



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

June 1, 2022

- **BoB Financial crosses 1-million credit card mark:** BoB Financial Solutions Ltd (BFSL), a wholly-owned subsidiary of Bank of Baroda that issues and manages the lender's credit cards, on Tuesday said it has crossed the 1-million card mark. Citing data from the Reserve Bank of India (RBI) data, the statement said that Bank of Baroda credit cards have grown nine times over the last four years – from 0.12 million cards in March 2018 to over 1.1 million cards in March 2022. Further, the monthly spends on credit cards have grown 10 times over the same period – from ₹80 crore in March 2018 to ₹830 crore in March 2022. It said that among other factors, the growth was driven by initiatives such as the launch of a completely revamped product suite in 2018; alliances with professional institutions in 2020; and implementation of a best-in-class processing platform and 100% digital onboarding in 2021.
<https://www.livemint.com/industry/banking/bob-financial-crosses-1-million-credit-card-mark-11654002412627.html>
- **PNB hikes service charges for NEFT, RTGS and NACH transactions:** The service charges for Real Time Gross Settlement (RTGS) and National Electronic Fund Transfer (NEFT) transactions have been revised by the public sector lender Punjab National Bank. The announcement was issued on May 20, 2022, and the bank is now deducting the below-listed service charges on RTGS, NEFT, and NACH EMandate transactions as a result of the change. Previously, the bank charged ₹20.00 at branch and NIL for online RTGS transaction slabs of ₹2 lakh to ₹5 lakh, but this has now been increased to ₹24.50 for branch and ₹24.00 for online. Previously, the service charge for transactions above Rs. 5 lakh was ₹40.00 in-branch and NIL online, but it has now been increased to ₹49.50 in-branch and ₹49 for online transactions.
<https://www.livemint.com/industry/banking/pnb-hikes-service-charges-for-neft-rtgs-and-nach-transactions-11653997157571.html>
- **Former SBI executives appointed as bad bank CEO and chairman:** The National Assets Reconstruction Company Ltd (NARCL) on Tuesday said it on-boarded former State Bank of India (SBI) official Natarajan Sundar as its managing director and chief executive on 30 May. Sundar was an SBI employee for over 37 years and retired on 30 April as deputy managing director and the bank's chief credit officer. He has experience in corporate banking policies and products, and had a fairly long stint in SBI's mid, large corporate group as well as in project finance. The statement said Sundar was selected through a competitive selection process through an open advertisement and was interviewed in April by a panel consisting of senior bankers from both public and private sector.
<https://www.livemint.com/industry/banking/former-sbi-executive-to-head-bad-bank-11654011751367.html>
- **Technical glitches of HDFC Bank make two customers crorepati:** Technical glitches of HDFC Bank by an incident on Sunday results in two HDFC Bank customers in Chennai being surprised to find crores in their bank accounts. Two customers from Telangana's Vikarabad and Peddapalli districts were reported to have received ₹23.8 crore in their accounts, with one of them receiving over ₹18 crore. The bank, on the other hand, stated that the problem had been fixed and that no such transfer occurred on Monday.
<https://www.livemint.com/industry/banking/technical-glitches-of-hdfc-bank-make-two-customers-crorepati-11653977996113.html>



