehindubusinessline.com/money-and-banking/rbi-guv-asks-pvt-sector-bank-chiefs-to-ensure-continuity-in-provision-of-financial-services/article34644207.ece>
- **Punjab National Bank, 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 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.



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

- **HDFC Bank deploys Mobile ATM in Bengaluru:** HDFC Bank has deployed Mobile Automated Teller Machine (ATM) to assist customers during the COVID-19 related restrictions in the city. At restricted or sealed areas, the Mobile ATMs will eliminate the need for the public to move out of their locality to withdraw cash, the bank noted in a statement. Bengaluru is the 25th city where the bank has deployed Mobile ATMs this year. The locations for Mobile ATM deployment are being identified in consultation with local authorities in the city. All necessary precautions in terms of maintaining social distancing while queuing for the ATM and sanitisation are being taken to ensure safety of staff and customers, it said.
<https://www.livemint.com/news/india/hdfc-bank-deploys-mobile-atm-in-bengaluru-amid-covid-19-cases-11622013478107.html>
- **ICICI Bank launches facility to link UPI ID with digital wallet:** Private sector lender ICICI Bank has launched a facility for linking a Unified Payments Interface (UPI) ID with its digital wallet, 'Pockets'. "This initiative enables users to undertake small-value daily transactions directly from their Pockets wallet using UPI in a safe and secure manner," said ICICI Bank in a statement on Wednesday, adding that it would help them streamline the number of transactions being undertaken daily from their savings account and, thus, de-clutter their savings account statement of multiple entries. "Further, it expands the convenient usage of UPI to young adults like college students, who may not have a savings account," it said. The facility is a departure from the current practice under which UPI IDs can be linked with a savings bank account.
<https://www.thehindubusinessline.com/money-and-banking/icici-bank-launches-facility-to-link-upi-id-with-digital-wallet/article34647923.ece>
- **Karnataka Bank appoints Balakrishna Alse as board member:** Private sector lender Karnataka Bank has appointed Balakrishna Alse S as an additional director on its board. "The board of directors of the bank at the meeting held today has appointed Balakrishna Alse S, former executive director of Oriental Bank of Commerce, as an additional director (non-executive, independent)," Karnataka Bank said in a regulatory filing. He will hold the office till the conclusion of the next annual general meeting of the bank, the lender said. With his appointment, there will be 12 directors on the board, of which, 9 will be independent directors constituting 75 per cent of the board, with two women independent directors, it added. Balakrishna, a science graduate from CAIIB had joined Corporation Bank as an agricultural field officer in 1983. He was appointed as the executive director of the erstwhile Oriental Bank of Commerce (OBC) in December 2018, which he held till March 2020.



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<https://www.moneycontrol.com/news/business/karnataka-bank-appoints-balakrishna-also-as-board-member-6944491.html>

- **Goldman Sachs commits Rs 20 crores to Karnataka's Covid relief work:** American investment banking firm Goldman Sachs on Wednesday committed Rs 20 crore help to Karnataka's Covid relief activities. Company representatives who met chief minister BS Yediyurappa, promised to set up 250 beds in four hospitals in Bengaluru to treat Covid patients and procure oxygen concentrators worth Rs 7 crore to distribute in the state.
<https://economictimes.indiatimes.com/industry/banking/finance/banking/goldman-sachs-commits-rs-20-crores-to-karnatakas-covid-relief-work/articleshow/82977253.cms>
- **Banks sanction over Rs 15 lakh crore under Mudra Yojana:** The finance ministry on Wednesday said banks and financial institutions have sanctioned about Rs 15 lakh crore to over 28 crore beneficiaries under the Mudra scheme in the last six years. Pradhan Mantri MUDRA Yojana (PMMY) was launched by Prime Minister Narendra Modi on April 8, 2015, to promote entrepreneurship. As of March 26, 2021, loans sanctioned by member lending institutions amounting to Rs 15.10 lakh crore to 28.81 crore beneficiary, the Department of Financial Services under the Finance Ministry said in a tweet. Under the scheme, collateral-free loans up to Rs 10 lakh in three categories – namely Shishu, Kishore and Tarun for income-generating activities in manufacturing, trading and services sectors and activities allied to agriculture are provided, it said.
<https://economictimes.indiatimes.com/news/economy/finance/banks-sanction-over-rs-15-lakh-crore-under-mudra-yojana/articleshow/82974944.cms>
- **Pension corpus under PFRDA swells over Rs 6 lakh crore:** Pension Fund Regulatory and Development Authority on Wednesday said asset under management (AUM) generated by pension schemes has crossed the Rs 6 lakh crore-milestone. Pension Fund Regulatory and Development Authority (PFRDA) is the statutory authority established by an enactment of Parliament, to regulate, promote and ensure orderly growth of the National Pension System (NPS) and pension schemes. The AUM crossed the milestone of Rs 6 lakh crore under the National Pension System (NPS) and Atal Pension Yojana (APY) after 13 years since the PFRDA came into being, an official statement said. The AUM growth of last Rs 1 lakh crore has been achieved in just 7 months, it added.
<https://economictimes.indiatimes.com/news/economy/finance/pension-corpus-under-pfrda-swells-over-rs-6-lakh-crore/articleshow/82975799.cms>
- **NCUI voices concerns over RBI guidelines for merger of district central co-op banks with state co-op banks:** The National Cooperative Union of India (NCUI) on Wednesday raised serious concerns over the Reserve Bank's guidelines for merging District Central Co-operative Banks (DCCBs) with State Cooperative Banks (StCBs), saying the move will "destroy" the rural



