



**THE INSTITUTE OF
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(STATUTORY BODY UNDER AN ACT OF PARLIAMENT)
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

May 07, 2022

- **Canara Bank to launch credit card subsidiary; announcement likely in 2-3 quarters: MD:** Canara Bank is in the initial stages of discussion for launching a separate credit card subsidiary of the bank, the lender's Managing Director and Chief Executive Officer LV Prabhakar told Moneycontrol on May 6. "In the last two years, Canara Bank has grown its credit card portfolio well. We have about 923,000 credit cards, which is probably the second-highest amongst public sector banks. Activation has also increased, and going forward, our aim is to have a subsidiary for credit cards and we are working in that direction," he said. "...We are doing reality checks also. How other companies have performed, what all strategies they adopted...it will be finalised, maybe in the coming two quarters," Prabhakar added.
<https://www.moneycontrol.com/news/business/banks/exclusive-canara-bank-to-launch-credit-card-subsi-dary-announcement-likely-in-2-3-quarters-md-8465991.html>
- **Canara Bank Q4 net profit jumps 65% to ₹1,666 crore:** State-owned Canara Bank on Friday reported a 65 per cent jump in its standalone net profit at ₹1,666.22 crore for quarter ended March 2022. The Bengaluru-headquartered bank had posted a net profit of ₹1,010.87 crore in the same quarter a year ago. Total income of the bank in the January-March period of 2021-22 rose to ₹22,323.11 crore, from ₹21,040.63 crore in the same period of 2020-21, Canara Bank said in a regulatory filing. On the asset quality front, the bank's gross non-performing assets (NPAs) or bad loans fell to 7.51 per cent of the gross advances at the end of March 2022, as against 8.93 per cent at the end of March 2021.
<https://www.thehindu.com/business/Industry/canara-bank-q4-net-profit-jumps-65-to-1666-cr/article65387775.ece>
- **Federal Bank Q4 net profit up 13% at ₹540 crore:** Private sector lender Federal Bank reported its highest ever quarterly net profit at ₹540.54 crore for the fourth quarter of the last fiscal, registering year-on-year growth of 13.13 per cent. The bank's net profit was ₹477.81 crore in the fourth quarter of 2020-21. The lender's net profit for 2021-22 grew by a robust 18.83 per cent to ₹1,889.82 crore, from ₹1,590.30 crore in 2020-21. For the quarter ended March 31, 2020, net interest income grew 7.38 per cent to ₹1,525.21 crore, as against ₹1,420.37 crore in the same period a year ago. Net Interest Margin fell to 3.16 per cent for the fourth quarter of 2021-22 from 3.23 per cent a year ago.
<https://www.thehindubusinessline.com/money-and-banking/federal-bank-q4-net-profit-up-13-per-cent-at-rs-540-cr/article65387879.ece>
- **RBI imposes penalty on Daimler Financial Services India, KKR India Financial Services:** The RBI on Friday imposed a penalty of Rs 5 lakh each on Daimler Financial Services India and KKR India Financial Services for non-compliance with directions related to 'monitoring of frauds in NBFCs'. The central bank said it conducted statutory inspection of the two companies with reference to their financial position as on March 31, 2020. The penalties were imposed after considering their replies to its



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notices, oral submissions made in the personal hearing and examination of additional submissions made by them.

<https://economictimes.indiatimes.com/industry/banking/finance/rbi-imposes-penalty-on-daimler-financial-services-india-kkr-india-financial-services/articleshow/91380233.cms>

