



**THE INSTITUTE OF
COST ACCOUNTANTS OF INDIA**
(STATUTORY BODY UNDER AN ACT OF PARLIAMENT)
CMA BHAWAN
12, SUDDER STREET, KOLKATA – 700 016.

Telephones : +91-33- 2252-1031/1034/1035
+ 91-33-2252-1602/1492/1619
+ 91-33- 2252-7143/7373/2204
Fax : +91-33-2252-7993
+91-33-2252-1026
+91-33-2252-1723
Website : www.icmai.in

DAILY UPDATES BY BFSI BOARD, ICAI

May 28, 2021

- **UCO Bank profit surges 371% to ₹80 cr in March quarter:** Riding on the back of a higher net interest income and other income, UCO Bank registered 371 per cent growth in net profit at ₹80 crore for the quarter ended March 31, 2021, as against ₹17 crore during the corresponding quarter last year. Net interest income grew by 13 per cent at ₹1,412 crore during the quarter under review as against ₹1,254 crore, while other income increased by 78 per cent at ₹1,370 crore (₹769 crore). The bank registered a net profit of ₹167 crore for the year ended March 31, 2021, as against a net loss of ₹2,437 crore in 2019-20. Total provisions during the quarter increased by 49 per cent at ₹1,783 crore (₹1,193 crore). Provisions for non- performing assets (NPA), however, witnessed a decline at ₹770 crore (₹1,089 crore). The percentage of gross NPA to advances declined to 9.59 per cent (16.77 per cent), while net NPA came down to 3.94 per cent (5.45 per cent).
<https://www.thehindubusinessline.com/money-and-banking/uco-bank-profit-surges-371-to-80-cr-in-march-quarter/article34659102.ece>
- **Bank frauds fall by 25% in a year: RBI annual report:** Frauds reported by banks fell by 25 percent in value terms in just one year to Rs 1.38 lakh crore at the end of fiscal year ended March 2021, data released by the Reserve Bank of India as part of its annual report showed. During the same period last year total frauds reported by lenders was at Rs 1.85 lakh crore. In number terms fraud reporting was down by 15 percent on a year basis to 7363. Public sector banks contributed to more than 59 percent of the total value of frauds at Rs 81,901 crore while private sector banks contributed 33 percent at Rs 46,335 crore. “Frauds have been occurring predominantly in the loan portfolio, both in terms of number and value,” the RBI said in its annual report. “Though the value of frauds reported in advances category for 2020- 21, in percentage terms, remained almost same as compared to the last year, the incidence of frauds in advances category, in terms of number, has come down over the previous year.”
<https://economictimes.indiatimes.com/industry/banking/finance/banking/bank-frauds-fall-by-25-in-a-year-rbi-annual-report/articleshow/83001377.cms?from=mdr>
- **RBI to explore diversifying assets to boost returns on foreign exchange reserves:** Foreign currency and bond trading boosted the Reserve Bank of India's earnings for FY'21 though overall returns on its investments remain depressed. But the central bank said it would explore diversifying asset base beyond traditional investment such as gold and the U S dollar. RBI's income dipped by 10.96 per cent, expenditure decreased by 63.10 per cent because of which the year ended with an overall surplus with RBI transferring a surplus of Rs 99,122 crore to the government, up 73.51 per cent over the previous year, according to the latest annual report released by the Reserve Bank. The year 2020-21 is significant for the change in the accounting year of the Reserve Bank to April - March from July- June earlier. As a result, the accounting year 2020-21 was of nine months from July 2020 - March 2021.
<https://economictimes.indiatimes.com/industry/banking/finance/banking/rbi-to-explore-diversifying-assets-to-boost-returns-on-foreign-exchange-reserves/articleshow/83003515.cms?from=mdr#:~:text=RBI%20to%20explore%20diversifying%20asse>



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Agencies&text=The%20year%202020%2D21%20is,from%20July%202020%20%2D%20March%202021.](#)

