



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

March 7, 2022

- **SBI appoints ex-Ujjivan Small Finance Bank CEO Nitin Chugh as DMD:** State Bank of India (SBI) has appointed former Ujjivan Small Finance Bank CEO Nitin Chugh as Deputy Managing Director (DMD) to drive digital banking operations. He has been appointed for an initial term of three years, sources said. Prior to this appointment, Chugh was CEO and managing director of Ujjivan Small Finance Bank. He joined there from HDFC Bank where he served as the Group Head of Digital Banking. Chugh, who joined Ujjivan Small Finance Bank in 2019, quit the bank in September last year citing personal reasons. SBI had invited applications for the position in December. According to a public notice by SBI, the position would be responsible for envisioning, developing and in execution of bank's digital banking strategy and business plan for imparting digital knowledge/skills in a constructive, empowering and collaborative way. Earlier, the bank had hired Chief Finance Officer (CFO) from the private sector.
<https://www.moneycontrol.com/news/business/sbi-appoints-ex-ujjivan-small-finance-bank-ceo-nitin-chugh-as-deputy-managing-director-8198881.html>
- **BBB launches programme for improving quality of PSU bank boards:** The Banks Board Bureau (BBB) has introduced a development programme for the management of public sector banks with a view to improving the quality of bank boards. The nine-month Directors' Development Programme (DDP) is designed for the directors of the PSBs and financial institutions with the key objective of enhancing director effectiveness to increase their impact on the boards, the BBB said in a statement. It is expected that the programme will help the directors think of the road ahead in the business and elevate themselves to be a source of wisdom and guidance for the management and stakeholders to raise the performance levels of Public Sector Banks in the global landscape, it said. The programme designed in collaboration with IBA and others will help empower and enrich the board critical for the decision making.
<https://bfsi.economictimes.indiatimes.com/news/banking/bbb-launches-programme-for-improving-quality-of-psu-bank-boards/90041905>
- **Awaiting govt, RBI guidelines on SWIFT transactions with Russian entities: PNB:** The country's second-largest bank Punjab National Bank (PNB) said it was awaiting advisory from the Finance Ministry and the Reserve Bank with regard to SWIFT-related transactions with Russian entities. In view of the ongoing war between Russia and Ukraine, several countries including the US, Canada and certain European nations have blocked some Russian banks from using SWIFT, a system that is used for global banking transactions. "...we have not received any advisory from the RBI/Finance Ministry regarding SWIFT-related transactions with respect to Russia. Any action in this regard shall be taken after receipt of guidelines from RBI/Finance Ministry," PNB said in a response to queries on Russia-related transactions.
<https://www.thehindu.com/business/Economy/awaiting-govt-rbi-guidelines-on-swift-transactions-with-russian-entities-pnb/article65195516.ece>



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- **Bank of India to launch digital lending platform in Q2FY23:** Bank of India (BoI) plans to put in place a mobile-based lending platform to grow its RAM (retail, agriculture and micro, small & medium enterprises) portfolio from about 54 per cent of total domestic loans to 65 per cent in two years. The bank is developing a tech-stack for enhancing its digital banking presence, according to PR Rajagopal, Executive Director. Referring to many banks having more than 60 per cent of total domestic advances in the RAM segment, he observed that digital lending will help re-balance BoI's portfolio composition towards RAM advances. "Our RAM portfolio is hovering around 54 per cent. So, we need a very strong digital push to grow this portfolio."
<https://www.thehindubusinessline.com/money-and-banking/bank-of-india-to-launch-digital-lending-platform-in-q2fy23/article65198122.ece>
- **IOB extends ₹1,000 cr loan to JKIDFC:** PSU lender Indian Overseas Bank (IOB) announced that it has sanctioned a loan of ₹1,000 crore to Jammu and Kashmir Infrastructure Development Finance Corporation Ltd (JKIDFC). The sanction is part of the Bank's business plan to widen credit growth and funding infrastructure development across the nation. The bank has already disbursed ₹500 crore of the sanctioned amount, said a statement. The loan, guaranteed by the Union Territory of J & K, is extended towards part funding for the completion of the languishing infrastructure projects in J&K and other new projects that are a priority for the state. IOB is one of the first public sector banks to lend to JKIDFC.
<https://www.thehindubusinessline.com/money-and-banking/iob-extends-1000-cr-loan-to-jkidfc/article65191093.ece#:~:text=The%20loan%2C%20guaranteed%20by%20the,banks%20to%20lend%20to%20JKIDFC..>
- **India Post may team up with a bank to start lending:** Government-run India Post may tie up with a commercial bank to offer various loan products to people and businesses, with a focus on the rural economy. The planned roll-out of 100% core banking solutions (CBS) at all the 1.5 lakh post offices in the country would facilitate the loss-making entity's transition to the new role as provider of multiple financial services, an official source said. The plan will not only fast-track the process of financial inclusion, but also will make it possible at lower cost to the exchequer. It will be a win-win situation for all stakeholders as it could help India Post have a self-sustainable model over a few years.
<https://www.financialexpress.com/industry/banking-finance/india-post-may-team-up-with-a-bank-to-start-lending/2451357/#:~:text=It%20will%20be%20a%20win,focus%20on%20the%20rural%20economy.>
- **RBL Bank overcomes fall in deposit levels, shifts focus to mortgage, secured business loans:** Private sector lender RBL Bank, which went through a flux in late December, is now back on track and is comfortably placed with regards to deposits. "We are thankfully quite over the hump on that. Depositors have come back, there are levels of deposits that are today higher than December 31, 2021, and even higher than the time when we declared our (third-quarter) results. We are sitting back on some Rs 14,000 crore to Rs 15,000 crore of extra liquidity," said Jaideep Iyer, Head-Finance, Strategy and Investor Relations, RBL Bank. The private sector lender had reported a 2.58 per cent



