



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

June 7, 2022

- **First set of NPAs likely to be transferred to bad bank next month: FinMin:** The finance ministry on Monday said the Rs 6,000-crore National Asset Reconstruction Company (NARCL) or bad bank is expected to take over the first set of non-performing accounts of banks next month. NARCL is a special purpose asset reconstruction company for taking over the large value NPA accounts (above Rs 500 crore) from banks. In a series of tweets, the ministry said finance minister Nirmala Sitharaman on Monday reviewed the progress in setting up the NARCL. The minister was apprised of the progress achieved and took note of the approvals/permissions received for both NARCL and IDRCL from the government and regulators. The boards of both NARCL and IDRCL, including MDs, are in place.  
<https://www.financialexpress.com/industry/banking-finance/first-set-of-npas-likely-to-be-transferred-to-bad-bank-next-month-says-finmin/2550685/>
- **Canara Bank, Karur Vysya raise lending rates:** Canara Bank and Karur Vysya Bank on Monday said they have revised their lending rates leading to an increase in EMIs linked to the respective benchmarks. State-owned Canara Bank has raised the marginal cost of funds based lending rate (MCLR) by 0.05 per cent of 5 basis points to 7.40 per cent for one year tenure. The bank has also raised the MCLR rate for 6 months tenure to 7.35 per cent from 7.30 per cent. The new rates are effective from June 7, Canara Bank said in a regulatory filing. Most of the loans are linked to one year tenure.  
<https://www.financialexpress.com/money/canara-bank-karur-vysya-bank-raise-lending-rates/2550309/>
- **RBI had questions about home loan agreement between HDFC and HDFC Bank:** The Reserve Bank of India had raised questions about an arrangement on home loans origination and transaction between mortgage lender Housing Development Finance Corp and its banking unit HDFC Bank, and that may have been one of the reasons for their merger, three people aware of the matter said. The regulator had been bringing up the issue of the unique agreement between HDFC and HDFC Bank over a period as it thought the arrangement was not good for the industry from the structure as well as the risk point of view, claimed the three people who did not want to be identified. "The RBI was getting uncomfortable with the arrangement," one of them said. "There might have been other considerations like the regulatory convergence between NBFCs and banks, but the arrangement could not have remained for long once the regulator begins to question it. Better to end it before the regulator acted."  
<https://economictimes.indiatimes.com/industry/banking/finance/banking/rbi-had-questions-about-home-loan-agreement-between-hdfc-and-hdfc-bank/articleshow/92025020.cms>
- **NCLT dismisses insolvency petition of Wave group, imposes Rs 1 crore penalty:** The National Company Law Tribunal (NCLT) has dismissed the petition of Wave Mega City Center (WMCC) Private Limited that had approached the tribunal under section 10 of the Insolvency and Bankruptcy Code to initiate the Corporate Insolvency Resolution Process (CIRP). The tribunal had completed the argument and reserved the order on October 26, 2021. "The tribunal has just pronounced the order. We evaluate the order and will approach the appropriate court for the next course of action. Our utmost priorities remain to protect the homebuyers interest, which we will continue to endeavour," said a Wave group spokesperson.  
<https://economictimes.indiatimes.com/industry/services/property/-/cstruction/nclt-dismisses-insolvency-petition-of-wave-group-imposes-rs-1-crore-penalty/articleshow/92043261.cms>