- **Paytm targets \$3 billion IPO in late 2021:** Paytm, country's leading digital payments provider, is aiming to raise about ₹21,800 crore (\$3 billion) in an initial public offering late this year, according to a person familiar with the deal, in what could be the country's largest debut ever. The start-up, backed by investors including Berkshire Hathaway Inc., SoftBank Group Corp., and Ant Group Co., plans to list in India around November and its offering could coincide with the Diwali festival season, said the person, asking not to be named because the details are private. Paytm, formally called One97 Communications Ltd., is targeting a valuation of around \$25 billion to \$30 billion. The One97 board plans to meet this Friday to formally approve the IPO, said the person. Paytm declined to comment in response to emailed questions.
<https://www.thehindubusinessline.com/markets/stock-markets/paytm-targets-3-billion-ipo-in-late-2020/article34656086.ece>
- **Domestic remittances down amid rising unemployment and lockdowns 2.0:** Domestic remittances have fallen by about 20 per cent in the second wave of the Covid-19 pandemic, that has once again led to State level lockdowns and rising unemployment. Industry data reveals that these remittances, which are largely by migrant workers to their families, have fallen across the country though not as sharply as last year during the national lockdown. "There is a drop in urban remittances, primarily because of the lockdowns. Work is stalled at many places due to which wages are stalled as well. There are also reports of workers returning to their villages," said Abhinav Sinha, co-founder, Eko India. Many of the agents are also unable to service customers throughout the day due to the lockdown. "The remittances industry is down between 10 per cent to 20 per cent with larger centres more impacted than smaller centres," Sinha said, adding that just before the second wave, remittances had almost normalised.
<https://www.thehindubusinessline.com/news/national/domestic-remittances-down-amid-rising-unemployment-and-lockdowns-20/article34656419.ece>
- **Demand for cash surged in 2020-21 due to Covid-19 pandemic: RBI Annual Report:** The precautionary demand for cash surged in the economy in 2020-21 due to the Covid-19 pandemic, the Reserve Bank of India said in its Annual Report 2020-21. "The year witnessed a higher than average increase in banknotes in circulation primarily due to precautionary holding of cash by the public induced by the Covid-19 pandemic, and its prolonged continuance," said the report, which was released on Thursday. The value and volume of banknotes in circulation increased by 16.8 per cent and 7.2 per cent, respectively, during 2020-21 as against an increase of 14.7 per cent and 6.6 per cent, respectively, witnessed during 2019-20.
<https://www.thehindubusinessline.com/money-and-banking/demand-for-cash-surged-in-2020-21-due-to-covid-19-pandemic-rbi-annual-report/article34657244.ece>
- **Suryoday Small Finance Bank Q4 net loss widens to ₹43 crore:** Suryoday Small Finance Bank's (SSFB) net loss widened to ₹43 crore in the fourth quarter ended March 31, 2021 against ₹15.5 crore in the year ago period. Interest reversal on account of gross non-performing assets (GNPAs) and higher one-



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time floating provision are among the reasons for the widening of the loss. Net interest income of the bank, which got listed on the NSE and BSE on March 26, 2021, was down 56 per cent year-on-year at ₹57 crore (₹130 crore in the year ago period). However, other income jumped 46 per cent yoy to ₹35 crore (₹24 crore). R Baskar Babu, MD & CEO, said: "We had interest reversal because of GNPA's. As an abundant caution, we maintained substantially higher liquidity.

<https://www.thehindubusinessline.com/money-and-banking/suryoday-small-finance-bank-q4-net-loss-widens-to-43-crore/article34659238.ece>

- **Banks' asset quality will need close monitoring: RBI Annual Report:** Banks' asset quality will need to be closely monitored in coming quarters, with preparedness for higher provisioning in view of lifting of the interim stay on asset classification standstill by the Supreme Court on March 2021, according to the Reserve Bank of India (RBI). In its 2020-21 annual report, RBI observed that the waiving of interest on interest charged on loans during moratorium period (March 1 to August 31, 2020) may also impinge on lending institutions' finances. "They are, however, better positioned than before in managing stress in balance sheets in view of higher capital buffers, improvement in recoveries and a return to profitability," the report said.
<https://www.thehindubusinessline.com/money-and-banking/banks-asset-quality-will-need-close-monitoring-rbi-annual-report/article34656973.ece>
- **Covid-19 pandemic fuelled digital payments modes: RBI Annual Report:** The Covid-19 pandemic fuelled the proliferation of digital modes of payments, the Reserve Bank of India noted in its Annual Report 2020-21. The prospects for FinTech in India's financial system in 2021-22 will depend upon the degree of entrenchment of digital usage, it further said. "The Covid-19 pandemic has fast-tracked digital transformation of the payments ecosystem in India. Besides augmenting the broad-based use of technology, the pandemic has fuelled the proliferation of digital modes of payment, propelling the country towards 'less-cash' alternatives," the report said.
<https://www.thehindubusinessline.com/money-and-banking/covid-19-pandemic-fuelled-digital-payments-modes-rbi-annual-report/article34657571.ece>
- **RBI's forex gains enabled it to give Rs 1-trillion dividend to govt:** The Reserve Bank of India (RBI) managed to repatriate nearly a trillion rupees in dividend to the government by booking hefty gains in foreign exchange transactions and by drastically cutting down provisions and other costs, said the regulator's annual report on Thursday. The report concerns nine months ended March 31, 2021 as the RBI changed its accounting year from July-June to April-March from 2020-21. The numbers are curtailed, but the amount of dividend paid of Rs 99,122 crore was 73.51 per cent higher than 2019-20's full year dividend of Rs 57,127.53 crore. In the period under consideration, gains from "foreign exchange transactions" increased to Rs 50,629.18 crore, from Rs 29,993.22 crore a year ago, a rise of 68.8 per cent.
https://www.business-standard.com/article/finance/rbi-s-forex-gains-enabled-it-to-give-rs-1-trillion-dividend-to-govt-121052700489_1.html