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quarter on quarter drop in deposits to ₹73,637 crore as on December 31, 2021, with retail deposits and deposits from small business customers falling by 11.3 per cent sequentially.

<https://www.thehindubusinessline.com/money-and-banking/rbi-bank-overcomes-fall-in-deposit-levels-shifts-focus-to-mortgage-secured-business-loans/article65189951.ece>

- **RBI asks banks to find alternative mechanism for Russia payments:** The Reserve Bank of India (RBI) is said to have told Indian banks to explore an alternative mechanism of payments for trade if the rapidly developing global opposition against Russia leads to Moscow's total elimination from the rest of the world's banking system. The US and its allies have decided to cut major Russian banks from the SWIFT platform, which is now the accepted global mechanism for electronic money transfer among banks. Some Russian banks, however, still remain within this payments system.
<https://economictimes.indiatimes.com/industry/banking/finance/banking/rbi-asks-banks-to-find-alternative-mechanism-for-russia-payments/articleshow/90004783.cms>
- **Banks, NBFCs raise lending rates as tighter liquidity, deposit costs pinch:** Banks and non-bank lenders have bumped up lending rates by up to 15 basis points over the past one month on tightening liquidity conditions and higher deposit costs. A basis point is 0.01 percentage point. While the central bank may be keeping policy rates unchanged, lenders have to lure depositors with higher rates from real assets such as gold and real estate, considered natural stores of value to beat inflationary pressures. "Almost all loans have been re-priced upward keeping in mind the imminent change in the interest rate cycle and the increase in deposit rates," said a private sector lender. "Also, with tightening liquidity, the low interest rate cycle has already peaked."
<https://economictimes.indiatimes.com/industry/banking/finance/banking/banks-nbfc-raise-lending-rates-as-tighter-liquidity-deposit-costs-pinch/articleshow/90002345.cms>
- **Uncertainty over LIC IPO could hit government's revised disinvestment target for FY22:** India will miss its revised disinvestment target for the second time in the past eight years by a wide margin, as the government may not be able to raise an expected over Rs 60,000 crore from the IPO of insurance behemoth LIC in 2021-22. Since the Modi government came to power in 2014, it was only in the financial year 2019-20 that it failed to achieve the revised CPSE disinvestment target of Rs 65,000 crore. The mop-up during the year was only Rs 50,304 crore.
<https://economictimes.indiatimes.com/news/economy/finance/uncertainty-over-lic-ipo-could-hit-governments-revised-disinvestment-target-for-fy22/articleshow/90028170.cms>
- **FPIs withdraw over Rs 17,000 cr from Indian markets in just 3 days:** Foreign portfolio investors (FPIs) pulled out as much as Rs 17,537 crore from the Indian markets in just three trading sessions of March as investors' sentiment got dented by the uncertainty triggered by the Russia-Ukraine conflict and rising crude oil prices. As per depositories data, they pulled out Rs 14,721 crore from equities, Rs 2,808 crore from debt segment and Rs 9 crore from hybrid instruments between March 2-4. This took the total net outflow to Rs 17,537 crore. "The market sentiments have been impacted globally by the uncertainty triggered by the war and the surge in crude," said VK Vijayakumar, Chief Investment Strategist at Geojit Financial Services.