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- **RBI issues standard assets provisioning norms for upper-layer NBFCs:** The Reserve Bank of India today issued standard assets provisioning guidelines for upper-layer NBFCs. The upper-layer NBFCs are typically the top 10 ones in terms of asset size. These guidelines shall be effective from October 1, 2022. "The Upper Layer shall comprise of those NBFCs which are specifically identified by the Reserve Bank as warranting enhanced regulatory requirement based on a set of parameters and scoring methodology .The top ten eligible NBFCs in terms of their asset size shall always reside in the upper layer, irrespective of any other factor," read an earlier Central Bank readout.  
[https://www.business-standard.com/article/finance/rbi-issues-standard-assets-provisioning-norms-for-upper-layer-nbfc-122060600819\\_1.html](https://www.business-standard.com/article/finance/rbi-issues-standard-assets-provisioning-norms-for-upper-layer-nbfc-122060600819_1.html)
- **RBI imposes Rs 49 lakh penalty on Bassein Catholic Co-op Bank, Vasai:** Reserve Bank of India on Monday said it has imposed a penalty of Rs 49 lakh on Bassein Catholic Co-operative Bank, Vasai for non-compliance with prudential norms. In a statement, the RBI said the penalty has been imposed for non-compliance with the directions issued by it on 'Income Recognition, Asset Classification, Provisioning and Other Related Matters' (IRAC norms). The central bank had conducted the statutory inspection of Bassein Catholic Co-operative Bank with reference to its financial position as on March 31, 2019.  
<https://economictimes.indiatimes.com/industry/banking/finance/banking/rbi-imposes-rs-49-lakh-penalty-on-bassein-catholic-co-op-bank-vasai/articleshow/92042773.cms>
- **SVC Co-op Bank reports ₹160 crore net profit in FY22, up 6.65%:** SVC Co-operative Bank reported a 6.65 per cent year-on-year (y-o-y) growth in net profit at ₹160.20 crore in FY22 as against ₹150.21 crore in FY21. Total advances of India's second largest multi-state urban co-operative bank grew by 8.41 per cent y-o-y to ₹13,364.35 crore as at March-end 2022 against ₹12,327.98 crore as at March-end 2021. Total deposits grew by 5.68 per cent to ₹18,315.68 crore against ₹17,331.55 crore.  
[https://bfsi.economictimes.indiatimes.com/news/banking/svc-co-op-banks-profit-rises-to-rs-160-crore-in-fy22/92039780#:~:text=Mumbai%2C%20Jun%206%20\(PTI\),in%20the%20year%2Dago%20period.](https://bfsi.economictimes.indiatimes.com/news/banking/svc-co-op-banks-profit-rises-to-rs-160-crore-in-fy22/92039780#:~:text=Mumbai%2C%20Jun%206%20(PTI),in%20the%20year%2Dago%20period.)
- **RBI's MPC starts 3-day deliberations amid speculation of rate hike:** The RBI's rate-setting panel MPC on Monday began its three-day deliberation amid expectations of another round of hike in benchmark interest rates to contain inflation that continues to remain above the central bank's upper tolerance level. RBI Governor Shaktikanta Das will announce the decision of the Monetary Policy Committee after deliberations on Wednesday. Das has already indicated that there may another hike in the repo rate, though he refrained from quantifying it. There are speculations that the central bank may go for at least 35 basis points (bps) hike over and above the 40 bps hike effected last month after an off-cycle MPC meeting.  
<https://economictimes.indiatimes.com/news/economy/policy/rbis-mpc-starts-3-day-deliberations-amid-speculation-of-rate-hike/articleshow/92036449.cms>
- **No proposal to replace face of Mahatma Gandhi on banknotes:** RBI: Dismissing reports, the Reserve Bank on Monday said there is no proposal to replace the face of Mahatma Gandhi with that of others on currency notes. In a statement, the central bank said there are reports in certain sections of the media that the Reserve Bank of India is considering changes to the existing currency and banknotes by replacing the face of Mahatma Gandhi with that of others. "It may be noted that there is no such proposal in the Reserve Bank," it said. There are certain reports suggesting the finance ministry and the RBI were contemplating to use the faces of other prominent Indians, including Rabindranath Tagore and APJ Abdul Kalam, on banknotes of certain denominations.  
<https://www.thehindu.com/news/national/no-proposal-to-replace-face-of-mahatma-gandhi-on-banknotes-rbi/article65500302.ece#:~:text=Sreenivasa%20Murthy->