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cooperative credit institutions. On May 24, the Reserve Bank of India (RBI) issued the guidelines and said it will consider amalgamation of DCCBs with StCBs subject to various conditions, including that a proposal should be made by the state government concerned. "This is unjustified, and it will destroy the rural cooperative credit institutions in the country causing a lot of problems to the farmers," NCUI President Dileep Sanghani said in a statement. National Federation of State Cooperative Banks' Managing Director Bhima Subrahmanyam said the intention of RBI guidelines is to destabilise and dismantle the three tier cooperative credit structure in the country. "The notification is uncalled for, and is provocative, prompting and mischievous," he said.

<https://economictimes.indiatimes.com/industry/banking/finance/banking/ncui-voices-concerns-over-rbi-guidelines-for-merger-of-district-central-co-op-banks-with-state-co-op-banks/articleshow/82976292.cms?from=mdr>

- **ESAF Small Finance Bank's operating profit up by 28% in FY21:** ESAF Small Finance Bank has recorded a 28 per cent increase in its operating profit for the year ended March 31. The figure increased from ₹324.70 crore to ₹415.84 crore despite the challenges faced during the year. Deposits have grown by 28 per cent from ₹7,028 crore to ₹8,999 crore for the year ended March 31, 2021. The net profit for the year ended March 31 stood at ₹105.40 crore compared to ₹190.39 crore over the same period last year. Further, the bank as a prudent measure holds provision above the RBI requirement in the standard category to the extent of ₹91 crore as of March 31, 2021.
<https://www.thehindubusinessline.com/money-and-banking/esaf-small-finance-banks-operating-profit-up-by-28-in-fy21/article34651047.ece>
- **Manappuram Finance Q4 PAT up 18% at ₹468 crore:** Manappuram Finance Ltd has posted an 18 per cent growth in its consolidated profit after tax in Q4 of FY21 at ₹468.35 crore against ₹398.20 crore in the year-ago quarter. As a result, the consolidated PAT for the full year was ₹1,724.95 crore, an increase of 16.53 per cent over the previous year's figure of ₹1,480.30 crore. The operating income for the year stood at ₹6,330.55 crore, up by 15.83 per cent over ₹5,465.32 crore. The Board of Directors approved payment of an interim dividend of ₹0.75 per share of the face value of ₹2. V.P. Nandakumar, MD & CEO, said: "Our performance is particularly satisfactory given the multiple challenges faced throughout this pandemic affected year. Despite all the disruptions due to lockdowns, the consequent slowdown in economic activity and consumption, and volatility in gold prices, we have succeeded in posting our best ever full-year results, with significant growth in business and profitability."
<https://www.thehindubusinessline.com/money-and-banking/manappuram-finance-q4-pat-up-18-at-468-crore/article34650944.ece>
- **Pension funds: PFRDA revises sponsor's capital requirement criteria :** Pension fund regulator PFRDA is keen that sponsors and pension funds set up by them are strong enough to ride the



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current growth wave in the pension sector. Towards this end, it has tweaked the capital requirement norms for sponsors of Pension Funds, stipulating higher paid-up capital and networth for those looking to set up such funds. A sponsor – individually or jointly– of a pension fund should have atleast ₹25 crore in paid-up capital on the date of making application as a sponsor and positive tangible networth of at least ₹ 50 crore on the last date of each of the preceding five financial years, the PFRDA has now ruled.