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<https://www.businesstoday.in/markets/stocks/story/fpis-pull-out-over-rs-17000-from-indian-markets-in-just-three-days-of-march-324915-2022-03-06>

- **Insolvency regulator IBBI signs MoU with IBA:** Insolvency regulator IBBI and Indian Banks Association (IBA) have signed a Memorandum of Understanding (MoU) to collaborate on capacity building for financial creditors on topics related to insolvency, bankruptcy and related subjects. The MOU was signed in the capital by Amit Pradhan, Executive Director, IBBI and Sunil Mehta Chief Executive, IBA in the presence of Ravi Mital, Chairperson, IBBI, Mukulita Vijayawargiya , IBBI Whole Time Member, Sudhaker Shukla, IBBI Whole Time Member and J Swaminathan, Managing Director at State Bank of India, among other senior officials.
<https://www.thehindubusinessline.com/money-and-banking/insolvency-regulator-ibbi-signs-mou-with-iba/article65195512.ece#:~:text=Insolvency%20regulator%20IBBI%20and%20Indian,insolvency%2C%20bankruptcy%20and%20related%20subjects.>
- **PayPal shuts down its services in Russia citing Ukraine aggression:** Payments company PayPal Holdings Inc shut down its services early on Saturday in Russia, citing "the current circumstances," joining many financial and tech companies in suspending operations there after the invasion of Ukraine. "Under the current circumstances, we are suspending PayPal services in Russia," President and Chief Executive Dan Schulman said in a statement. He added that the company "stands with the international community in condemning Russia's violent military aggression in Ukraine." A company spokesperson said PayPal will support withdrawals "for a period of time, ensuring that account balances are dispersed in line with applicable laws and regulations."
<https://www.reuters.com/business/paypal-shuts-down-its-services-russia-citing-ukraine-aggression-2022-03-05/>
- **Mastercard, Visa suspend operations in Russia after invasion:** Mastercard and Visa are suspending their operations in Russia, the companies have said, in the latest blow to the country's financial system after its invasion of Ukraine. Mastercard said that the cards issued by Russian banks will no longer be supported by its network and any card issued outside the country will not work at Russian stores or ATMs. "We don't take this decision lightly," Mastercard said in a statement, adding that it made the move after discussions with customers, partners and governments. Visa said it's working with clients and partners in Russia to cease all Visa transactions over the coming days. "We are compelled to act following Russia's unprovoked invasion of Ukraine, and the unacceptable events that we have witnessed," Visa Chairman and Chief Executive Officer Al Kelly said in a statement.
<https://www.reuters.com/business/finance/visa-suspends-operations-russia-over-ukraine-invasion-2022-03-05/>
- **IPO-bound LIC allowed to hold virtual meetings of shareholders:** The Centre has now enabled IPO-bound Life Insurance Corporation (LIC) to hold virtual general meetings of its shareholders, preparing the ground for the insurance behemoth's journey as a publicly listed entity. In the run up to its IPO and listing, the Centre has over the last two years taken several initiatives including bringing amendments to the LIC Act so as to make the insurer adhere to various norms of a corporate under



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Companies Act including having a Board structure and related committees, having outstanding equity shares with limited liability that could be traded in stock exchanges and creation of post of a chief financial officer and company secretary for its functioning as a corporate entity.

<https://www.thehindubusinessline.com/companies/ipo-bound-lic-allowed-to-hold-virtual-meetings-of-shareholders/article65193025.ece#:~:text=DFS%20amends%20LIC%20General%20Rules,as%20a%20publicly%20listed%20entity.>

- **Govt proposes hike in 3rd-party motor insurance premium from next fiscal:** The Union Road Transport Ministry has proposed an increase in the third-party motor insurance premium for various categories of vehicles, which is likely to jack up insurance cost of car and two-wheelers from April 1. According to the proposed revised rates, private cars with 1,000 cubic capacity (cc) will attract rates of Rs 2,094 compared to Rs 2,072 in 2019-20. Similarly, private cars with 1,000 cc to 1,500 cc will attract rates of Rs 3,416 compared to Rs 3,221, while owners of car above 1,500cc will see a premium of Rs 7,897 compared to Rs 7,890. Two-wheelers over 150 cc but not exceeding 350 cc will attract a premium of Rs 1,366 and for two-wheelers over 350 cc the revised premium will be Rs 2,804. After two years moratorium due to COVID-19 pandemic, the revised TP insurance. <https://economictimes.indiatimes.com/news/economy/policy/govt-proposes-hike-in-3rd-party-motor-insurance-premium-from-next-fiscal/articleshow/90019144.cms>

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