



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

December 4, 2021

- **RBI new norms likely to increase NBFCs bad loans by one-third: Study:** The recent clarification by the Reserve Bank of India on non-performing advances (NPA) may increase non-banking financial companies' (NBFC) bad loans by one-third, says a report. Last month, the RBI had provided clarification on income recognition asset classification and provisioning (IRAC) norms for banks, NBFCs and All-India Financial Institutions. The clarification included classification of special mention account (SMA) and NPA on a day-end position basis and upgrade from an NPA to standard category only after clearance of all outstanding overdues.
<https://economictimes.indiatimes.com/news/economy/policy/rbi-new-norms-likely-to-increase-nbfc-bad-loans-by-one-third-study/articleshow/88071412.cms>
- **Federal Bank sells ITNL owned Chenani Nashri Tunnel debt to ACRE at 25% discount:** Federal Bank has sold its loan exposure in Chenani Nashri Tunnelway Ltd (CNTL) to an Ares SSG Capital-backed asset reconstruction company at a discount of 25%, people with knowledge of the matter said. The Kerala-based lender sold the loan after the road asset's owner, IL&FS Transportation Network Ltd (ITNL), failed to close a deal it signed almost a year ago with I Square Capital-backed Cube Highway to sell CNTL. Federal Bank recovered nearly 75 paise on a rupee by selling its Rs 212.63 crore loan to Assets Care & Enterprise Ltd, the people said. The transaction closed early this week, one of them said.
<https://economictimes.indiatimes.com/industry/banking/finance/banking/federal-bank-sells-itnl-owned-chenani-nashri-tunnel-debt-to-acre-at-25-discount/articleshow/88079559.cms>
- **India Post Payments Bank revises cash withdrawal and deposit charges w.e.f January 1, 2022:** The India Post Payments Bank (IPBB) has announced that it has revised charges on cash withdrawals and deposits at branches with effect from January 1, 2022. The India Post Payments Bank is a division of Indian Post, which is owned by the Department of Post. According to a notice by IPBB issued on November 3, 2021, for a basic savings account, cash withdrawals, which are free up to 4 transactions per month, will be charged at 0.50% of the value subject to minimum Rs 25 per transaction, after the free limit is crossed. (Charges are exclusive of GST/ CESS which will be levied at the applicable rates.) Whereas, cash deposits are free of cost.
<https://economictimes.indiatimes.com/wealth/save/india-post-payments-bank-revises-cash-withdrawal-and-deposit-charges-w-e-f-january-1-2022-check-rates-here/articleshow/88068758.cms>
- **DoT releases bank guarantee of around Rs 9,200 cr of Bharti Airtel, Vodafone Idea and Reliance Jio:** The Department of Telecom (DoT) has released bank guarantees of around Rs 9,200 crore of Bharti Airtel, Vodafone Idea and Reliance Jio deposited for licence fee and spectrum usage charges, official sources aware of the development said. The move is part of a reform package announced by the government in September. "Bank guarantee (BG) of around Rs 4,000 crore has been released for Bharti Airtel and Rs 2,500 crore for Vodafone Idea (VIL). BG of around Rs 2,700 crore of Reliance Jio was released last month," said a source.



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<https://economictimes.indiatimes.com/industry/telecom/telecom-news/dot-releases-bank-guarantee-of-around-rs-9200-cr-of-bharti-airtel-vodafone-idea-and-reliance-jio/articleshow/88076796.cms>