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- **Shareholders raise concerns over Dhanlaxmi Bank's financial health, rising expenses:** The minority shareholders of Kerala-based Dhanlaxmi Bank have flagged concern over the lender's financial position, saying its cost of income ratio has risen to an alarming level and that it has lost control over expenditure. They have even forced the bank to call an extraordinary general meeting to discuss the matter. "The bank is passing through a financial crisis, as is evident from the results for the quarter ended 31/12/2021, and the cost to income ratio has risen to alarming proportions," a group of minority shareholders with a collective holding of 13.5% said in a notice to the bank. "The bank is not having any effective control over expenditure, especially legal and administrative."
<https://economictimes.indiatimes.com/industry/banking/finance/banking/shareholders-raise-concerns-over-dhanlaxmi-banks-financial-health-rising-expenses/articleshow/91922285.cms>
- **Mudra loans worth Rs 36,578 cr sanctioned to 5.4 mn borrowers in April-May:** About Rs 36,578 crore loans were sanctioned to 5.4 million borrowers under the PM Mudra Yojana (PMMY) in the first two months of the financial year. Of this, Rs 35,598 crore was disbursed to borrowers of all three categories-Shishu, Kishore and Tarun. Even as the quarterly data of loans sanctioned under the scheme is not available, in April-July 2021, the banks had reportedly sanctioned about Rs 44,126 crore, of which Rs 38,668 crore was disbursed. A total of Rs 19.22 trillion loans have been sanctioned to 353 million borrowers under the Mudra scheme in seven year since its inception. PM Mudra Yojana was launched in April 2015, under which banks and non-banking financial companies provide credit up to Rs 10 lakh for entrepreneurial activities to small business units, including for new enterprises in sectors such as manufacturing, trading, services and activities allied to agriculture. Loans are sanctioned in three categories 'Shishu' (covering loans up to Rs 50,000); 'Kishore' (covering loans from Rs 50,000 to Rs 5 lakh) and 'Tarun' (covering loans from Rs 5 lakh to Rs 10 lakh).
https://www.business-standard.com/article/finance/mudra-loans-worth-rs-36-578-cr-sanctioned-to-5-4-mn-borrowers-in-april-may-122053101011_1.html
- **Equitas SFB seeks RBI's nod to extend Vasudevan's tenure as MD and CEO by a year:** The board of Equitas Small Finance Bank will seek Reserve Bank of India's permission to extend the term of its Managing Director and CEO PN Vasudevan by a year instead of the earlier proposal for three years. Vasudevan's recent decision to step down from the post to focus on a charitable trust set up by him and his wife. "My tenure as MD and CEO comes to an end on July 23. The board had approved a three-year extension and had applied to the RBI for the same. Now, with the latest developments, the board will be asking for one year extension," Vasudevan told BusinessLine. If the process for finding a successor is not completed by then, the board could ask for another extension, he added.
<https://www.thehindubusinessline.com/money-and-banking/equitas-sfb-seeks-rbis-nod-to-extend-vasudevans-tenure-as-md-and-ceo-by-a-year/article65479725.ece>
- **Irdai fines Deinon Risk Rs 10 lakh for acting as insurance intermediary:** The Insurance Regulatory and Development Authority of India (Irdai) has imposed a penalty of Rs 10 lakh on Deinon Risk Services for acting as an insurance intermediary without having a valid registration with the insurance regulator of the country. Deinon, which is into business support and risk consultancy, was playing an active part in foreign inward reinsurance placements, and was acting as an extended arm of PIIQ, a foreign insurance broker, for placing foreign inward reinsurance. "Though there is no bar on an Indian Insurer accepting foreign inward reinsurance placement directly from a foreign insurance broker, Deinon acting as an Indian representative of the foreign insurance broker, PIIQ, is unlawful", Irdai observed.
https://www.business-standard.com/article/finance/irdai-fines-deinon-risk-rs-10-lakh-for-acting-as-insurance-intermediary-122053101399_1.html#:~:text=The%20Insurance%20Regulatory%20and%20Development,insurance%20regulat or%20of%20the%20country.



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- **LIC makes Rs 42,000 crore equity gains in FY22:** Life Insurance Corp of India (LIC), the largest local investor in the stock market made Rs 42,000 crore of gains in the fiscal ended March 2022 up from Rs 36,000 crore in the previous year riding on a sharp rise in the local equities market. The gains translate to a 17% rise over the fiscal ended March 2021 just below the 19% year on year growth recorded by the Nifty50 index during the period. Managing director Raj Kumar said that the government controlled life insurer will match the profitability of its private sector counterparts in the next five years.
<https://economictimes.indiatimes.com/industry/banking/finance/insure/lic-makes-rs-42000-crore-equity-gains-in-fy22/articleshow/91917834.cms>
- **Sundaram Home Finance revises interest rates on deposits:** Sundaram Home Finance has revised the interest rates on its deposits with effect from June 1, for various tenures offered to individuals, trusts and senior citizens. Accordingly, the rate on two year deposits for individuals has been hiked to 5.90 per cent as against 5.65 per cent earlier while for deposits of three to five years it has been increased to 6.05 per cent per annum as against 5.80 per cent, the company said in a statement on Tuesday.
<https://economictimes.indiatimes.com/industry/banking/finance/banking/sundaram-home-finance-revises-interest-rates-on-deposits/articleshow/91910332.cms>
- **Deposit rates unlikely to match rise in lending rate:** Lending rates went up immediately following Reserve Bank of India's 40 basis points repo rate increase but deposit rates remained more or less sticky, and are likely to remain so till the time the market continues to have surplus liquidity, country's top bankers said. There could just be nominal changes. The external benchmark-linked framework makes transmission of monetary policy signals automatic in terms of lending rates, but deposit rates are functions of credit demand as well as the prevalent liquidity situation. "As long as liquidity remains surplus in the system, there is no need for banks to compete for mobilising deposits and therefore deposit rates either remain the same or have seen nominal changes," a chief executive of a mid-size public sector bank said.
<https://economictimes.indiatimes.com/industry/banking/finance/banking/deposit-rates-unlikely-to-match-rise-in-lending-rate/articleshow/91892319.cms>
- **Exercise to determine embedded value as on March 31, 2022 underway: LIC:** An exercise to determine Indian Embedded Value as on March 31, 2022 is under progress and is expected to be completed by June 30, 2022, Life Insurance Corporation of India has said. "As soon as the exercise is completed, LIC of India shall make the required public disclosures," the insurer said in a late night statement on Monday announcing its results for the fourth quarter as well as financial year 2021-22.
<https://www.thehindubusinessline.com/money-and-banking/exercise-to-determine-embedded-value-as-on-march-31-2022-underway-lic/article65478429.ece#:~:text=LIC%20had%20an%20embedded%20value,Corporation%20of%20India%20has%20said.>
- **Muthoot Finance subsidiary Belstar Microfinance to receive ₹110 cr capital infusion:** Belstar Microfinance Ltd, a subsidiary of Muthoot Finance Ltd, will be receiving primary equity infusion aggregating ₹110 crore from Augusta Investments Zero PTE Ltd and Arum Holdings Ltd. Augusta Investments Zero PTE Ltd will pick up 4.52 per cent stake by investing ₹75 crore in Belstar Microfinance. Arum Holdings will up its stake in the microfinance company from 14.51 per cent to 15.66 per cent by investing ₹35 crore, per a regulatory filing by Muthoot Finance (MFL).
<https://www.thehindubusinessline.com/money-and-banking/muthoot-finance-subsi-dary-belstar-microfinance-to-receive-110-cr-capital->



