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DAILY UPDATES BY BFSI BOARD, ICAI

May 31, 2021

- **SBI Chairman Dinesh Khara explains rolling out RBI's 5-May SME loan relief measures; ECLGS extended:** State Bank of India's (SBI) Chairman Dinesh Khara talked about loans for SMEs, Covid-19 resurgence, and RBI's relief measures of 5 May 2021 in a press conference on May 30, 2021. Chairman Khara explained how RBI's SME loan relief measures, which were announced on May 5, 2021, will be rolled out. He informed that PSBs have formulated templated approach for restructuring loans to individuals, small businesses and MSMEs up to Rs 25 crore. In order to approach bank for resolution, customers can file an application on the portal at the bank website, they can make manual submission of applications at the branch. Khara also informed that government will provide 100 per cent guarantee cover to loans up to Rs 2 crore to hospitals/nursing homes etc for setting up on-site oxygen generation plants, interest rate capped at 7.5%. The validity of ECLGS has also been extended to September 30, 2021, or till guarantees for an amount of Rs 3 lakh crore is issued. The disbursement under the scheme has been permitted up to December 31, 2021.
<https://www.financialexpress.com/industry/banking-finance/sbi-state-bank-of-india-strategic-initiative-major-announcement-30-may-2021-live-iba-bad-bank-merger-rbi-covid-relief/2261620/>
- **Bank of Baroda plans to raise ₹5,000 crore after unexpected loss:** The bank posted a net loss of ₹1,050 crore in three months ended March 31 from a profit in the year-earlier period. That compares with an ₹1,100 billion-profit average of analysts' estimates compiled by Bloomberg. The bank raised ₹4,500 crore from institutional investors in March to strengthen its capital ratios as the South Asian nation's financial sector got hit hard by the coronavirus pandemic. Bank of Baroda's gross bad loan ratio was at 8.87% at the end of March compared with 8.48% at end-December. The bank posted a net loss of ₹1,050 crore in three months ended March 31 from a profit in the year-earlier period. That compares with an ₹1,100 billion-profit average of analysts' estimates compiled by Bloomberg.
<https://www.livemint.com/industry/banking/bank-of-baroda-plans-to-raise-5-000-crore-after-unexpected-loss-11622381285036.html>
- **One-time tax charge drags BoB into ₹1,046-crore loss in Q4:** Bank of Baroda (BoB) slipped into the red, reporting a standalone net loss of ₹1,046.50 crore in the fourth quarter ended March 31, against a net profit of ₹507 crore in the year-ago quarter. The loss is mainly on account of a one-time tax charge of ₹3,314 crore after the public sector bank exercised the option of moving to a lower tax rate. Sanjiv Chadha, MD & CEO, said as the bank had a robust growth in taxable profit, it decided to exercise the option of transiting to the lower tax rate regime. But for this, the bank would have posted ₹2,267-crore net profit in the reporting quarter.
<https://www.thehindubusinessline.com/money-and-banking/bob-slips-into-loss-in-q4-on-account-of-one-time-tax-charge/article34675890.ece>
- **Punjab National Bank to divest stake in Canara HSBC OBC Life Insurance:** Punjab National Bank (PNB) will divest its stake in Canara HSBC OBC Life Insurance Co, the lender said on Saturday. The city-headquartered state-owned bank had acquired a stake in the life insurer post amalgamation of the



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erstwhile Oriental Bank of Commerce (OBC) into itself last fiscal year. "The bank intends to divest its stake in Canara HSBC OBC Life Insurance Co. Ltd, an associate of the bank, at an appropriate time depending upon market conditions and available options," PNB said in a regulatory filing.

<https://economictimes.indiatimes.com/industry/banking/finance/banking/punjab-national-bank-to-divest-stake-in-canara-hsbc-obc-life-insurance/articleshow/83070646.cms>