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- **In three years, RBI pulls out over 900 mn notes of Rs-2,000 denomination:** The Rs-2,000 note introduced in 2016 following the demonetisation exercise, is slowly being withdrawn from the system, indicating the Reserve Bank of India (RBI) intention to reduce dependency on high-value bank notes in circulating currency. There were 3,363 million notes of Rs-2,000 denomination in circulation as of March 2018. According to latest data released by the Reserve Bank of India, the number of such notes fell to 2,451 million as of March 31, 2021. This means 912 million bank notes of this denomination have been pulled out by the central bank. The share of Rs 2,000 note was 2 per cent in terms of volume as of March 31, 2021 and 17.3 per cent in terms of value. "These notes would have come back to RBI as soiled notes which the central bank destroyed," said a former deputy governor on the condition of anonymity.
https://www.business-standard.com/article/finance/in-three-years-rbi-pulls-out-over-900-mn-notes-of-rs-2-000-denomination-121052700783_1.html
- **Ageing bad loans a big worry at SBI:** Swelling legacy bad loans, which require lenders to set aside higher sums with every passing year, has emerged as a new worry for State Bank of India (SBI), indicating its limited success in recovering these loans. Legacy bad loans made up 65% of India's largest lender's overall bad loan portfolio in FY21, over 5 percentage points higher than the previous year. Such ageing loans require lenders to set aside provisions of 25-100%, eroding profit. The increase signals that while the amount of gross bad loans declined, the quantum of doubtful assets with lower chances of recovery stood at ₹82,847.21 crore.
<https://www.livemint.com/industry/banking/ageing-bad-loans-a-big-worry-at-sbi-11622054301712.html>
- **HSBC to exit US retail banking sector:** HSBC announced Wednesday that it is exiting the retail and small business banking market in the United States, in line with its strategy to refocus on corporate and investment banking in Asia. The London-headquartered, Asia-focused giant intends to "focus on the banking and wealth management needs of globally connected affluent and high net worth clients," it said in a statement. Of its 148 US branches, 90 are to be sold, including to Citizens Bank and Cathay General Bancorp. The bank plans to turn about 20 locations into international centers dedicated to high net worth individuals, and gradually wind down the remaining 35-40 branches."They are good businesses, but we lacked the scale to compete," said Noel Quinn, the group's chief executive, in the statement. "This next chapter of HSBC's presence in the US will see the team focus on our competitive strengths, connecting our global wholesale and wealth management clients to other markets around the world."
<https://www.livemint.com/industry/banking/hsbc-to-exit-us-retail-banking-sector-11622090920010.html>
- **Banks need to closely monitor asset quality, prepare for higher provisioning: RBI:** The Reserve Bank of India (RBI) on Thursday asked banks to closely monitor their bad loans and prepare themselves for higher provisioning in the wake of second Covid wave and the Supreme Court order lifting the ban on classification of non-performing assets. The waiver of compound interest on all loan accounts which opted for moratorium during March-August 2020 may put stress on banks' financial health. The apex bank, however, expressed confidence that banks are better positioned than before in managing stress



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in their balance sheets in view of higher capital buffers, improvement in recoveries and a return to profitability. "Stress tests indicate that banks have sufficient capital at the aggregate level even in a severe stress scenario. Bank-wise as well as system-wide supervisory stress testing provide clues for a forward-looking identification of vulnerable areas," RBI said in its annual report 2020-21 released on Thursday.

<https://www.livemint.com/economy/banks-need-to-closely-monitor-asset-quality-prepare-for-higher-provisioning-rbi-11622115711938.html>

