



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

June 2, 2022

- **Time ripe for further transformation to make bank future-ready: SBI chief:** With enhanced capacity to operate in a tough operating environment, the time was ripe for State Bank of India to engage in transformation, especially in digital banking for emerging opportunities, said the bank's chairman Dinesh Khara in a communication to shareholders in the annual report for 2021-22. The state-owned lender will scale up partnerships with fintech firms and finance companies to increase penetration and reach. It would also intensify efforts for lending to sectors covered by Production Linked Incentive (PLI) schemes, electric mobility, said Khara. "Overall, FY22 has been a much better year compared to the year before (FY21). The pace of economic activity has picked up and the momentum is expected to continue," he said. The bank's annual general meeting will be held on June 22, 2022.  
[https://www.business-standard.com/article/finance/time-ripe-for-further-transformation-to-make-bank-future-ready-sbi-chief-122060101269\\_1.html](https://www.business-standard.com/article/finance/time-ripe-for-further-transformation-to-make-bank-future-ready-sbi-chief-122060101269_1.html)
- **PNB raises benchmark lending rate by 0.15%; EMIs to go up:** State-owned Punjab National Bank (PNB) on Wednesday raised its marginal cost of funds-based lending rate by 15 basis points or 0.15 per cent across all tenures, a move that will lead to an increase in EMIs for borrowers. The new rates are effective from June 1, PNB said in a regulatory filing. The revision follows an off-cycle rate increase by the Reserve Bank in May. The central bank hiked the repo rate -- at which it lends short-term money to banks -- by 0.40 per cent to 4.40 per cent. With the revision, one-year MCLR has increased to 7.40 per cent from 7.25 per cent earlier. Most of the loans are linked to the one-year MCLR rate.  
[https://www.business-standard.com/article/finance/punjab-national-bank-raises-benchmark-lending-rate-by-0-15-emis-to-go-up-122060100467\\_1.html](https://www.business-standard.com/article/finance/punjab-national-bank-raises-benchmark-lending-rate-by-0-15-emis-to-go-up-122060100467_1.html)
- **SBI to Swiss auction KSK loans:** State Bank of India (SBI) on Tuesday evening decided to hold a Swiss challenge auction of ₹3,815-crore KSK Mahanadi Power loan after receiving a solo offering from Aditya Birla Asset Reconstruction Company at an auction held on Monday. The bank decided to hold a Swiss auction to avoid glare from investigative agencies in future, a bank executive said on condition of anonymity. "The bank would not like to be questioned for selling loans without attempting to get the best offer," the person said.  
<https://economictimes.indiatimes.com/industry/banking/finance/banking/sbi-to-swiss-auction-ksk-loans/articleshow/91926501.cms>
- **Union Bank of India revises interest rates on savings bank deposits:** Customers who have savings bank deposits with Union Bank of India should be aware that the bank has revised its interest rates. The bank announced this today, June 1, 2022, and as a result of the modification, the bank now offers a maximum interest rate of 3.55 per cent on savings accounts. Customers would receive a 2.75 per cent interest rate on account balances up to Rs.50 lakhs, according to Union Bank of India's saving bank deposit rates, effective June 1, 2022.  
<https://www.livemint.com/industry/banking/this-public-sector-bank-revises-interest-rates-on-savings-bank-deposits-11654066359484.html>
- **Bank of Baroda revises proposed dividend upwards to Rs 2.85 per share:** Following the government's nudge, the Board of Bank of Baroda (BOB) on Wednesday recommended a revised dividend at Rs 2.85 per equity share (of face value Rs 2) for the FY22. Earlier on May 13, the board of Mumbai-based public sector lender had recommended dividend at Rs 1.20 per equity share for FY22. On Tuesday, the board considered and approved



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the consequential changes (due to revision in dividend) in Audited Financial Results of the Bank for the quarter/year, ended March 31, 2022, BOB said in filing with BSE. The dividend payment is subject to shareholders approval at the annual general meeting. The stock of BOB was trading 0.55 per cent higher at Rs 100.7 per share on BSE.