- **RBI steps may tighten banking system liquidity to pre-pandemic levels by March 2023, say experts:** India's banking system liquidity is likely to reach pre-pandemic levels by the end of this financial year as the central bank embarks on an aggressive liquidity withdrawal strategy to tame inflationary pressures, bankers and economists say. On May 4, the Reserve Bank of India increased the rate at which it lends short-term funds to commercial banks by 40 basis points to 4.4 percent and upped the Cash Reserve Ratio (CRR), the portion of deposits that banks must hold in liquid cash, by 50 basis points to 4.5 percent. One basis point is one-hundredth of a percentage point. The CRR increase, effective the fortnight of May 21, means that banks will have a relatively low lending capacity in terms of funds and so would raise interest rates on deposits to raise funds. The CRR hike is expected to withdraw liquidity to the tune of around Rs 87,000 crore.
<https://www.moneycontrol.com/news/business/rbi-steps-may-tighten-banking-system-liquidity-to-pre-pandemic-levels-by-march-2023-say-experts-8464211.html>
- **Federal Bank aims for 15% credit growth in FY23, says MD Shyam Srinivasan:** Private lender Federal Bank is targeting a credit growth of 15 percent for this financial year that began April 1, its managing director and chief executive officer said on May 6. "In a rising rate environment, where people expect interest rates are going to head higher, normally the pickup in credit in the earlier period is higher. So, in a healing, recovering economy which is stimulated by government and regulatory initiatives, I do think, in the next two-to-three quarters credit growth will be picking up," Shyam Srinivasan told reporters in a virtual media briefing post January-March results. "A bank like us should see credit growth of around 15 percent for FY23," he added.
<https://www.moneycontrol.com/news/business/banks/federal-bank-aims-for-15-credit-growth-in-fy23-says-md-shyam-srinivasan-8465181.html>
- **CSB Bank Q4 net up over two-fold YoY to Rs 131 cr, asset quality improves:** Kerala-based CSB Bank has posted a two-fold rise in net profit during the fourth quarter of 2021-22 to Rs 131 crore, as compared to Rs 43 crore during the same period in 2020-21. The bank's operating profit was up by 77 per cent during the quarter under review to Rs 142.05 crore as against Rs 80.38 crore during the January to March quarter of 2020-21. The company said that the performance during the quarter improved due to reasons including higher earnings and improvement in asset quality among. The bank's net profit more than doubled from Rs 218.40 crore in FY21 to Rs 458.49 crore in FY22. Its operating profit too posted a 19 per cent rise to Rs 613.72 crore during the financial year 2021-22 from Rs 515.52 crore for FY 21.
https://www.business-standard.com/article/companies/csb-bank-q4-net-up-over-two-fold-yoy-to-rs-131-cr-asset-quality-improves-122050601142_1.html



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- **LIC IPO: AIBOC says keeping bank branches open on Sunday a wasteful expenditure:** Keeping all 'ASBA' designated branches open for public on May 8 (Sunday) to facilitate processing of applications for Life Insurance Corporation of India's (LIC) IPO would entail payment of overtime to all employees attending offices/ branches, resulting in avoidable expenditure for banks, according to a trade union. The All India Bank Officers' Confederation (AIBOC), in a letter to RBI Governor, said: "With the closing date (of LIC IPO) being on May 9...we fail to fathom the reason for the RBI Notification for opening the Branches on Sunday." Referring to the government's massive digital banking initiative and banks having existing platforms with various companies, which offer online Demat service and applications 24x7 for the customers to subscribe for the IPO, Soumya Datta, General Secretary, AIBOC, observed that the opening of branches on a Sunday cannot be substantiated by any cogent logic.
<https://www.thehindubusinessline.com/money-and-banking/lic-ipo-aiboc-says-keeping-bank-branches-open-on-sunday-a-wasteful-expenditure/article65388398.ece>
- **RIL Q4 Results: Profit rises 22.5% YoY to Rs 16,203 crore, misses estimates:** Reliance Industries on Friday reported a 22.50 per cent year-on-year (YoY) rise in consolidated net profit at Rs 16,203 crore compared with Rs 13,227 crore in the same quarter last year. The profit figure was lower than an ET NOW poll estimate of Rs 16,674 crore. Revenue from operation rose 36.79 per cent YoY to Rs 211,887 crore compared with Rs 154,896 crore in the corresponding quarter last year. The company board has recommended a dividend of Rs 8 per share.
<https://economictimes.indiatimes.com/markets/stocks/news/reliance-q4-results-profit-rises-22-5-yoy-to-rs-16203-crore-misses-estimates/videoshow/91380357.cms>
- **RBI okays merger between Equitas Holding and Equitas Bank:** RBI said that EHL should divest its shareholding in its subsidiary Equitas Technologies P Ltd prior to the merger while the bank should bring Equitas Development Initiatives Trust and Equitas Healthcare Foundation under its ambit. The regulator also said that investors which will be acquiring or holding 5% or more shareholding in the bank after merger need prior regulatory approval within one month from now. However, their voting rights in the merged entity will be restricted to below 5% of total voting rights till RBI deems them to be "fit and proper". "We would like to inform that RBI vide its letter dated May 6 has conveyed its 'no-objection' to our proposal for voluntary amalgamation of EHL with ESFBL," the bank announced in a filing to stock exchanges.
<https://economictimes.indiatimes.com/industry/banking/finance/banking/rbi-okays-merger-between-equitas-holding-and-equitas-bank/articleshow/91379829.cms>
- **LIC IPO: Retail portion fully subscribed on Day 3:** The retail portion of the Life Insurance Corporation of India's (LIC) IPO has been fully subscribed on the third day of the offer. According to data with the stock exchanges, the quota for retail individual investors was subscribed 1.23 times by 7 pm on Friday. Over 6.91 crore shares or 35 per cent of the net offer is reserved for retail investors, who are also eligible for a discount of ₹45 per equity share. The overall issue was subscribed 1.38 times with strong demand from all categories of investors. Bids were received for a total of 22.36 crore shares as against 16.2 crore shares on offer.
<https://www.thehindubusinessline.com/money-and-banking/lic-ipo-retail-portion-fully-subscribed-on-day-3/article65387603.ece>