- **ED to transfer Vijay Mallya's attached assets to banks, says PMLA court :** In a huge relief to banks struggling to get their money back from Vijay Mallya, a Prevention of Money Laundering Act court in Mumbai has restored to the lenders the properties the Enforcement Directorate had seized from the fugitive liquor baron. A State Bank of India-led consortium of 17 banks, which is owed more than Rs 9,000 crore by Mallya, is now in charge of the properties that find a mention in debt resolution tribunal's 2017 decree and can auction them to recover their dues. The order was pronounced on May 24. The Enforcement Directorate, which launched a probe against Mallya, attached around Rs 12,000-crore worth of movable and immovable properties of the 65-year-old businessman. Most of these properties were used as collateral by Mallya. The ED, which had earlier resisted the transfer, has now agreed in the handover. SBI, PNB and IDBI were yet to respond to Moneycontrol's request for comments.
<https://www.moneycontrol.com/news/business/ed-to-transfer-vijay-mallyas-attached-assets-to-banks-says-pmla-court-6948781.html>
- **Karnataka Bank share price slips 8% despite rise in Q4 net profit :** Karnataka Bank share price slipped 8 percent intraday on May 27 a day after the company reported its March quarter earnings. The company posted a net profit of Rs 31.36 crore in the quarter ended March 2021, up 14.83% from Rs 27.31 crore, in a year ago period. Net Interest Income (NII) of the bank came in at Rs 459.14 crore versus Rs 529.3 crore, YoY. The company board has appointed Balakrishna Aise S, Mangaluru, former Executive Director of Oriental Bank of Commerce, as an Additional Director (Non-Executive, Independent) of the bank. The board has recommended dividend at Rs 1.80 per share. At 15:13 hrs Karnataka Bank was quoting at Rs 65.90, down Rs 6.00, or 8.34 percent on the BSE.
<https://www.moneycontrol.com/news/business/stocks/karnataka-bank-share-price-slips-8-despite-rise-in-q4-net-profit-6948901.html>
- **Unemployment rate could touch double-digit mark in May: CMIE :** India's unemployment rate could be over 10% with an estimated 10 million job losses in May, much higher than April, despite milder degree of restrictions due to local lockdowns, the Centre for Monitoring Indian Economy said. The unemployment rate stood at 7.97% in April while the fall in employment in April was 7.35 million. "We still have a week to go before the month closes. May 2021 will end with a double-digit unemployment rate, falling employment rate and substantial loss of employment," CMIE said in its weekly analysis.
<https://economictimes.indiatimes.com/news/economy/indicators/unemployment-rate-could-touch-double-digit-mark-in-may-cmie/articleshow/83001643.cms#:~:text=%E2%80%9CThe%20double%2Ddigit%20unemployment%20rate,participation%20rate%20has%20remained%20unchanged.>



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- **Rupee ends higher at 72.58 per dollar:** Indian rupee ended higher by 19 paise at 72.58 per dollar, amid volatile trade saw in the domestic equity market on May expiry day. It opened flat at 72.75 per dollar versus Tuesday's close of 72.77 and traded in the range of [72.53-72.76](https://www.moneycontrol.com/news/business/markets/rupee-opens-flat-at-72-75-per-dollar-6945541.html). At close, the Sensex was up 97.70 points or 0.19% at 51115.22, and the Nifty was up 36.40 points or 0.24% at 15337.90. The dollar-rupee May contract on the NSE was at Rs 72.96 in the last session. The open interest fell almost 6% for the May series, it added.
<https://www.moneycontrol.com/news/business/markets/rupee-opens-flat-at-72-75-per-dollar-6945541.html>
- **Sensex, Nifty end up in a range-bound trade:** The BSE Sensex, which hovered between 51,282.90 and 50,891.66, closed at 51,115.22, up 97.70 points or 0.19 per cent. Nifty 50 closed at 15,337.85, up 36.40 points or 0.24 per cent. The index hit a high of 15,384.55 and a low of 15,272.5 during the day. The breadth of the market remained positive, with 1,753 stocks advancing, 1,379 declining and 141 remaining unchanged on the BSE. As many as 483 securities hit the upper circuit and 189 the lower circuit; 365 hit their 52-week high while 28 touched a 52-week low. Shree Cements, State Bank of India, Bajaj Auto, Kotak Bank and Tech Mahindra were the top gainers on the Nifty 50 while HDFC, ONGC, IOC, Bajaj Finance and Bharti Airtel were the top laggards.
<https://www.thehindubusinessline.com/markets/stock-markets/indices-continue-to-trade-flat-sensex-up-86-points-intraday-nifty-above-15300/article34656525.ece>
- **Gold prices slump to Rs 48,810/10 gm on firm rupee, ahead of US GDP data; silver crashes to Rs 1,216 a kg:** Gold prices declined by Rs 385 to Rs 48,810 per 10 gram at Mumbai retail market on rupee appreciation and lacklustre global cues. The precious metal showed signs of exhaustion as it is unable to hold above \$1,900/oz psychological level as Treasury yield spike ahead of US GDP data to be released later in the day. The rate of 10 gram 22-carat gold in Mumbai was Rs 44,710 plus 3 percent GST, while 24-carat 10 gram was Rs 48,810 plus GST. The 18-carat gold quoted at Rs 36,608 plus GST in the retail market. Silver prices tumbled by Rs 1,216 to Rs 70,650 per kg against its closing price on May 26.
<https://www.moneycontrol.com/news/business/commodities/gold-prices-slump-to-rs-4881010-gm-on-firm-rupee-ahead-of-us-gdp-data-silver-crashes-to-rs-1216-a-kg-6949611.html>

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