[https://www.business-standard.com/article/finance/bank-of-baroda-revises-proposed-dividend-upwards-to-rs-2-85-per-share-122060100699\\_1.html#:~:text=Following%20the%20government's%20nudge%2C%20the,per%20equity%20share%20for%20FY22.](https://www.business-standard.com/article/finance/bank-of-baroda-revises-proposed-dividend-upwards-to-rs-2-85-per-share-122060100699_1.html#:~:text=Following%20the%20government's%20nudge%2C%20the,per%20equity%20share%20for%20FY22.)

- **ICICI Bank hikes lending rates across tenures:** ICICI Bank has hiked its marginal cost of lending rate (MCLR) by 30 basis points across all tenures, its first change in borrowing rate since July 2021. One basis point is 0.01 percentage point. Rates updated on its website showed that overnight and one month MCLR has been hiked to 7.30% effective June 1 2022. A bank spokesperson confirmed that the hike is the first in more than a year and the first rate action the bank has taken since it cut its MCLR rate by 5 basis points in July 2021. The 30 basis point hike means that the three month MCLR is now 7.35%, six month 7.50% and one year MCLR is 7.55%.  
<https://economictimes.indiatimes.com/industry/banking/finance/banking/icici-bank-hikes-lending-rates-across-tenures/articleshow/91939651.cms>
- **Yes Bank scam: CBI brings arrested ABIL group chairman Avinash Bhosale to Delhi for questioning:** The CBI has brought ABIL group chairman Avinash Bhosale, who was arrested in Mumbai in connection with an alleged corruption case involving Yes Bank founder Rana Kapoor and Kapil Vadhawan of DHFL, to Delhi for questioning, officials said on Wednesday. Bhosale, who was being investigated in Mumbai, was brought to the national capital Tuesday night, they said. The agency is probing if the Yes Bank and DHFL scam had spread its tentacles across noted builders of Maharashtra and their companies were allegedly used to route the proceeds of crimes in the form of loans, among others, officials said.  
<https://economictimes.indiatimes.com/news/india/yes-bank-scam-cbi-brings-arrested-abil-group-chairman-avinash-bhosale-to-delhi-for-questioning/articleshow/91938628.cms>
- **HDFC merger has the blessings of PMO, Reserve Bank, says Sashidhar Jagdishan:** HDFC Bank's merger with HDFC Ltd has the "blessings of the regulator, the Ministry of Finance and even the Prime Minister's Office," Sashidhar Jagdishan, managing director of HDFC Bank, told analysts on Tuesday. "A merger of this scale before we announced it had the blessings of the regulator, the Ministry of Finance and even the Prime Minister's Office," Jagdishan said. "It was an in-principle approval, it is not that they would give it to you in writing." Jagdishan said the banking regulator had asked it to keep the structure of the merged entity simple, with HDFC Bank being the holding company.  
<https://economictimes.indiatimes.com/industry/banking/finance/banking/hdfc-merger-has-the-blessings-of-pmo-reserve-bank-says-sashidhar-jagdishan/articleshow/91928399.cms>
- **Chinese banks overflow with cash that nobody wants to borrow:** Chinese authorities are facing an uphill battle convincing companies and households to boost borrowing. After loan growth weakened in April to the worst level in almost five years, several indicators suggest the data for May won't be much better. Housing sales have continued to slump, indicating a lack of appetite for mortgages and subdued credit demand among developers and sectors linked to the property industry.  
<https://economictimes.indiatimes.com/industry/banking/finance/banking/chinese-banks-overflow-with-cash-that-nobody-wants-to-borrow/articleshow/91926198.cms>



