



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

March 3, 2022

- **RBI cancels licence of Sarjeraodada Naik Shirala Sahakari Bank, Sangli:** The RBI on Wednesday cancelled the licence of Sarjeraodada Naik Shirala Sahakari Bank, Sangli, Maharashtra, as it did not have adequate capital and earning prospects. With cancellation of the licence, Sarjeraodada Naik Shirala Sahakari Bank Ltd has ceased to carry on banking business with effect from the close of business hours on Wednesday, the Reserve Bank said in a statement. The Commissioner for Cooperation and Registrar of Cooperative Societies, Maharashtra has also been requested to issue an order for winding up the bank and appoint a liquidator for the lender, it said. On liquidation, every depositor would be entitled to receive deposit insurance claim amount of his/her deposits up to a monetary ceiling of Rs 5 lakh from the Deposit Insurance and Credit Guarantee Corporation (DICGC).
<https://economictimes.indiatimes.com/industry/banking/finance/banking/rbi-cancels-banking-licence-of-sangli-based-sarjeraodada-naik-shirala-sahakari-bank/articleshow/89952993.cms>
- **Union Bank of India raises Rs 1,500 cr through Basel-III compliant bonds:** Union Bank has raised Rs 1,500 crore by issuing Basel III compliant bonds to investors. The bank has allotted unsecured, subordinated, non-convertible, taxable, perpetual, fully paid-up Basel III compliant additional tier-I bonds in the nature of debentures, aggregating to Rs 1,500 crore. The bonds are eligible for inclusion in the tier-I capital of the bank. To comply with Basel-III capital regulations, banks globally need to improve and strengthen their capital planning processes. These norms are being implemented to mitigate concerns on potential stresses on asset quality and consequential impact on performance and profitability of banks.
https://www.business-standard.com/article/finance/union-bank-of-india-raises-rs-1-500-cr-through-basel-iii-compliant-bonds-122030201021_1.html
- **UCO Bank ties up with Fisdom for launching paperless facilities:** City-based UCO Bank on Wednesday said it has tied up with fintech firm Fisdom for launching paperless facilities of Demat account, pension fund, e-tax filing and stockbroking services through mobile banking channel. UCO Bank customers will now be able to track stocks, evaluate their performance, learn about IPOs and secondary capital markets. MD & CEO of the bank, S S Prasad, said that account holders will be able to enter the world of fintech services.
<https://economictimes.indiatimes.com/industry/banking/finance/banking/uco-bank-ties-up-with-fisdom-for-launching-paperless-facilities/articleshow/89947576.cms>



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- **Consumer demand remains strong but delinquencies also inch up: Cibil data:** Though demand for loans from individuals continues unabated, delinquencies on loans especially two wheeler loans, loan against property (LAP) and personal loans have increased year on year, data from credit monitoring agency Transunion Cibil has showed. Loans due past 90 days, described as NPAs in banking parlance have increased 140 basis points year on year in the two wheeler segment, 30 basis points in the LAP segment and 11 basis points in the personal loan segment, Transunion Cibil said in a new report released on Wednesday. Delinquencies in the LAP segment remain highest at 4.14% in November 2021, up 30 basis points from a year ago. One basis point is 0.01 percentage point. Loans due past 90 days in the two wheeler segment are also high at 3.64%, up 140 basis points. Consumer durable loan delinquencies are the third highest in the individual segment at 2.81% in November 2021 up 1 basis point year on year. Delinquencies in the credit card segment have eased sharply by 77 basis points to 2.22%.
<https://economictimes.indiatimes.com/industry/banking/finance/banking/consumer-demand-remains-strong-but-delinquencies-also-inch-up-cibil-data/articleshow/89949762.cms>
- **India Inc mops up \$3 b more via ECBs in Jan 2022 vs Dec 21:** India Inc raised \$3.1211 billion more via external commercial borrowings (ECBs) in January 2022 vis-a-vis the preceding month in the backdrop of indications that global interest rates are headed north. Reliance Industries Ltd (RIL) alone accounted for 60.33 per cent of the total ECBs aggregating \$7.8966 billion raised by Indian companies in January 2022, per Reserve Bank of India data. RIL mopped up ECBs aggregating \$4.7643 billion under both automatic and approval routes.
<https://www.thehindubusinessline.com/money-and-banking/india-inc-mops-up-3-b-more-via-ecbs-in-jan-2022-vs-dec-21/article65184687.ece>
- **Deepak Parekh steps down as non-executive Chairman of HDFC Ergo:** Deepak Parekh has stepped down as the non-executive Chairman of HDFC Ergo General Insurance. HDFC has nominated Keki Mistry, Vice-Chairman and CEO of HDFC as the non-executive Chairman of the insurer. As on December 31, 2021, HDFC Ltd held 49.98 per cent stake in HDFC Ergo.
<https://www.moneycontrol.com/news/business/companies/deepak-parekh-steps-down-as-non-executive-chairman-of-hdfc-ergo-8184851.html>
- **PMC Bank case: IBBI suspends registration of registered valuer Vishwanath Sridhar Prabhu:** Insolvency regulator IBBI has suspended the registration of Vishwanath Sridhar Prabhu as a “registered valuer” (RV) for his role in the misconduct committed by fraud hit Punjab and Maharashtra Cooperative Bank Limited (PMC Bank). Prabhu’s registration as a RV will be suspended till he is exonerated of the charges against him, IBBI said. IBBI has also declared him not ‘fit and proper’ to be eligible as a RV and noted that pendency of the criminal



