



**THE INSTITUTE OF  
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## DAILY NEWS DIGEST BY BFSI BOARD, ICAI

April 1, 2022

- **SBI exploring new ways to resolve retail loan stress:** State Bank of India is considering offloading pools of non-performing retail loans worth less than 10 billion rupees (\$132 million) to asset reconstruction companies, a strategy typically used for larger corporate loans. SBI, which is India's largest lender by assets, had gross non-performing assets of 1,200 billion rupees at the end of December, representing 4.5% of its loan book, of which retail loans accounted for more than 619 billion rupees. Selling a smaller portfolio of retail loans to asset reconstruction companies (ARCs) will help to test the market and also assess the depth of demand. "We are going to evaluate selling pools of unsecured retail loans and also some retail small and medium enterprises portfolio which is seeing a little elevated stress at this point in time to ARCs or special situation funds," SBI Managing Director Swaminathan Janakiraman told Reuters on Wednesday.  
<https://www.livemint.com/industry/banking/indias-sbi-exploring-new-ways-to-resolve-retail-loan-stress-11648684444883.html>
- **Canara Bank pares its stake in debt resolution firm IDRCL to 5 per cent:** Public sector lender Canara Bank on Thursday said it has reduced its stake in India Debt Resolution Company Ltd (IDRCL) to 5 per cent. The bad bank or the National Asset Reconstruction Company Ltd (NARCL) will acquire bad loans from banks to help clean up their books, while the IDRCL will handle the debt resolution process of these loans. With the current round of preferential allotment by IDRCL, equity stake of Canara Bank has now reduced to 5 per cent from previous holding of 14.90 per cent, the bank said in a regulatory filing. Public sector banks will hold 51 per cent stake in NARCL and 49 per cent in the debt management company - IDRCL.  
<https://economictimes.indiatimes.com/industry/banking/finance/banking/canara-bank-pares-its-stake-in-debt-resolution-firm-idrcl-to-5-per-cent/articleshow/90569950.cms>
- **IOB raises ₹665 crore via Tier-II bonds:** Chennai-headquartered Indian Overseas Bank said it has successfully mobilised ₹665 crore through the issue of Tier II Bonds. The bank came up with Basel III Compliant Tier II Bonds issue with a base issue size of ₹200 crore and a Green Shoe option of ₹600 crore. The bidding was held on March 30, 2022, on the BSE Electronic Bidding Platform. The bank received various bids up to ₹765 crore against a base issue size of ₹200 crore. The bank accepted bids up to ₹665 crore @8.60% against ₹765 crore. The allotment is scheduled for March 31, 2022. The fund will be used for business growth, said a statement.  
<https://www.thehindubusinessline.com/money-and-banking/iob-raises-665-crore-via-tier-ii-bonds/article65275402.ece>
- **Karnataka Bank opens Digi Centre in Mangaluru:** Karnataka Bank has opened a 'Digi Centre' in Mangaluru and it was inaugurated by the Chief Business Officer, Gokuldas Pai. The centre offers various services like opening of savings bank accounts, issuance of debit cards, cash withdrawal, cash deposit, and in-principle sanction of retail loans through digital mode/channels in a paperless, efficient, safe and secured environment. Mahabaleshwara MS, Managing Director and CEO, Karnataka Bank, said in a statement, 'Digi Centre' is the outcome of continuous and committed efforts of the bank to make the customer onboarding seamless, more user-friendly and environmental friendly with the effective application of digital solutions. With simple and efficient processes at the core, the turnaround time of savings bank account opening, debit card issuance, and retail loan sanction is significantly optimised, he said.  
<https://www.thehindubusinessline.com/money-and-banking/karnataka-bank-opens-digi-centre-in-mangaluru/article65276895.ece>