<https://www.thehindubusinessline.com/money-and-banking/pension-funds-pfrda-revises-sponsors-capital-requirement-criteria/article34648297.ece>

- **ZipLoan partners with InCred to provide micro-loans to MSMEs:** Fntech firm ZipLoan has partnered with InCred to extend micro-loans to micro, small and medium enterprises that are unable to access financial services from traditional banking players. “InCred and ZipLoan entered into co-lending partnership to facilitate wider and deeper reach of institutional credit in the MSME segment by leveraging each other's strengths in terms of size, scale and technology,” the company said in a statement. The microloans will be ranging from ₹1 lakh to ₹10 lakh with tenure upto 36 months.
<https://www.thehindubusinessline.com/money-and-banking/ziploan-partners-with-incred-to-provide-micro-loans-to-msmes/article34651141.ece>
- **With no cushion like last time, second Covid wave poses challenges for auto lenders:** The second Covid-19 wave will have a material impact on automobile lenders’ asset quality as borrowers are grappling with reduced capacity utilisation and increased operating costs due to rising fuel cost, which would reduce their ability to service debt, says a report of India Ratings. The impact of the first covid wave was cushioned with multiple measures that boosted optimism and recovery. However, the outcome may be different during the second wave, due to the widescale impact, including rural areas and pent-up demand being absorbed already.
<https://www.thehindubusinessline.com/companies/with-no-cushion-like-last-time-second-covid-wave-poses-challenges-for-auto-lenders/article34651027.ece>
- **Banks’ performance glitters thanks to spike in gold loans:** Banks have reported a surge in gold loans in the year ended 31 March, driven by rising gold prices and risk-averse lenders demanding collateral for loans. Gold loans of banks have more than doubled to ₹60,464 crore at the end of 31 March from ₹26,192 crore a year earlier, according to the Reserve Bank of India (RBI). Among banks, State Bank of India (SBI), Bandhan Bank and private sector banks in south India saw the sharpest growth in gold loans during the financial year. SBI saw a nearly sixfold rise in gold loans. Its gold loan book stood at ₹20,987 crore as of 31 March. SBI’s proportion of gold loans is only 2% of its overall retail loan book of ₹8.7 trillion, but the bank has relied on these secured loans to drive its credit growth this year.



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<https://www.livemint.com/industry/banking/banks-performance-glitters-thanks-to-spike-in-gold-loans-11621968674481.html>

- **Gross NPAs of banks likely to decline in FY21 amid MSME schemes, restructuring, write-offs: CARE Ratings:** Gross non-performing assets of banks are likely to decline in FY21 due to restructuring, write-offs, and resilience in the economy, rating agency CARE Ratings said on Wednesday. The decline is expected as several regulatory and government support schemes for MSMEs and others had helped borrowers to access liquidity and conserve cash flows. For instance, the moratorium on loan repayments for six months till August 30, 2020, Covid-related restructuring scheme for MSMEs till March 31, 2021, and for large corporates till December 31, 2020, Resolution Framework 2.0 scheme for personal loans and MSMEs till September 30, 2021, ECLGS to enable banks and NBFCs provide funding to MSMEs, TLTROs, special refinance facilities to NABARD/SIDBI/NHB to address sectoral credit needs, and extended partial guarantee scheme, the agency noted. “The government had enabled loan of up to 20 per cent of an MSME’s total outstanding credit in the Rs 3 lakh crore ECLGS scheme. So, loans were guaranteed by the government and MSMEs got significant breathing space with immediate cash flows being taken care of so that they may not default and deteriorate their credit score, etc. Given that MSMEs generally have a significant share of NPAs, now that share will be much more muted than what we would have expected otherwise,” Sanjay Agarwal, Senior Director, CARE Ratings told Financial Express Online.

<https://www.financialexpress.com/industry/banking-finance/gross-npas-of-banks-likely-to-decline-in-fy21-amid-msme-schemes-restructuring-write-offs-care-ratings/2259599/>

- **Sensex breaches 51,000, Nifty above 15,300 as IT stocks rebound:** The BSE Sensex breached the 51,000-mark and closed near the day’s high of 51,072.61 at 51,017.52, up 379.99 points or 0.75 per cent. It hit an intraday low of 50,620.45. Similarly, the Nifty 50 index closed at 15,301.45, up 93.00 points or 0.61 per cent. During the day, it touched a high of 15,319.90 and a low of 15,194.95. The breadth of the market remained positive with 1,950 stocks advancing, 1,185 declining and 146 remaining unchanged on the BSE. As many as 498 securities hit the upper circuit and 166 the lower circuit; 374 hit their 52-week high while 32 touched a 52-week low. Bajaj Finserv, Bajaj Finance, Infosys, Grasim and Wipro were the top gainers on the Nifty 50 while PowerGrid, Hindalco, JSW Steel, Tata Steel and NTPC were the top laggards.

<https://www.thehindubusinessline.com/markets/stock-markets/sensex-breaches-51000-nifty-above-15300-as-it-stocks-rebound/article34649358.ece>



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