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proceeding against Prabhu — who was in judicial custody — had adversely affected his integrity and reputation.

<https://www.thehindubusinessline.com/money-and-banking/pmc-bank-case-ibbi-suspends-registration-of-registered-valuer-vishwanath-sridhar-prabhu/article65183446.ece>

- **Edelweiss Housing Finance, Standard Chartered Bank partner for co-lending of loan against property:** Edelweiss Housing Finance on Wednesday announced a strategic co-lending partnership with Standard Chartered Bank, for extending loans against property (LAP) to prospective customers, especially MSMEs. “Definitive agreements as per RBI’s Co-Lending Model (CLM) have been executed between EHFL and Standard Chartered Bank,” the two said in a statement, adding that the business partnership model will combine Standard Chartered Bank’s expertise in this segment with Edelweiss’ reach and strong origination capabilities. Under this partnership, EHFL will originate, process, service the loans and retain 20 per cent of the loan on its books, while the remaining 80 per cent will be on the books of Standard Chartered Bank. The co-lending partnership will help the bank grow its loan portfolio, it would provide an alternate model for loan disbursements that is asset-light and creates a sound revenue model for sustainable business for EHFL, the statement further said.
<https://www.thehindubusinessline.com/money-and-banking/edelweiss-housing-finance-standard-chartered-bank-partner-for-co-lending-of-loan-against-property/article65183596.ece>
- **LICHFL, CSC partner to provide loans via over 4 lakh village level entrepreneurs:** LIC Housing Finance Ltd (LICHFL) and CSC e-Governance Services India Ltd (CSC) have entered in a strategic partnership to provide loans to citizens through CSC’s network of over four lakh Village Level Entrepreneurs (VLEs). Through the partnership, VLEs will be able to avail a range of LICHFL loans such as home loans; loans for serving or retired employees who are entitled to pension; residential plot loan; Griha Suvidha for private sector workers or self-employed; and loan against property and top-up loan.
<https://www.thehindubusinessline.com/money-and-banking/lichfl-csc-partner-to-provide-loans-via-over-4-lakh-village-level-entrepreneurs/article65183265.ece>
- **TransUnion CIBIL CMI indicates a stable retail credit market:** Indicating improvement in economic activities and consumer sentiment, the Credit Market Indicator (CMI) of TransUnion CIBIL rose up to 91 in November 2021, up four points from August last year. This was a significant increase from the low of 79 in February 2021. “The latest TransUnion CIBIL CMI showed credit demand continued to grow,” it said in a statement on Wednesday.
<https://www.thehindubusinessline.com/money-and-banking/transunion-cibil-cmi-indicates-a-stable-retail-credit-market/article65183168.ece>



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- **E-Bill system will end 'rent seeking' in govt contracts: FM Sitharaman:** Finance Minister Nirmala Sitharaman on Wednesday said the new Electronic Bill (e-Bill) processing system will stop any possible 'rent seeking' in the clearance of dues to contractors or suppliers of government departments. The e-Bill processing system, which was announced in the Budget, was launched on Wednesday. It will be implemented across all central ministries and departments and suppliers and contractors will now be able to submit their claim online, which will be trackable on a real-time basis. Speaking at the 46th Civil Accounts Day, Sitharaman said this will ensure end-to-end digitisation and make the payment process transparent by using technology not just within the government departments, but extending the second leg to the citizen's use.
[https://indianexpress.com/article/business/e-bill-system-will-end-rent-seeking-in-government-contracts-fm-nirmala-sitharaman/#:~:text=The%20new%20electronic%20bill%20\(e,Finance%20Minister%20Nirmala%20Sitharaman%20said.](https://indianexpress.com/article/business/e-bill-system-will-end-rent-seeking-in-government-contracts-fm-nirmala-sitharaman/#:~:text=The%20new%20electronic%20bill%20(e,Finance%20Minister%20Nirmala%20Sitharaman%20said.)
- **Banks concerned as trade settlements with Russia stall in face of sanctions:** Indian banks are scrambling after bills for imports from Russia have started bouncing and payments for exports have been stuck in the wake of sanctions imposed by the west on Russia following its invasion of Ukraine. "Due to the various sanctions the payment settlements have halted and that's a concern for banks right now. This has been shared by lenders with the central bank and the industry body," said a senior banking source involved in the discussions. The Reserve Bank of India has met with select bankers and is trying to assess the exposure that lenders have to Russia and to Ukraine and the impact it may have on Indian banks, said another senior banking executive.
<https://www.thehindu.com/business/indian-banks-concerned-as-trade-settlements-with-russia-stall-in-face-of-sanctions/article65183929.ece>
- **Urban loan sanctions shrink as NBFCs shift focus to rural:** Non-bank lenders are seeking out rural areas where competition with banks is less and the size of loans smaller, leading to a contraction in loan sanctions in urban areas. Sanctioned loans in urban areas, which typically account for a majority of the sector's loans, have shrunk 3% year-on-year (y-o-y) in the December quarter, showed data released by industry body Finance Industry Development Corp. (FIDC), jointly with credit information company Crif High Mark. In the same period, sanctions in the rural and semi-urban areas grew 13% and 19%, respectively. Data on sanctions helps gauge demand for credit among borrowers and the availability of loans in various pockets.
<https://www.livemint.com/industry/banking/urban-loan-sanctions-shrink-as-nbfc-s-shift-focus-to-rural-11646158696124.html>