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- **DICGC settles ₹3,791.55 crore main claim of PMC Bank's retail depositors:** The Deposit Insurance and Credit Guarantee Corporation (DICGC) on Thursday said it has settled the main claim aggregating ₹3,791.55 crore of Punjab & Maharashtra Cooperative Bank Ltd (PMCBL) for 8,47,506 traceable depositors. DICGC asked depositors of the erstwhile PMCBL (transferor bank) to contact the transferee bank (Unity Small Finance Bank) for receipt of their claim amount. Scam-hit PMCBL was merged with Unity SFB with effect from January 25, 2022 (the appointed date for the merger), as per a scheme of amalgamation. Chander Purswani, President, PMC Depositors' Forum, said the settlement of the deposit insurance amount will come as a relief for PMCBL depositors.  
<https://www.thehindubusinessline.com/money-and-banking/dicgc-settles-379155-crore-main-claim-of-pmc-banks-retail-depositors/article65277872.ece#:~:text=The%20Deposit%20Insurance%20and%20Credit,for%208%2C47%2C506%20traceable%20depositors.>
- **Citi joins list of foreign banks scaling down India ops with Rs 12,325 cr arm sale to Axis Bank:** American banking major Citi has joined a long list of foreign banks that have either exited or cut down on their business presence in India with the sale of its consumer banking business to Axis Bank for Rs 12,325 crore. Except for Singaporean lender DBS Bank, which has expanded its presence in the country and also acquired a domestic private sector bank, many foreign lenders have cut their presence in the country due to a slew of reasons, including global strategies or also technological shifts like automation and online banking which make branch banking redundant.  
<https://economictimes.indiatimes.com/industry/banking/finance/banking/citi-joins-list-of-foreign-banks-scaling-down-india-ops-with-rs-12325-cr-arm-sale-to-axis-bank/articleshow/90558178.cms>
- **ADB, HSBC India sign a \$100 million partial-guarantee program to promote micro loans:** The Asian Development Bank and HSBC India will jointly create a \$100 million partial-guarantee program to support micro-borrowers and women-run microenterprises across India. HSBC India will expand its lending to microfinance institutions and non-bank finance companies, with ADB will partially guarantee the loans. About 4 lakh borrowers can be supported through this initiative, HSBC said. "This will expand HSBC India's risk appetite and deployed capital, helping to enhance private sector financing and improve financial inclusion in India," the bank said in a release.  
<https://economictimes.indiatimes.com/industry/banking/finance/banking/adb-hsbc-india-sign-a-100-million-partial-guarantee-program-to-promote-micro-loans/articleshow/90567422.cms>
- **Large corporates going back to banks for funds:** Loan demand is getting broad-based with demand coming back from corporates as well. RBI to release data on the sectoral flow of bank credit in a year when government-supported schemes helped grow banks' loan books. Credit growth to industry rose 6.5 percent year-on-year (y-o-y) in February 2022 from 1.0 percent in February 2021. But a distinct trend is that loan growth to large corporates turned positive, recording a marginal growth of 0.5 percent against a contraction of 0.6 percent during the same period, according to the data on sectoral deployment of bank credit released by the Reserve Bank of India. With yields on corporate paper rising, borrowers are finding raising funds from the market more expensive than from banks.  
<https://economictimes.indiatimes.com/industry/banking/finance/banking/large-corporates-going-back-to-banks-for-funds/articleshow/90571977.cms>
- **Banks get time till March 2023 to implement new system to replenish cash in ATMs:** The Reserve Bank of India on Thursday gave another extension till March 2023 to banks to implement its direction on use of only lockable cassettes for replenishing cash in their ATMs. Currently, most of the ATMs (Automated Teller Machines) are



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replenished by way of open cash top-up or by loading cash in the machines on the spot. To do away with the current system, the Reserve Bank of India (RBI) had asked banks to ensure that lockable cassettes are swapped at the time of cash replenishment in the ATMs.