- **PMC Bank fraud case: SC refuses to entertain bail plea of Rakesh Wadhawan, asks him to approach HC:** The Supreme Court Friday refused to entertain the bail plea filed on health grounds by jailed businessman Rakesh Wadhawan, accused of money laundering in the multi-crore rupees Punjab and Maharashtra Co-operative (PMC) Bank fraud case, saying that he has been in hospital more than the jail. A bench comprising Chief Justice N V Ramana and Justices Surya Kant and Hima Kohli permitted senior advocate Mukul Rohatgi, appearing for Wadhawan, to withdraw the bail plea to approach the high court. Rohatgi referred to the medical condition of the accused and said that he has been in jail for quite some time. "I see, he has been in hospital more than in jail. Go to the high court," the bench said prompting Rohatgi to say that it was the high court which refused the bail. "File after some time. Not now. Alright permitted to withdraw to approach the high court," the bench said.
<https://economictimes.indiatimes.com/industry/banking/finance/banking/pmc-bank-fraud-case-sc-refuses-to-entertain-bail-plea-of-rakesh-wadhawan-asks-him-to-approach-hc/articleshow/88068720.cms>
- **Aggregate bank deposits slump in fortnight to November 19 after abrupt rise in previous 15 days: Report:** The massive fortnightly spike in bank deposits by a whopping Rs 3.3 lakh crore -- the fifth biggest rise in 24 years -- for the fortnight to November 5, 2021, and a subsequent plunge of Rs 2.7 lakh crore in the next fortnight can be due to the expected IPO boom and subsequent poor show in the later weeks, argues an SBI Research report. Such a massive deposit accretion has never happened during a Diwali week as there is always a currency leakage and concomitant deposit decline, says an SBI Research report, adding this is also the fifth largest increase in any fortnight in the past 24 years since 1997 and the Rs 2.69 lakh crore subsequent deposit slump for the fortnight to November 19 is the largest since 1997.
<https://economictimes.indiatimes.com/industry/banking/finance/banking/aggregate-bank-deposits-slump-in-fortnight-to-november-19-after-abrupt-rise-in-previous-15-days-report/articleshow/88073083.cms>
- **Bank employee associations plns to fight against government plan to privatise public sector banks :** Bank employees associations are planning to escalate their fight against the government's plan to privatise public sector banks. The United Forum of Bank Unions (UFBU), an umbrella body of nine major bank unions, is planning sit-in agitations in all state capital on Saturday to protest against the proposed privatisation of two state-owned lenders. In the Union Budget presented in February, Finance Minister Nirmala Sitharaman had announced the privatisation of two public sector banks (PSBs) as part of its disinvestment plan.
<https://economictimes.indiatimes.com/industry/banking/finance/banking/bank-employee-associations-plns-to-fight-against-government-plan-to-privatise-public-sector-banks/articleshow/88077500.cms>



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- **Indian banks behind the curve on payments: Uday Kotak** : Banks have been “short sighted” in the last three years on the payments business which is now monopolised by two or three payment companies, said veteran banker Uday Kotak, and urged them to “wake up”. “Indian banks are behind the curve. Indian banks have allowed the growth of UPI payments that have been essentially monopolised by two players — Google Pay and PhonePe — which have 85 per cent of the market share,” said Kotak, Managing Director and CEO, Kotak Mahindra Bank on Friday.
<https://economictimes.indiatimes.com/industry/banking/finance/banking/indian-banks-behind-the-curve-in-tapping-payments-tech-uday-kotak/articleshow/88078147.cms>
- **Tata AIA Life Insurance bets on 40% growth over next 3 years:** Tata AIA Life Insurance expects a 30-40 per cent growth in business over the next three years backed by a strong push to protection and pension plans, ramping up of distribution network and with renewed emphasis on branding. According to Naveen Tahilyani, MD and Chief Executive Officer, Tata AIA Life Insurance, pension as a category is currently a small part of their total portfolio. But the company plans to launch new products starting this month to tap into the potential growth in the segment.
<https://www.thehindubusinessline.com/money-and-banking/tata-aia-life-insurance-bets-on-40-growth-over-next-3-years/article37829004.ece>
- **Time to convert fintech initiatives into revolution: PM Modi:** Prime Minister Narendra Modi on Friday urged the fintech industry in India to convert their Fintech initiatives into a Fintech revolution. “Now it is time to convert these Fintech initiatives into a Fintech revolution. A revolution that helps to achieve financial empowerment of every single citizen of the country”, Modi said after virtually inaugurating the InInfinity Forum, a leadership forum on Financial Technology, jointly hosted by the Gift City regulator IFSCA and Bloomberg.
<https://www.thehindubusinessline.com/money-and-banking/time-to-convert-fintech-initiatives-into-revolution-pm-modi/article37818885.ece>
- **FIDC seeks relaxation on IRACP norms:** Finance Industry Development Council has urged the Reserve Bank of India to exempt small loans up to ₹2 crore given by non-banking finance companies from the new norms for SMA reporting and NPA classification. It has also requested that the new norms for SMA and NPA classification may be aligned with the date of effect of Scale Based Regulations from October 1, 2022 for NBFCs in all layers. “This line of approach will give adequate time to the NBFCs to implement changes in the IT systems,” said FIDC, which is a representative body of assets and loan financing NBFCs. “We also request RBI to clarify that the circular aims at ensuring uniformity in the implementation of IRACP norms across all lending institutions and therefore, does not impact accounting under IND-AS, which all NBFCs have adopted,” FIDC said, noting that in an event where provisions under IND-AS fall short of provisions required under IRACP, the NBFC is anyway required to create an impairment reserve and therefore, adequacy of provisions under IRACP will always be ensured.
<https://www.thehindubusinessline.com/money-and-banking/fidc-seeks-relaxation-on-iracp-norms/article37818153.ece>