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- **KVG Bank net profit jumps 391 per cent in FY22:** The Dharwad-headquartered regional rural bank Karnataka Vikas Grameena Bank (KVGB) recorded a net profit of ₹31.90 crore during 2021-22 against ₹6.5 crore in 2020-21, registering a growth of 391 per cent. P Gopi Krishna, Chairman of KVGB, said the bank has strengthened its balance sheet by making aggressive provisions and giving importance for recovery. Gross NPAs (non-performing assets) of the bank came down to 9.37 per cent in 2021-22 against 13.91 per cent in the previous fiscal, and net NPAs to 5.90 per cent from 9.66 per cent with an outstanding cash recovery of ₹1,460.66 crore during the year.  
<https://www.thehindubusinessline.com/money-and-banking/kvg-bank-net-profit-jumps-391-per-cent-in-fy22/article65483309.ece#:~:text=The%20Dharwad%2Dheadquartered%20regional%20rural,growth%20of%20391%20per%20cent.>
- **UPI crosses ₹10-lakh crore payment mark in May 2022:** Reflecting its growing popularity and adoption, the value of transactions on the Unified Payments Interface (UPI) crossed a new milestone of ₹10-lakh crore in May 2022. As many as 595 crore transactions worth ₹10.41-lakh crore were processed on the UPI platform in May this year from 558 crore payments of ₹9.83-lakh crore in April 2022, according to data released by the National Payments Corporation of India. It is expected that the volume of transaction will cross the 600 crore mark this month. UPI transactions had crossed the ₹1-lakh crore mark in December 2018 and after a dip in April 2020, the volume and value of payments on the platform have been steadily on the rise. NPCI has set a target of 100 crore transactions on UPI per day over the next three to five years.  
<https://www.thehindubusinessline.com/money-and-banking/upi-crosses-10-lakh-crore-payment-mark-in-may-2022/article65482751.ece>
- **IIFL Finance eyes 20-25 per cent bottomline growth this fiscal, says CFO Rajak:** IIFL Finance Limited (IIFL) is eyeing a 20-25 per cent increase in bottomline growth this fiscal on strong demand for its core products such as home and gold loans and micro finance, its Chief Financial Officer Rajesh Rajak has said. The non-banking finance company is expecting a sharp jump up in its profits this fiscal, and is confident of achieving 20 per cent topline growth, Rajak told BusinessLine in an interview.  
<https://www.thehindubusinessline.com/money-and-banking/iifl-finance-eyes-20-25-per-cent-bottomline-growth-this-fiscal-says-cfo-rajak/article65483280.ece>
- **Customers front loading purchases in view of rising interest rates: SBI report:** Customers, especially in the retail segment, could be having a feel of the future run expected in interest rates, and might be front loading their purchases, according to State Bank of India's economic research report 'Ecowrap'. This could give a fillip to consumer demand in select niche areas in the days to come, it added. The provisional data of All Scheduled Commercial Banks (ASCBs) relating to first three fortnights of FY23 indicates that there was a growth of ₹1.55-lakh crore in credit (against a degrowth of ₹79,503 crore in the year ago period). Further, there was a growth of ₹2.30-lakh crore in deposits (₹1.03-lakh crore).  
<https://www.thehindubusinessline.com/money-and-banking/customers-front-loading-purchases-in-view-of-rising-interest-rates-sbi-report/article65482573.ece>
- **RBI's recurring payment rules hurt small businesses:** Seven months after the Reserve Bank of India's (RBI) new rule on recurring payment was implemented, small businesses and start-ups still complaint on the worsening situation as most start-ups running on a subscription model are losing out on timely payments. The regulations which came into effect from October 1, 2021, demanded companies using subscription-based recurring payment models via credit or debit cards to inform the customers in advance about an upcoming payment and let them authenticate the same before deduction.  
<https://www.thehindubusinessline.com/money-and-banking/rbis-recurring-payment-rules-hurt-small-businesses/article65481130.ece>



