



**THE INSTITUTE OF  
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(STATUTORY BODY UNDER AN ACT OF PARLIAMENT)  
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## DAILY NEWS DIGEST BY BFSI BOARD, ICAI

June 4, 2022

- **New heads for three public sector banks:** The Appointments Committee of the Cabinet (ACC) has approved three names to head three public sector banks. A Manimekhalai, Executive Director at Canara Bank, has been appointed Managing Director and Chief Executive Officer of Union Bank of India for three years. She is eligible for an extension of service, after a performance review, for two years or until attaining the age of superannuation (March 31, 2026). She will replace G Rajkiran Rai. Ajay Kumar Srivastava, Executive Director at Indian Overseas Bank, has been appointed MD and CEO for three years. He would be eligible for an extension, after a review of his performance, for two years or until superannuation (October 31, 2027), according to an order issued by the Department of Personnel and Training (DoPT). He will replace Partha Pratim Sengupta.. Swarup Kumar Saha, Executive Director at Punjab National Bank, has been appointed MD and CEO of Punjab & Sind Bank for three years. He will replace S Krishnan. Saha will be eligible for an extension, after a review of his performance, for two years or until superannuation (February 28, 2027).  
<https://www.thehindubusinessline.com/money-and-banking/new-heads-for-three-public-sector-banks/article65490329.ece>
- **RBI imposes Rs 27.5 lakh penalty on Punjab & Sind Bank:** The Reserve Bank on Friday said it has imposed a penalty of Rs 27.5 lakh on Punjab & Sind Bank for non-compliance with certain directions issued by it on 'external benchmark-based lending'. A statutory examination of Punjab & Sind Bank revealed non-compliance with the directions, inter-alia, to the extent the bank linked certain floating rate retail loans and floating rate loans to micro and small enterprises, extended by it after October 1, 2019, to MCLR instead of an external benchmark, RBI said. A show cause notice was issued to the bank. "After considering the bank's reply to the notice, oral submissions made in the personal hearing and examination of additional submissions made by it, RBI came to the conclusion that the charge of non-compliance ... was substantiated and warranted imposition of monetary penalty...", RBI said.  
<https://economictimes.indiatimes.com/industry/banking/finance/banking/rbi-imposes-rs-27-5-lakh-penalty-on-punjab-sind-bank/articleshow/91990086.cms>
- **Govt likely to include corporate houses in IDBI privatisation process:** The government is likely to include corporate houses and ask the Reserve Bank of India (RBI) to extend the time frame for the IDBI Bank's privatization process. The extension might allow the new owners to negotiate with shareholders and eventually reduce their stake to 26%. However, the RBI has maintained silence on the decision to allow industrial houses in the bidding process by neither denying nor approving the government's decision. The government is yet to discuss several issues concerning the potential buyers and is working on it. The framework being created by the government for IDBI's privatisation might be used for the privatisation of two other nationalised banks- a decision that was announced in 2021- reported TOI.  
<https://economictimes.indiatimes.com/industry/banking/finance/banking/govt-likely-to-include-corporate-houses-in-idbi-privatisation-process/articleshow/91979249.cms>



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- **SBI, 15 others sell over ₹8,000-crore Suzlon loans to REC and IREDA:** A group of 16 banks led by the State Bank of India (SBI) have sold more than ₹8,000 crore of Suzlon Energy loans to the Rural Electrification Corp (REC) and the state-owned Indian Renewable Energy Development Agency (IREDA), cleaning up their books of an account that has been a drag for nearly a decade and a half. The loan sale was concluded even as the wind energy company was in the midst of its second bank-led restructuring initiated in 2020. The REC and IREDA-led refinance would extend the tenure of Suzlon's loans and would also bear a lower interest rate than what it was paying banks, multiple people familiar with the contours of the deal said.  
<https://economictimes.indiatimes.com/industry/banking/finance/banking/sbi-15-others-sell-over-8000-crore-suzlon-loans-to-rec-and-ireda/articleshow/91971497.cms>
- **Govt approves 8.1 per cent as interest rate on provident fund deposits for 2021-2022:** The labour ministry on Friday notified the 8.1% interest rate on provident fund deposits of the Employees' Provident Fund Organisation following a go-ahead from the finance ministry. This will pave the way for crediting the interest into the accounts of over sixty million EPFO subscribers in 2021-22 earlier than usual. In the previous years, interest rate had been generally credited into the subscribers' account around Diwali or later due to delay in approval from the finance ministry.  
<https://economictimes.indiatimes.com/news/india/govt-approves-8-1-per-cent-as-interest-rate-on-provident-fund-deposits-for-2021-2022/articleshow/91989431.cms>
- **RBI to go for another 0.40% hike in rates at next week's policy review meet: Report:** The Reserve Bank is expected to go for another rate hike of 0.40 per cent at the scheduled review of the monetary policy next week, a foreign brokerage said on Friday. The central bank's rate setting panel will follow it up with a 0.35 per cent hike in rates at the next review in August, or make it into a 0.50 per cent hike next week and a 0.25 per cent increase in August, to make the total quantum of rate hikes at 0.75 per cent, the report by Bofa Securities said. On May 4, the Reserve Bank of India (RBI) hiked rates by 0.40 per cent, and Governor Shaktikanta Das has already called a rate hike at the forthcoming review as a "no brainer" given the pressure to maintain its core mandate of inflation in the targeted band of under 6 per cent.  
<https://bfsi.economictimes.indiatimes.com/amp/news/policy/rbi-to-go-for-another-0-40-hike-in-rates-at-next-weeks-policy-review-meet-report/91997843>
- **Forex reserves up by \$3.854 billion to \$601.363 billion:** India's foreign exchange reserves topped the \$600 billion mark again, just a month after the reserves slipped below the central bank's comfort level. A \$3.6 billion increase in foreign currency assets aided the expansion of the total stock of reserves, billed as a cushion against global economic headwinds. Forex reserves were \$601.4 billion for the week ended May 27 versus \$597.5 billion in the preceding week, show data from the Reserve Bank of India, released Friday evening. The portion of reserves parked in gold and other International Monetary Fund-backed assets rose by about \$244 million.  
<https://economictimes.indiatimes.com/news/economy/finance/forex-reserves-up-by-3-854-billion-to-601-363-billion/articleshow/91990409.cms>