- **Dhanlaxmi Bank posts ₹5.28 crore net profit in Q4:** The Thrissur- based Dhanlaxmi Bank has recorded a net profit of ₹5.28 crore in Q4 of FY21 against the figure of ₹2.60 crore in the corresponding quarter of the previous fiscal. The net profit for the whole financial year ended March 31, 2021 was ₹37.19 crore. Total business reached ₹18,834 crore as on March 31, 2021, from ₹17,703 crore in the previous year, registering growth of 6.39 per cent. Deposits recorded a growth of 7.41 per cent to reach ₹11,712 crore as March 31, from ₹10,904 crore as on March 31,2020. CASA deposits grew by 20.28 per cent during the year and reached ₹3,908 crore, which was ₹3,249 crore as on March 31 last year.
<https://www.thehindubusinessline.com/money-and-banking/dhanlaxmi-bank-posts-528-crore-net-profit-in-q4/article34681564.ece>
- **Covid-19 second wave hits PSBs collection in May: Indian Bank Association:** Indian Banks Association (IBA) Chairman Rajkiran Rai on Sunday said that the second wave of COVID-19 has impacted the collections of Public Sector Banks (PSBs) in the month of May. "It is difficult to give numbers but can say that we faced difficulty in collections in the Month of May," Rai said during a media briefing. Replying to a question on the impact of the second wave on collection in Equated Monthly Installment (EMI) of Home Loan, Personal loan and payment of credit card bills when compared with the first wave, R Rai said, "We have seen some substantial improvement in the month of April 21 against April 2020, but we are witnessing the impact on the collection of banks in the current month of May." "It is difficult to give numbers as there is some time for month closing but can say that we are facing difficulties in collections in May month and we offering the available reconstructing scheme to customers," he said.
https://www.business-standard.com/article/finance/covid-19-second-wave-hits-psbs-collection-in-may-indian-bank-association-121053000608_1.html
- **Banks begin process of restructuring of loans up to Rs 25 crore:** To provide support to small businesses hit by the second coronavirus wave, banks have initiated the process of restructuring of loans up to Rs 25 crore in line with the COVID-19 relief measures announced by the Reserve Bank earlier this month. Many lending institutions have got board approval for the resolution framework and eligible borrowers are being contacted. For example, the Bank of India has sent messages to its eligible customers to submit their willingness to debt recast online. "In these trying times, we offer you a helping hand by extending relief as per RBI Resolution Framework 2.0 dated May 5th, 2021. If you are under financial stress caused by the COVID Second Wave, you may opt for restructuring of your account," the message said.
<https://economictimes.indiatimes.com/industry/banking/finance/banking/banks-begin-process-of-restructuring-of-loans-up-to-rs-25-crore/articleshow/83085085.cms?from=mdr>



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- **Banks have room to lend Rs 45,000 cr more under ECLGC scheme: IBA CEO:** As the government enhanced the scope of the Rs 3 lakh crore Emergency Credit Line Guarantee Scheme (ECLGS), banks on Sunday said they have sanctioned Rs 2.54 lakh crore and have room to disburse another Rs 45,000 crore under the plan. To support the businesses affected by the second wave of COVID-19, the Finance Ministry on Sunday enhanced the scope of ECLGS, including providing concessional loans to hospitals/nursing homes for setting up on-site oxygen generation plants. The validity of the scheme is extended by a further three months to September 30 or till guarantees for an amount of Rs 3 lakh crore are issued, the ministry said in a statement. “Of the total kitty (for ECLGS) available, Rs 2.54 lakh crore of loans have already been covered and there is a window available for roughly Rs 45,000 crore. Of the Rs 2.54 lakh crore, Rs 2.40 lakh crore has already been disbursed,” Indian Banks' Association Chief Executive Officer (CEO) Sunil Mehta told reporters after the ministry's announcement.
<https://bfsi.economictimes.indiatimes.com/news/banking/banks-have-room-to-lend-rs-45000-cr-more-under-eclgc-scheme-iba-ceo/83104161#:~:text=Banking-,Banks%20have%20room%20to%20lend%20Rs%2045%2C000%20cr%20more%20under,on%2Dsite%20Oxygen%20generation%20plants>.
- **NCLT directs liquidation of Devas Multimedia, allows petition by ISRO's Antrix Corp:** The National Company Law Tribunal (NCLT) has directed to initiate the liquidation process of Devas Multimedia by allowing the petition filed by Antrix Corporation, a commercial arm of the Indian Space Research Organisation. The Bengaluru bench of the NCLT has said Devas Multimedia was incorporated with a fraudulent motive to collude and connive with the then officials of Antrix Corporation to get bandwidth from it by entering into an agreement in 2005, which was subsequently cancelled by the government. The tribunal also confirmed the appointment of the provisional liquidator by it earlier on January 19 and directed him to take “expeditious steps to liquidate” the company to prevent it from perpetuating its fraudulent activities and abusing the process of law. “The incorporation of Devas itself was with fraudulent motive and unlawful object to collude and connive with then officials of Antrix and to misuse/abuse process of law, to bring money to India and divert it under dubious methods to foreign countries,” the tribunal noted.
<https://economictimes.indiatimes.com/news/science/nclt-directs-liquidation-of-devas-multimedia-allows-petition-by-isros-antrix-corp/articleshow/83083747.cms?from=mdr>
- **RBI's new norms to help enhance audit quality, transparency, add value: Experts:** The Reserve Bank's new norms for auditors will help enhance the overall audit quality as well as transparency, apart from adding to the value to the businesses rather than wasting resources, according to various auditing experts amid concerns expressed by businesses over the new regulations. Some of them are also of the view that concerns such as cost escalation in terms of compliance with the new norms in a way question the quality of smaller firms without giving them a chance. In April, the Reserve Bank issued a circular putting in place the new norms for appointment of statutory central auditors and statutory auditors for commercial banks, large urban co-operatives and large non-banks and housing finance companies.
<https://economictimes.indiatimes.com/news/economy/policy/rbis-new-norms-to-help-enhance-audit-quality-transparency-add-value-experts/articleshow/83087105.cms>