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[infusion/article65479463.ece#:~:text=Belstar%20Microfinance%20Ltd%2C%20a%20subsidiary,75%20crore%20in%20Belstar%20Microfinance.](https://www.thehindubusinessline.com/money-and-banking/premium-rates-to-go-up-on-social-security-schemes-pmjjy-and-pmsby-from-june-1/article65480166.ece#:~:text=Belstar%20Microfinance%20Ltd%2C%20a%20subsidiary,75%20crore%20in%20Belstar%20Microfinance.)

- **Premium rates to go up on social security schemes PMJJY and PMSBY from June 1:** The Finance Ministry has given its nod for hiking the premium rates of two flagship social security schemes—the Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) and Pradhan Mantri Suraksha Bima Yojana (PMSBY). The rate revision —first in seven years since their inception in 2015— is being undertaken to make these two schemes economically viable. From June 1 this year, the premium rates of the schemes have been revised by making it ₹1.25 per day premium for both schemes that includes revising PMJJBY from ₹330 to ₹436 and PMSBY from ₹12 to ₹20. The number of active subscribers enrolled under PMJJBY as on March 31, 2022 is 6.4 crore and in PMSBY 22 crore.
<https://www.thehindubusinessline.com/money-and-banking/premium-rates-to-go-up-on-social-security-schemes-pmjjy-and-pmsby-from-june-1/article65480166.ece>
- **LIC on dividend: Need capital for growing the business:** Life Insurance Corporation of India’s maiden dividend failed to enthuse its investors, but the insurer highlighted that it needs capital for growing the business and maintaining solvency margin. The board of LIC on Monday approved a dividend of ₹1.5 per share, which translates to a payout of ₹948.75 crore aggregating to about 23.46 per cent of profit after tax. “Out of the ₹4,043 crore of profit, the balance remains with shareholder. LIC also needs capital for growing the business. We need to have available solvency margin,” said Raj Kumar, Managing Director, LIC.
<https://www.thehindubusinessline.com/money-and-banking/lic-on-dividend-need-capital-for-growing-the-business/article65479930.ece>
- **Insurers welcome hike in motor third-party rates:** Citing rising inflation and cost pressure, general insurance companies have welcomed the revision in third-party motor insurance premium. “We are seeing an increase in TP [third-party] motor insurance premium after the last changes were announced in 2019. In the last three years, the cost of living as well as awards by courts have increased. Loss ratios for the industry have been going up. It is great to see discounts for educational institutions and for hybrid and electric vehicles,” said TA Ramalingam, Chief Technical Officer, Bajaj Allianz General Insurance.
<https://www.thehindubusinessline.com/money-and-banking/insurers-welcome-hike-in-motor-third-party-rates/article65478434.ece>
- **Sensex drops 359 points at closing, Nifty below 16,600:** The BSE Sensex closed at 55,566.41, down 359.33 points or 0.64 per cent. It recorded an intraday high of 55,925.62 and a low of 55,369.14. The Nifty 50 closed at 16,584.55, down 76.85 points or 0.46 per cent. It recorded an intraday high of 16,690.75 and a low of 16,521.90. ONGC, NTPC, Mahindra & Mahindra, Coal India and Tata Consumer were the top gainers on the Nifty 50 while Kotak Bank, Sun Pharma, HDFC, Reliance and Shree Cement were the top losers.
<https://www.thehindubusinessline.com/markets/sensex-drops-359-points-at-closing-nifty-below-16600/article65479899.ece>
- **Rupee slips 13 paise to 77.67 against US dollar in early trade :** The rupee slipped 13 paise to 77.67 against the US dollar in early trade on Tuesday, weighed down by the surge in crude oil prices. At the interbank foreign exchange, the rupee opened at 77.65 against the American dollar, then lost ground to quote at 77.67, registering a fall of 13 paise from the last close.
https://www.business-standard.com/article/finance/rupee-slips-13-paise-to-77-67-against-us-dollar-in-early-trade-as-oil-rises-122053100244_1.html#:~:text=11%3A14%20IST-,The%20rupee%20slipped%2013%20paise%20to%2077.67%20against%20the%20US,paise%20from%20the%20last%20close.



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