<https://bfsi.economictimes.indiatimes.com/news/banking/banks-get-time-till-march-2023-to-implement-new-system-to-replenish-cash-in-atms/90581292#:~:text=Exclusive-Banks%20get%20time%20till%20March%202023%20to%20implement%20new%20system,replenishing%20cash%20in%20their%20ATMs.>

- **Unity Small Finance Bank pays Rs 3,800 crore to 8.5 lakh PMC Bank depositors:** Unity Small Finance Bank Thursday paid around Rs 3,800 crore to depositors of the scam-hit Punjab and Maharashtra Co-operative Bank (PMC Bank) after the Deposit Insurance and Credit Guarantee Corporation (DICGC) had certified about 850,000 such valid accounts earlier in the day. This will bring cheers for the depositors just ahead of Gudi Padva, the Marathi new year. “Unity SFB received from DICGC a certified list of erstwhile PMC Bank depositors who are eligible to receive up to Rs5 lakh of their deposits, post banking hours today,” Jaspal Bindra, executive chairman, Centrum Group told ET.  
<https://economictimes.indiatimes.com/industry/banking/finance/banking/unity-small-finance-bank-pays-rs-3800-crore-to-8-5-lakh-pmc-bank-depositors/articleshow/90576047.cms>
- **SREI Group: Resolution applicants may have to offer minimum upfront cash of ₹500 cr to lenders:** Resolution Applicants for Srei Infrastructure Finance Ltd (SIFL) and Srei Equipment Finance Ltd (SEFL) may have to propose minimum upfront cash recovery of ₹500 crore in their Resolution Plan(s) for the consolidated Committee of Creditors to evaluate their plan(s). Further, the Resolution Applicants (RAs) may be required to offer Performance Bank Guarantee (PBG) equivalent to 5 per cent of the aggregate resolution amount proposed under the Resolution Plan(s), subject to a minimum amount of ₹560 crore. The RAs may also need to stump up ₹150 crore as earnest money deposit (EMD), said sources aware of the contours of the corporate insolvency resolution process (CIRP) for the Kolkata-based SREI Group.  
<https://www.thehindubusinessline.com/money-and-banking/srei-group-resolution-applicants-may-have-to-offer-minimum-upfront-cash-of-500-cr-to-lenders/article65277427.ece>
- **Edelweiss Housing Finance to raise ₹300 crore in NCD issue:** Edelweiss Housing Finance on Thursday announced the public issue of secured redeemable non-convertible debentures (NCDs), offering an effective yield up to 9.70 per cent per annum to investors. The NCDs, which will be open for subscription between April 6 and 22, has a base issue size of ₹150 crore, with an option to retain oversubscription up to ₹150 crore, aggregating up to ₹300 crore. There are ten series of NCDs carrying fixed coupon and having tenure of 24 months, 36 months, 60 months and 120 months with annual, monthly and cumulative interest option. The NCDs have been rated ‘AA-’ by both CRISIL Ratings, and Acuite Ratings and Research.  
<https://www.livemint.com/money/personal-finance/edelweiss-housing-finance-s-300-crore-ncd-issue-to-offer-up-to-9-70-interest-11648733326273.html>
- **Fintechs remain uncertain on implementing PPI interoperability, miss deadline:** A majority of fintech players are uncertain about the level of compliance to the Reserve Bank of India’s interoperability mandate for all full-KYC wallets and prepaid payment instruments (PPIs) even as the deadline to implement it expired on Thursday. The interoperability mandate announced last year, also increased the permitted limit of balance to ₹2 lakh from ₹1 lakh while allowing cash withdrawals from full-KYC non-bank wallets. This technically makes wallets similar to bank accounts in terms of services. Most of the top fintech players BusinessLine reached out to, declined to comment on the status of their mandatory compliance.  
<https://www.thehindubusinessline.com/money-and-banking/fintechs-remain-uncertain-on-implementing-ppi-interoperability-miss-deadline/article65278732.ece>