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- **SBI General Insurance launches health vertical:** SBI General Insurance on Wednesday launched its health vertical with an eye to becoming among the top general insurers in health insurance over the next three years. “The company aims to leverage the expansive footprint and network of its parent company, State Bank of India, to further entrench health insurance penetration in Tier-3 and Tier-4 markets across India and offer affordable and comprehensive health insurance products,” it said in a statement. The insurer plans to manage in-house servicing of all health insurance claims through the vertical.  
<https://www.thehindubusinessline.com/money-and-banking/sbi-general-insurance-launches-health-vertical/article65482968.ece>
- **IPPB cuts interest rates on savings accounts by 25 bps:** India Post Payments Bank (IPPB) regulated under the Department of Post, Ministry of Communication has slashed interest rates on all savings account variants by 25 bps. IPPB made this announcement today on 1st June 2022 and has said in an official notification that “This is to inform all the concerned that India Post Payments Bank has revised its interest rate on all the customer variants of Savings Accounts as per the Asset Liability Committee approved policy effective from 01st June 2022 as per below table.”  
<https://www.livemint.com/industry/banking/ippb-cuts-interest-rates-on-savings-accounts-by-25-bps-11654071953007.html>
- **India’s 5th largest private sector bank IndusInd Bank hikes interest rates on fixed deposits:** Interest rates on fixed deposits of less than ₹2 crore have been raised by IndusInd Bank, India's fifth-largest private sector bank by revenue. The bank announced this on June 1, 2022, and as a result of the modification, interest rates on various tenors have been raised to a maximum of 6.50 per cent for non-senior citizens and 7% for senior citizens.  
<https://www.livemint.com/industry/banking/indias-5th-largest-private-sector-bank-hikes-interest-rates-on-fixed-deposits-11654068959443.html>
- **Bank credit to industry in April grows fastest in 8 yrs:** Bank credit to industry grew at its fastest pace in eight years in April 2022, showed sectoral data released by the Reserve Bank of India (RBI) on Tuesday. The value of loans deployed in the industrial sector — including large, medium, small and micro industry — grew 8.1% year-on-year (y-o-y) to ₹31.52 trillion as on April 22. Credit to medium enterprises grew at the fastest pace of 53.5% y-o-y, while loans to micro and small enterprises grew 29%. Growth in the large enterprises segment lagged at 1.6%. Over the last two years, banks have increased their exposure to medium and small enterprises while implementing the government’s Emergency Credit Line Guarantee Scheme (ECLGS), aimed at supporting small business through the pandemic.  
<https://www.financialexpress.com/industry/banking-finance/bank-credit-to-industry-in-april-grows-fastest-in-8-yrs/2544449/>
- **Dhanlaxmi Bank shareholders raise alarm on financials; number of Board members falls to 5:** Thrissur-based Dhanlaxmi Bank’s shareholders have raised the alarm on the lender’s financial situation and rising costs even as its board tries to recover from two back-to-back resignations. At this point, the number of directors on the bank’s board has shrunk to just five from its full strength of nine members. The directors who remain include C K Gopinathan, who is also a major investor in the bank with a 10 percent stake, and an independent director, G Rajagoplan Nair. Besides the CEO, the only other two directors are DK Kashyap and Jayakumar Yarasi, who are RBI nominees. Markets regulator Sebi requires listed companies to have a minimum of six directors on the board.  
<https://www.moneycontrol.com/news/business/dhanlaxmi-bank-shareholders-raise-alarm-on-financials-number-of-board-members-fall-to-5-8620471.html>



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- **Sensex, Nifty end lower amid volatility** : The BSE Sensex closed at 55,381.17, down 185.24 points or 0.33 per cent. It recorded an intraday high of 55,791.49 and a low of 55,091.43. The Nifty 50 closed at 16,522.75, down 61.80 points or 0.37 per cent. It recorded an intraday high of 16,649.20 and a low of 16,438.85. JSW Steel, HDFC Life, Coal India, Kotak Bank and Mahindra & Mahindra were the top gainers on the Nifty 50 while Bajaj Auto, Apollo Hospitals, Hindalco, Tech Mahindra and Bajaj Finserv were the top losers.  
<https://www.thehindubusinessline.com/markets/sensex-nifty-end-lower-amid-volatility/article65483407.ece>
- **Rupee rises 14 paise against US dollar in early trade**: Recovering from its record low, the rupee rose by 14 paise to 77.57 against the US dollar in early morning trade on Wednesday. At the interbank foreign exchange, the rupee opened at 77.58 against the American dollar, then inched higher to quote at 77.57, registering a rise of 14 paise from the last close. On Tuesday, the rupee declined by 17 paise to close at its all-time low of 77.71 against the US currency as surging US bond yields dampened the appeal of riskier assets.  
<https://www.thehindubusinessline.com/markets/forex/rupee-rises-14-paise-against-us-dollar-in-early-trade/article65482582.ece>
- **Former SBI MD Ashwani Bhatia takes charge as director on SEBI's board**: Former Managing Director of State Bank of India Ashwani Bhatia on June 1 took charge as the whole-time director on the Securities and Exchange Board of India's (SEBI) board, the capital market regulator said in a statement. Bhatia will handle the Department of Debt and Hybrid Securities, Alternative Investment Fund and Foreign Portfolio Investors Department, Market Intermediaries Regulation and Supervision Department, Corporation Finance Investigation Department, and Office of Investor Assistance and Education, SEBI said.  
<https://www.moneycontrol.com/news/business/markets/former-sbi-md-ashwani-bhatia-takes-charge-as-director-on-sebis-board-8621511.html>

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