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- **Terror attack at EDB branch: SBI says committed to ensure safety of all employees:** State Bank of India (SBI) on Thursday said the Srinagar-headquartered Ellaquai Dehati Bank (EDB) will ensure the bereaved family of Vijay Kumar (Branch Manager, Arreah branch of EDB), who was shot dead in the branch premises by a terrorist, is provided with necessary support—financial and otherwise—on priority. SBI is the sponsor Bank of EDB, which is a Regional Rural Bank. Kumar, who belonged to Rajasthan, was just 29 years old and had joined EDB in March 2019, the bank said in a statement.  
<https://www.thehindubusinessline.com/money-and-banking/terror-attack-at-edb-branch-sbi-says-committed-to-ensure-safety-of-all-employees/article65488477.ece>
- **NCLAT directs distribution of ₹16,361 crore to IL&FS creditors on pro-rata basis:** The National Company Law Appellate Tribunal has directed the new board of Infrastructure Leasing and Financial Services to distribute ₹16,361 crore of cash and InvIT units to creditors on a pro rate basis. “The interim distribution shall be confined only to the entities as reflected in Annexure-6 except those excluded and for the amount of ₹16,361 crore, that is ₹11,296 crore of cash and ₹5,065 crore of InvIT units,” the NCLAT said in its order on May 31.  
<https://www.thehindu.com/business/nclat-directs-distribution-of-16361-cr-to-ilfs-creditors-on-pro-rata-basis/article65491533.ece>
- **Mahindra Finance reports improvement in disbursements, collection efficiency:** Mahindra Finance reported a 272 per cent year on year jump in its disbursements in May 2022 to Rs 2,973 crore. “The year to date disbursements at approximately ₹5,686 crore, registered a year on year growth of 169 per cent,” it said on Friday. The collection efficiency (CE) was at 95 per cent for May 2022 in comparison to a subdued CE of 67 per cent for May 2021 which was affected due to Covid related lockdowns, it said, adding that it is now in line with pre-Covid levels.  
<https://www.thehindubusinessline.com/money-and-banking/mahindra-finance-reports-improvement-in-disbursements-collection-efficiency/article65490487.ece>
- **Bajaj Allianz Life sees ‘deferred annuities’ emerging as blockbuster product: CEO:** Bajaj Life Insurance Company Ltd (BALIC), a private life insurer, sees ‘deferred annuities’ emerging as a blockbuster product for the company in the coming days, said Tarun Chugh, Managing Director & Chief Executive Officer. This company, which sold deferred annuities worth ₹400 crore (first-year premium) in FY22, sees this product remaining a significant growth driver in the current fiscal as well, said Chugh.  
<https://www.thehindubusinessline.com/money-and-banking/bajaj-allianz-life-sees-deferred-annuities-emerging-as-blockbuster-product-ceo/article65491478.ece>
- **As credit demand rises, banks tweak liquidity deployment strategy :** Healthy pick up in credit, coupled with phased liquidity withdrawal by the Reserve Bank of India (RBI), seems to be prompting banks to finetune their strategy when it comes to deployment of surplus liquidity. This is underscored by the fact that at the 14-day variable rate reverse repo auction (VRRR) on Friday, banks collectively parked considerably lesser amount despite the cut-off rate (4.39 per cent) being higher than what the overnight standing deposit facility (SDF) offers (4.15 per cent).  
<https://www.thehindubusinessline.com/money-and-banking/as-credit-demand-rises-banks-tweak-liquidity-deployment-strategy/article65491841.ece>