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- **Govt extends ECLGS to aviation sector; industry player says decision to ease liquidity pressure:** The government on Sunday announced extending the Emergency Credit Line Guarantee Scheme to the civil aviation sector, a move that is expected to provide a liquidity solace for the pandemic-hit segment. Industry players said the "timely" decision to include the aviation sector under the Emergency Credit Line Guarantee Scheme (ECLGS), which was announced in May last year, will ease the pressure and provide the much-needed liquidity. The civil aviation sector has been facing strong headwinds due to the coronavirus pandemic and looking at possible help from the government.
https://www.business-standard.com/article/economy-policy/eclgs-in-aviation-industry-player-says-decision-to-ease-liquidity-pressure-121053000633_1.html
- **PSBs to follow templated approach to restructure loans:** Public Sector Banks (PSBs), under the aegis of the Indian Banks' Association (IBA), have formulated a templated approach for seamless implementation of RBI's Resolution Framework 2.0 for restructuring loans to individuals, small business and MSMEs up to ₹25 crore. Banks have evolved a process flow for individual loans and a templated standardised approach for business and MSME loans up to ₹10 lakh. The process flow envisaged for individual loans includes a) customer accessing the bank's portal or manually submitting application for restructuring and b) processing of application and implementation in the system. The resolution process has to be invoked within 30 days from the receipt of the application. The last date for invocation is September 30.
<https://www.thehindubusinessline.com/money-and-banking/psbs-to-follow-templated-approach-to-restructure-loans/article34681671.ece>
- **Banks send advisories to customers to not transact in cryptocurrencies:** In further trouble for domestic crypto investors, many banks have started to formally warn them about virtual currency transactions being done through their bank accounts and have said it is not permitted by the Reserve Bank of India. A number of users have taken to social media in recent days highlighting the issue. Many crypto investors tweeted that HDFC Bank has sent them a cautionary email stating that their account reflects probable virtual currency transactions, which is not permitted by the RBI based on their 2018 circular. SBI Card too has sent a similar advisory to customers and said that usage of credit cards for transaction on virtual currency merchant platforms may lead to suspension or cancellation of the credit card.
<https://www.thehindubusinessline.com/money-and-banking/banks-send-advisories-to-customers-to-not-transact-in-cryptocurrencies/article34682306.ece>
- **Banks can lend about ₹46,000 crore to MSMEs, civil aviation sector:** Banks can lend about ₹46,000 crore to the micro, small and medium enterprises, civil aviation sector and for setting up oxygen generation plants in hospitals, nursing homes, clinics and medical colleges under the Emergency Credit Line Guarantee Scheme (ECLGS). Last May, the Cabinet had approved additional funding of up to ₹3-lakh crore to eligible MSMEs and interested MUDRA borrowers through ECLGS. Under the Scheme, 100 per cent guarantee coverage is provided by National Credit Guarantee Trustee Company Limited (NCGTC) for the additional funding. Of the total approved ECLGS amount, loans aggregating ₹2.54-lakh



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crore have been sanctioned and ₹2.40-lakh crore have been disbursed so far, according to Sunil Mehta, Chief Executive, Indian Banks' Association (IBA).

<https://www.thehindubusinessline.com/money-and-banking/banks-can-lend-about-46000-crore-to-msmes-civil-aviation-sector/article34683172.ece>