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- **NCLT orders criminal prosecution against Indu Projects’ successful resolution applicant Earthin Projects:** In one of the rare instances in the Indian corporate insolvency history, the National Company Law Tribunal’s (NCLT) Hyderabad bench has ordered criminal proceedings against Earthin Projects Ltd and K Ramachandra Rao Transmission and Projects Pvt Ltd, the consortium that emerged as the successful resolution applicant for Indu Projects Ltd but failed to honour the commitments involving a wilful violation of resolution plan. The Tribunal, while rejecting the application filed by the successful resolution applicant for an extension of time to execute the resolution plan, has also ordered forfeiting Rs 5 crore of earnest money deposit (EMD) by the successful resolution applicant which promised to pump in over Rs 600 crore to revive Indu Projects.
<https://www.moneycontrol.com/news/business/nclt-orders-criminal-prosecution-against-indu-projects-successful-resolution-applicant-earthin-projects-8184841.html>
- **Govt to reassess LIC IPO timing in view of Ukraine crisis:** With Russia-Ukraine war showing no signs of abating, the government is reassessing the timing of LIC-IPO to get the maximum value of its holding in the State-owned insurance behemoth. “It’s a full blown war now, so we will have to assess the situation for going ahead with LIC IPO,” highly-placed Government sources said. Finance Minister Nirmala Sitharaman, too, had indicated a review of the LIC IPO timing given the evolving geopolitical situation. “Ideally, I would like to go ahead with it because we had planned it for some time based purely on Indian considerations,” Finance Minister Nirmala Sitharaman had said in an interview with BusinessLine on Monday.
<https://www.thehindubusinessline.com/economy/policy/govt-to-reassess-lic-ipo-timing-in-view-of-ukraine-crisis/article65183515.ece#:~:text=To%20meet%20the%20curtailed%20divestment,the%20State%20Downed%20insurance%20behemoth.>
- **Sensex closes 778 points lower, Nifty ends below 16,700:** The BSE Sensex closed at 55,468.90, down 778.38 points or 1.38 per cent. It recorded an intraday high of 55,755.09 and a low of 55,020.10. The Nifty 50 closed at 16,605.95, down 187.95 points or 1.12 per cent. It recorded an intraday high of 16,678.50 and a low of 16,478.65. Coal India, HDFC Life, SBI Life, Tata Steel and Hindalco were the top gainers on the Nifty 50 while Maruti, Dr Reddy, Bajaj Auto, Asian Paint and Hero Motocorp were the top losers.
<https://www.thehindubusinessline.com/markets/sensex-closes-778-points-lower-nifty-ends-below-16700/article65183360.ece#:~:text=The%20BSE%20Sensex%20closed%20at,points%20or%201.12%20per%20cent.>



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- **Indian rupee slumps 49 paise to 75.82 against US dollar in early trade:** The rupee declined 49 paise to 75.82 against the US dollar in opening trade on Wednesday amid a weak risk appetite as tensions escalated in Eastern Europe. Forex traders said sustained foreign fund outflows, a lacklustre trend in domestic equities and elevated crude oil prices weighed on investor sentiment. At the interbank foreign exchange, the rupee opened at 75.78 against the US dollar, then slipped further to 75.82, registering a decline of 49 paise from the last close.
<https://www.moneycontrol.com/news/business/markets/indian-rupee-slumps-49-paise-to-75-82-against-us-dollar-in-early-trade-8182451.html>

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