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- **Trade unions seek security for bank staff in Kashmir Valley:** Trade unions want managements and the Government to ensure the safety of bank employees working in Kashmir Valley. The demand comes after terrorists gunned down a bank manager, Vijay Kumar, at the Arreah branch of Ellaquai Dehati Bank (EDB) in Kulgam on Thursday. The Srinagar-headquartered regional rural bank is sponsored by State Bank of India. Expressing deep concern at the killing of the bank official, Soumya Datta, General Secretary, All India Bank Officers' Confederation (AIBOC), said the organisation is worried for the safety and well-being of hundreds of bank employees posted in far-flung areas in Kashmir Valley, outside Srinagar city.  
<https://www.thehindubusinessline.com/money-and-banking/trade-unions-seek-security-for-bank-staff-in-kashmir-valley/article65490362.ece>
- **SBI elevates 7 CGM-ranking officials to deputy managing director rank:** State Bank of India has elevated seven chief general managers (CGMs) as deputy managing directors. The lender has also elevated 29 general managers as CGMs. The selection panel of the board used face-to-face interaction as well as hybrid mode to carry out performance review and promotion exercise.  
[https://www.business-standard.com/article/finance/sbi-elevates-7-cgm-ranking-officials-to-deputy-managing-director-rank-122060300061\\_1.html#:~:text=State%20Bank%20of%20India%20has,performance%20review%20and%20promotion%20exercise.](https://www.business-standard.com/article/finance/sbi-elevates-7-cgm-ranking-officials-to-deputy-managing-director-rank-122060300061_1.html#:~:text=State%20Bank%20of%20India%20has,performance%20review%20and%20promotion%20exercise.)
- **Kotak bank launches investment solutions app:** Kotak Mahindra Bank, through its subsidiary Kotak Investment Advisors, on Thursday launched an investment management app, Kotak Cherry. The platform will provide investment solutions ranging from stocks, bonds, mutual funds, fixed deposits and national pension scheme to progressive investment opportunities like exchange traded funds. The app is enabled as a do-it-yourself (DIY) execution platform. The bank plans to add more features to the platform such as stock baskets, robo advisory, life, medical, general insurance and enable international investing. The bank is targeting to build a base of 10 lakh customers in a year. Additional features will be added by October.  
<https://www.financialexpress.com/industry/banking-finance/kotak-bank-launches-investment-solutions-app/2547032/>
- **Credit card usage, spends shrink month-on-month in April:** Credit card usage and spends shrank on a month-on-month (m-o-m) basis in April, shows data released by the Reserve Bank of India (RBI). While the volume of transactions fell 0.37% to Rs 223 million, the value of spends declined 1.5% to Rs 1.05 trillion. The number of cards in force rose 2% m-o-m in April to over 75 million. In March 2022, credit card spends across the industry were up 24% m-o-m at Rs 1.07 trillion, leading analysts to expect that spends in April and May would increase further to around Rs 1.1 trillion. A post-pandemic revival in air travel and hospitality were seen to have been driving credit card spends as well as receivables in Q4FY22.  
<https://www.financialexpress.com/industry/banking-finance/credit-card-usage-spends-shrink-month-on-month-in-april/2547049/>



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- **Sensex up 386 points intraday, Nifty above 16,700:** At the time of filing this report, the BSE Sensex was trading at 56,204.34, up 386.23 points or 0.69 per cent. It recorded an intraday high of 56,432.65 and a low of 56,164.59. The Nifty 50 was trading at 16,703.25, up 75.25 points or 0.45 per cent. It recorded an intraday high of 16,793.85 and a low of 16,696.10. Reliance, Infosys, Wipro, L&T and HCL Tech were the top gainers on the Nifty 50 while Grasim, Ultratech Cement, Shree Cement, NTPC and Hero Motocorp were the top losers.  
<https://www.thehindubusinessline.com/markets/sensex-up-386-points-intraday-nifty-above-16700/article65490549.ece>
- **Rupee surges 13 paise to 77.47 against US dollar in early trade:** The rupee appreciated 13 paise to 77.47 against the US dollar in opening trade on Friday, supported by a fall in the dollar index and positive domestic equities. At the interbank foreign exchange, the rupee opened at 77.47 against the American dollar, registering a rise of 13 paise from the last close. On Thursday, the rupee had settled at 77.60 against the US dollar.  
<https://www.thehindu.com/business/markets/rupee-surges-13-paise-to-7747-against-us-dollar-in-early-trade/article65490315.ece>

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