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- **Credit card spends jump 12% to cross Rs 1 lakh crore mark for first time** : Credit card spends grew 12 per cent in October to cross for the first time the Rs 1 lakh-crore-mark, driven by a steep 26 per cent growth in the previous month led by ICICI Bank and HDFC Bank, says a report. The banking system saw a net addition of 13,36,000 new credit cards in October, which is a monthly addition of 22 per cent, led by healthy traction by ICICI Bank and HDFC Bank. This takes the total credit card base to 6.64 crore, a growth of 11.7 per cent annualised growth, which is the highest in the past 14 months, according to an analysis of the latest RBI data by brokerage Motilal Oswal.
<https://timesofindia.indiatimes.com/business/india-business/credit-card-spends-jump-12-to-cross-rs-1-lakh-crore-mark-for-first-time/articleshow/88079847.cms>
- **Amid fresh sell-off, Sensex tumbles 764 points; Nifty ends below 17,200**: The BSE Sensex closed at 57,696.46, down 764.83 points or 1.31 per cent, near the day's low of 57,640.57. It recorded an intraday high of 58,757.09. The Nifty 50 closed at 17,196.70, down 204.95 points or 1.18 per cent. It recorded an intraday high of 17,489.80 and a low of 17,180.80. UPL, BPCL, IOC, ONGC and IndusInd Bank were the top gainers on the Nifty 50 while Powergrid, Reliance, Kotak Bank, Asian Paints and HDFC Life were the top laggards.
<https://www.thehindubusinessline.com/markets/sensex-ends-down-by-764-points-nifty-below-17200-on-fresh-sell-off/article37822903.ece>
- **India's forex reserves down by \$2.713 billion to \$637.687 billion**: The country's foreign exchange reserves declined by \$2.713 billion to \$637.687 billion in the week to November 26, RBI data showed. In the previous week ended November 19, the reserves had increased by \$289 million to \$640.401 billion. It touched a lifetime high of \$642.453 billion in the week ended September 3, 2021. In the reporting week ended November 26, the dip in the foreign exchange reserves was on account of a decline in foreign currency assets (FCA), a major component of the overall reserves and gold reserves, Reserve Bank of India's (RBI) weekly data released on Friday showed.
https://www.business-standard.com/article/finance/forex-reserves-down-by-2-713-million-to-637-687-billion-121120301019_1.html
- **Back-to-back senior-level exits continue to haunt Dhanlaxmi Bank**: Back-to-back resignations by top executives of Dhanlaxmi Bank have once again turned the spotlight on the Thrissur-based lender. The announcement came as a surprise to many. Iyer had retired as executive director at Uco Bank and was one of the three members of a committee of directors appointed by the Reserve Bank of India in October 2020 to run the bank after shareholders voted out Sunil Gurbaxani as CEO.
<https://www.moneycontrol.com/news/business/back-to-back-senior-level-exits-continue-to-haunt-dhanlaxmi-bank-7789761.html>
- **Indian rupee trades in narrow range in early trade against US dollar**: Indian rupee was trading in a narrow range in morning trade on Friday amid uncertainties over the global economic recovery in the wake of the emergence of Omicron. At the interbank foreign exchange, the rupee opened at 74.98 against the dollar. It touched an early high of 74.96 and a low of 75.01 in initial deals. The rupee on Thursday settled at 75.02 against the US dollar. Meanwhile, the dollar index, which gauges the greenback's strength against a basket of six currencies, was trading at 96.16.



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<https://www.moneycontrol.com/news/business/markets/indian-rupee-trades-in-narrow-range-in-early-trade-against-us-dollar-7787601.html>

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