- **Paytm board gives in-principle approval for IPO:** The board of One97 Communications, the parent firm of India's leading digital payments player Paytm is learnt to have given an in-principle approval for an initial public offering, according to sources familiar with the development, setting the stage for what is likely to be one of India's largest public offerings. The eight member board met on 28th May, 2021 to give their approval for a \$3 billion initial public offering (IPO), making it the biggest in India's history. It is aiming to list in India in November this year at a valuation of \$25-\$30 billion. The company was last valued at \$16 billion when it raised \$1 billion from Softbank and Ant Financial in 2019. Currently one of the leading players in the digital payments space, Paytm started off as a bill-payments, mobile recharge platform in 2010. It launched a mobile wallet in 2014.
<https://www.moneycontrol.com/news/business/startup/paytms-board-is-likely-to-have-given-in-principle-approval-for-ipo-6961941.html>
- **FPIs net sellers for 2nd consecutive month; pull out Rs 1,730 crore in May:** Foreign portfolio investors (FPI) turned out to be net sellers for second month in a row by taking out nearly Rs 1,730 crore from Indian markets in May as second wave of the coronavirus pandemic spooked investor sentiment. In April, the total net outflow from the Indian capital markets (both equity and debt) stood at Rs 9,435 crore. According to depositories data, overseas investors withdrew Rs 3,375.2 crore from equities but invested Rs 1,645.8 crore in the debt segment between May 1 and May 28. This took the total net outflow to Rs 1,729.4 crore.
<https://www.moneycontrol.com/news/business/economy/fpis-net-sellers-for-2nd-consecutive-month-pull-out-rs-1730-crore-in-may-6961441.html>
- **Coronavirus relief measures: PSBs standardise three products for medical infra, COVID-19 treatment of individuals:** Banks have come up with three sets of products to build a "COVID book" under the Reserve Bank of India's (RBI) liquidity scheme and the expanded Emergency Credit Line Guarantee Scheme (ECLGS 4.0) for healthcare institutions, the State Bank of India (SBI) chairman Dinesh Khara said on May 30. The measures include a healthcare business loan for setting up oxygen plants, business loans for healthcare facilities and unsecured personal loans for COVID-19 treatment. The last two sets of loans will be available at concessional rates, while rates on loans for oxygen plants will be capped at 7.5 percent. For COVID-19 treatment, loans of Rs 25,000 to Rs 5 lakh can be availed with a tenure of five years. The rate of interest will stand at 8.5 percent at SBI. Individual loans will be available digitally. The products have been standardised with approvals from all the PSBs' boards last week, said Rajkiran Rai, MD & CEO, Union Bank of India.
<https://www.moneycontrol.com/news/business/coronavirus-relief-measures-psbs-standardise-three-products-for-medical-infra-covid-19-treatment-of-individuals-6961101.html>



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- **Why credit growth hit a 59-year low in FY21? AAA-rated papers were 46 bps cheaper than bank rates:** One of the reasons for bank credit growth to plunge to a 59-year low in FY21 could be that the higher (AAA & AA+)-rated companies could borrow cheaper from the markets than from banks whose loan pricing has been as high as 46 bps over the interest rate that corporate bonds commanded, despite banks slashing their MCLR by 90 bps in the year. According to analysis of the corporate bond yields, bank's MCLRs and GSecs between January 2020 and March 2021 by Care Ratings, AAA-rated companies could sell their debt at a cheaper rate than bank loans to the extent of 46 bps, and AA+ papers by 33 bps over the MCLR or the marginal cost of funds-based lending rate and below which a bank cannot lend. When compared to the Gsecs, AAA and AA+ papers could command only 100 bps over the benchmark gilts.
<https://www.financialexpress.com/industry/banking-finance/why-credit-growth-hit-a-59-year-low-in-fy21-aaa-rated-papers-were-46-bps-cheaper-than-bank-rates/2261838/>
- **State Bank of India raises cash withdrawal limits at non-home branches:** The State Bank of India (SBI) has increased the cash withdrawal limits through cheques and withdrawal forms for its customers at non-home branches. "To support our customers in this pandemic, SBI has increased the non-home cash withdrawal limits through cheque and withdrawal form," the public sector lender said in a tweet. The revised ceiling for cash withdrawal for self through withdrawal form accompanies by savings bank passbook has been raised to Rs 25,000 per day. Further, the ceiling for cash withdrawal by a customer for himself through cheque has been raised to Rs 1 lakh. In terms of third-party cash withdrawals, the bank has increased the daily upper limit to Rs 50,000. Withdrawals for third parties would be allowed only through cheques and no cash payment would be allowed through withdrawal forms.
https://www.business-standard.com/article/finance/state-bank-of-india-raises-cash-withdrawal-limits-at-non-home-branches-121053000619_1.html
- **Eight of top-10 most valued firms add over Rs 1.39 lakh crore in m-cap:** Eight of the top-10 most valued companies together added Rs 1,39,566.52 crore in market valuation last week, with Reliance Industries, Tata Consultancy Services (TCS) and Infosys emerging as top performers. On a weekly basis, the Sensex gained 882.40 points or 1.74 per cent. Only Hindustan Unilever (HUL) and Bajaj Finance saw losses in their market capitalisation for the trading week closed on Friday. Among the gainers, RIL saw its market valuation jump by Rs 59,590.77 crore to Rs 13,28,049.94 crore. TCS added Rs 23,562.96 crore to take its valuation to Rs 11,63,018.74 crore and Infosys gained Rs 21,395.27 crore to Rs 5,98,604.10 crore.
<https://www.thehindubusinessline.com/markets/stock-markets/eight-of-top-10-most-valued-firms-add-over-rs-139-lakh-crore-in-m-cap/article34680856.ece>

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