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- **G-Sec yields rise sharply on the last trading day of FY22:** Prices of government securities (G-Secs) declined sharply on Thursday, the last trading day of FY22, as some market players sold amid uncertainty about how much the government will borrow in the first half of FY23 and the upcoming three-day trading holiday beginning April 1. Price of the 10-year benchmark G-Sec (coupon rate: 6.54 per cent) plummeted 41 paise to close at ₹97.85 (previous close: ₹98.26). Yield of this paper jumped about 6 basis points to close at 6.8431 per cent (6.7841 per cent).  
<https://www.thehindubusinessline.com/money-and-banking/g-sec-yields-rise-sharply-on-the-last-trading-day-of-fy22/article65278840.ece>
- **IDRCL: Stakes of Canara Bank, SBI, PNB and Union Bank reduced to 5% each:** Four public sector lenders -- State Bank of India, Canara Bank, Punjab National Bank and Union Bank of India -- on Thursday said their stakes in India Debt Resolution Company Ltd (IDRCL) have come down to 5 per cent each. The bad bank or the National Asset Reconstruction Company Ltd (NARCL) will acquire bad loans from banks to help clean up their books, while the IDRCL will handle the debt resolution process of these loans. With the current round of preferential allotment by IDRCL, equity stake of Canara Bank has now reduced to 5 per cent from previous holding of 14.90 per cent, the bank said in a regulatory filing.  
<https://bfsi.economictimes.indiatimes.com/amp/news/banking/idrcl-stakes-of-canara-bank-sbi-pnb-and-union-bank-reduced-to-5-each/90581208>
- **UPI processes 5 bn transactions in March, gets set for new record:** India's Unified Payments Interface (UPI) crossed 5 billion transactions in a month for the first time in March, marking a landmark for the flagship digital payments platform. UPI had till March 29 processed 5.04 billion transactions, amounting to Rs 8.88 trillion, data released by National Payments Corporation of India (NPCI) showed. This was 11.5 per cent higher than the volume of transactions processed in February and 7.5 per cent higher in terms of value of transactions processed.  
[https://www.business-standard.com/article/finance/upi-processes-5-bn-transactions-in-march-gets-set-for-new-record-122033100529\\_1.html#:~:text=India's%20Unified%20Payments%20Interface%20\(UPI,the%20flagship%20digital%20payments%20platform.](https://www.business-standard.com/article/finance/upi-processes-5-bn-transactions-in-march-gets-set-for-new-record-122033100529_1.html#:~:text=India's%20Unified%20Payments%20Interface%20(UPI,the%20flagship%20digital%20payments%20platform.)
- **Sensex down 115 pts at closing, Nifty ends below 17,500:** The BSE Sensex closed at 58,568.51, down 115.48 points or 0.20 per cent. It recorded an intraday high of 58,890.92 and a low of 58,485.79. The Nifty 50 closed at 17,464.75, down 33.50 points or 0.19 per cent. It recorded an intraday high of 17,559.80 and a low of 17,435.20. JSW Steel, Mahindra & Mahindra, Britannia, Axis Bank and Tata Consumer were the top gainers on the Nifty 50 while Hindalco, Divi's Lab, Apollo Hospitals, Dr Reddy's and Reliance were the top laggards.  
<https://www.thehindubusinessline.com/markets/sensex-down-115-pts-at-closing-nifty-ends-below-17500/article65277469.ece>
- **Rupee surges 23 paise to 75.67 against US dollar in early trade:** The rupee advanced 23 paise to 75.67 against the US dollar in the opening trade on Thursday, supported by positive domestic equities and a fall in crude oil prices. At the interbank foreign exchange, the rupee opened at 75.67 against the US dollar, registering a rise of 23 paise from the previous close.  
<https://www.moneycontrol.com/news/business/markets/indian-rupee-surges-23-paise-to-75-67-against-us-dollar-in-early-trade-8299641.html>



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