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- **HSBC India charts out expansion strategy:** Bullish on its growth prospects, HSBC India plans to expand its presence in India with more customer acquisition and growth in balancesheet. It is also exploring the possibility of increasing its branch network in the country. “India is acknowledged as a market where we will have the maximum possible opportunity to serve our customers well, do things for the country, make an impact on society,” said Hitendra Dave, General Manager and CEO, HSBC India.  
<https://www.thehindubusinessline.com/money-and-banking/hsbc-charts-out-expansion-strategy-for-india/article65500116.ece>
- **Tamilnad Mercantile Bank gets SEBI’s nod to float IPO:** The Thoothukudi (Tamil Nadu)-based Tamilnad Mercantile Bank Ltd, has received market regulator SEBI’s approval to raise funds through an initial public offering (IPO). The proposed IPO comprises a fresh issue of 1.582 crore shares and an offer for sale of 12,505 equity shares by D Prem Palanivel, Priya Rajan, Prabhakar Mahadeo Bobde, Narasimhan Krishnamurthy, M Malliga Rani and Subramanian Venkiteshwaran Iyer. The offer will constitute 10 per cent of the post-offer paid-up equity share capital. The private sector lender , which filed its draft red herring prospectus with SEBI in September 2021, obtained its observations on May 30, according to an update. In SEBI’s parlance, its observation indicates approval for launching the IPO.  
<https://www.financialexpress.com/market/ipo-news/tamilnad-mercantile-bank-gets-sebis-nod-to-float-ipo/2550437/>
- **10-year G-Sec yield touches 7.50%, a 40-month high:** Government Securities (G-Secs) yield rose on Monday, with yield of 10-year G-Sec closing at the highest level since February 2019, amid concerns that the Reserve Bank of India (RBI) may again revise its retail inflation forecast for FY22 even as global crude oil continued to rule high at around \$120 a barrel. Yield of the benchmark 10-year G-Sec (coupon rate: 6.54 per cent) rose about 4 basis points to close at 7.50 per cent (previous close: 7.46 per cent). Price of this security declined 28 paise to close at ₹93.50 (₹93.78). Bond yields and prices are inversely co-related and move in opposite directions.  
<https://www.thehindubusinessline.com/money-and-banking/10-year-g-sec-yield-touches-750-per-cent-a-40-month-high/article65501027.ece>
- **SBI Card: Board approves raising up to Rs 2,500 crore through NCDs:** SBI Cards and Payment Services (SBI Card) on Monday said its board has approved a proposal to raise Rs 2,500 crore by issuing non-convertible debentures (NCDs) to fund business growth. The fund would be raised in one or more tranches, SBI Card said in a regulatory filing. The NCD issuance would be done on a private placement basis, it added. Shares of SBI Cards and Payment Services closed at Rs 773.95 apiece, up 0.09 per cent on the BSE.  
[https://www.business-standard.com/article/finance/sbi-card-board-approves-raising-up-to-rs-2-500-crore-through-ncds-122060600662\\_1.html](https://www.business-standard.com/article/finance/sbi-card-board-approves-raising-up-to-rs-2-500-crore-through-ncds-122060600662_1.html)
- **Banks see pick-up in capex loans:** With an uptick in demand for project finance from late last year, bankers believe need for long-term funds should rise by anywhere between 12-15% this year. Bank credit deployed in the infrastructure segment rose 10.2% year-on-year in April 2022, with roads, telecommunications and power leading the pack. The outstanding credit to this space, towards the end of March was Rs 12 trillion, according to Reserve Bank of India (RBI). Consequently, banks are now gearing up to meet demand for infrastructure projects in FY23, which they expect will be an even better year for the segment. Much of the demand in the infra segment is coming from large conglomerates in segments like roads, ports, airports, renewable energy, data centres and gas pipelines.  
<https://www.financialexpress.com/industry/banking-finance/banks-see-pick-up-in-capex-loans/2549478/>



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- **LIC scrip slides below ₹800-mark:** Shares of Life Insurance Corporation of India slipped below the ₹800-mark on Monday and hit the lowest level since listing on the bourses last month. Scrip of the life insurance behemoth hit an all-time low of ₹774.5 apiece on the BSE on Monday, before closing 2.86 per cent lower at ₹777.4 apiece. On the NSE, the insurer's scrip fell to a 52-week low. It plunged 2.97 per cent to close at ₹776.5 apiece.  
<https://www.thehindubusinessline.com/markets/lic-scrip-slides-below-800-mark/article65500258.ece>
- **Sensex recovers 380 pts to end flat, Nifty hovers around 16,600:** The BSE Sensex closed at 55,675.32, down 93.91 points or 0.17 per cent. It recorded an intraday high of 55,832.28 and a low of 55,295.74. The Nifty 50 closed at 16,569.55, down 14.75 points or 0.09 per cent. It recorded an intraday high of 16,610.95 and a low of 16,444.55. Bajaj Auto, JSW Steel, Tata Consumer, ONGC and Apollo Hospitals were the top gainers on the Nifty 50, while Shree Cement, BPCL, Asian Paints, Ultratech Cement and Hero Motocorp were the top losers.  
<https://www.thehindubusinessline.com/markets/sensex-recovers-380-pts-to-end-flat-nifty-hovers-around-16600/article65500102.ece>
- **Rupee edges up to 77.64 against dollar:** The rupee appreciated 4 paise to 77.62 against the US dollar in opening trade on Monday, supported by a weak American currency in the overseas markets. However, muted domestic equities, elevated crude oil prices and persistent foreign fund outflows restricted the rupee's rise, forex traders said. At the interbank foreign exchange, the rupee opened slightly strong at 77.65 against the American dollar and quoted at 77.64, up by 32 paise from the last close. In the previous session, the rupee had settled at 77.66 against the US dollar.  
<https://www.thehindubusinessline.com/markets/forex/rupee-edges-up-to-7764-against-dollar/article65499967.ece#:~:text=The%20rupee%20appreciated%204%20paise,rupee's%20rise%2C%20forex%20traders%20said.>

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