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- **RBI to fight inflation with greater resolve now: Sources:** The RBI's surprise rate hike may have been prompted by its inability to convince the government to cut excise duty on petrol and diesel and take other supply-side measures to tame runaway inflation, sources aware of the central bank's thinking said on Thursday. There has been a record ₹10 a litre increase in petrol and diesel prices in a matter of 16 days beginning March 22, which has further fuelled the already high commodity prices. The RBI, which is mandated to ensure inflation is under 6 per cent, acted with a 0.40 per cent increase in repo rate to check prices before they went completely out of hand. "You should look at this measure as when it gets tough, RBI stands alone now," a source said. The RBI has been from time to time urging the government to lower excise duty on fuels. It has also asked state governments — which too impose levies, thus further raising fuel prices — to follow suit but again did not manage to move the needle, the source said.
<https://www.thehindubusinessline.com/economy/rbi-to-fight-inflation-with-greater-resolve-now-sources/article65387424.ece>
- **On-tap licensing window for pension fund managers now open: PFRDA:** Pension regulator PFRDA has recently opened an on-tap licensing window for awarding licences to sponsors of pension funds. This is the second year in a row when Pension Fund Regulatory and Development Authority (PFRDA) has opened such a window in abid to enhance the number of pension fund managers in the country. The latest window, which was opened in mid-April, will be open till May 17, Supratim Bandyopadhyay, Chairman, PFRDA, confirmed to BusinessLine.
<https://www.thehindubusinessline.com/money-and-banking/on-tap-licensing-window-for-pension-fund-managers-now-open-pfrda/article65388712.ece>
- **Rupee slumps 38 paise to 76.73 against US dollar in early trade:** The rupee depreciated 38 paise to 76.73 against the US dollar in opening trade on Friday, weighed down by unabated foreign fund outflows and firm crude oil prices. At the interbank foreign exchange, the rupee opened at 76.61 against the American dollar, then lost ground to quote at 76.73, registering a fall of 29 paise from the last close. On Thursday, the rupee had closed at 76.35 against the US dollar.
<https://www.moneycontrol.com/news/business/markets/indian-rupee-slumps-38-paise-to-76-73-against-us-dollar-in-early-trade-8462921.html>
- **Sensex falls 867 points at closing, Nifty below 16,500 on weak global cues:** The BSE Sensex closed at 54,835.58, down 866.65 points or 1.56 per cent. It recorded an intraday high of 55,070.12 and a low of 54,586.75. The Nifty 50 closed at 16,411.25, down 271.40 points or 1.63 per cent. It recorded an intraday high of 16,484.20 and a low of 16,340.90. Hero Motocorp, Tech Mahindra, Powergrid, ITC and ONGC were th top gainers on the Nifty 50 while Bajaj Finance, Divi's Lab, Shree Cement, UPL and Axis Bank were the top losers.
<https://www.thehindubusinessline.com/markets/sensex-down-926-points-intra-day-nifty-below-16400/article65387785.ece>



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