



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

June 10, 2022

- **SBI steps up infra financing on signs of private capex pickup:** State Bank of India (SBI), the country's largest lender, has doubled down on loans to the infrastructure segment comprising roads, ports and power in FY22, amid renewed demand for credit from private companies. In FY22, about 10% of all new loans from the lender by value were towards the infrastructure segment, as against 3% in the previous financial year, showed Basel III disclosures by the bank. SBI's exposure to all industries increased by ₹3.5 trillion in FY22—both fund-based and non-fund based – of which incremental loans to the infrastructure sector were at ₹34,167 crore. In the previous financial year, SBI's exposure to all industries rose ₹1.5 trillion from FY20, of which infrastructure loans accounted for ₹4,614 crore.
<https://www.livemint.com/industry/banking/sbi-steps-up-infra-financing-on-signs-of-private-capex-pickup-11654627041636.html>
- **PSBs to focus on 3-yr roadmap to support SMEs, farming under EASE reforms:** Public sector banks (PSBs) would focus on a specific three-year strategic roadmap, and emphasize on supporting small businesses and agriculture under the Enhanced Access and Service Excellence (EASE) reforms agenda. The next set of reforms EASENext would consist of two key initiatives. One will include common PSB reforms agenda EASE 5.0, and another with a bank specific strategic three-year roadmap based on the individual lender's business priorities. Under EASE 5.0, PSBs will continue to invest in new-age capabilities and respond to evolving customer needs, changing competition, and adoption of newer technologies. The next edition of the PSB reforms agenda will also focus on digital customer experience, integrated and inclusive banking, with emphasis on supporting small businesses and agriculture.
https://www.business-standard.com/article/finance/psbs-to-focus-on-3-yr-roadmap-to-support-smes-farming-under-ease-reforms-122060801191_1.html
- **Yes Bank to exit rescue plan, seeks nod for a new board:** Two years after the government and the Reserve Bank of India (RBI) put in place a special plan to rescue Yes Bank Ltd, the private sector lender is now set to exit the reconstruction scheme. Following the significant progress in turning around the bank, the board of directors, appointed under the scheme, on Wednesday recommended setting up of an alternative board and sought shareholders' approval. The proposal will be taken up at the bank's annual general meeting on 15 July. "On the back of Yes Bank's turnaround and having achieved significant progress after the implementation of the Yes Bank reconstruction scheme in March 2020, the board of directors has recommended its shareholders, the formation of an alternative board in line with the directions of the scheme," it said in a statement.
<https://www.livemint.com/industry/banking/yes-bank-to-exit-rescue-plan-seeks-nod-for-a-new-board-11654706790923.html>
- **Outstanding credit cards grow 21% YoY in April: Report:** Outstanding credit cards in the system in April grew 20.7% year-on-year to 75.2 million, the highest in the past 25 months, according to Digital Payments tracker report from Motilal Oswal Financial Services Ltd. (MOFSL). Cards issued by Kotak Mahindra Bank reported a strong growth of 48.5%, followed by those by Axis Bank (+28.6%), RBL Bank (+24.9%), and International Investment Bank (+24.2%). American Express and CITI saw an 11% and 3% decline, respectively. ICICI Bank and Axis Bank also reported an increase in market share. HDFC Bank continues to be the largest player of the Indian credit card market, with a share of 22.7%.



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<https://www.livemint.com/industry/banking/outstanding-credit-cards-grow-21-yoy-in-april-report-11654753930836.html>

- **HDFC Bank asks HDFC to cut exposure to loans that could become an irritant in their merger** : As the merger of HDFC Bank with mortgage lender HDFC shapes up, the duo are working out the modalities for a smooth amalgamation and making sure that the behemoth is birthed without any irritant. According to a moneycontrol report, HDFC Bank, India's largest private sector lender, has requested its parent Housing Development Finance Corporation (HDFC) to reduce exposure to a certain category of loans that the Reserve Bank of India (RBI) doesn't allow for banks. These are mostly short-term loans that include certain corporate loans and loans to developers. It is estimated that the current value of these loans of HDFC's books is around Rs 20,000-25,000 crore, part of which will get extinguished over the next few quarters, the report added.
<https://economictimes.indiatimes.com/industry/banking/finance/banking/hdfc-bank-asks-hdfc-to-cut-exposure-to-loans-that-could-become-an-irritant-in-their-merger/articleshow/92100716.cms>
- **RBI cancels certificate of registration of 3 NBFCs**: The Reserve Bank of India on Thursday said it has cancelled certificate of registration (CoR) of three NBFCs, including two housing finance companies. In another statement, it said two Non-Banking Financial Companies (NBFCs) have surrendered their certificate of registration. CoR of Noida-based Malik Motor Finance Limited has been cancelled. Housing finance companies whose registrations have been cancelled are -- Aizawl-based North East Region Housing Finance Company Limited and Gurgaon-based Aryarth Housing Finance Limited.
<https://economictimes.indiatimes.com/industry/banking/finance/banking/rbi-cancels-certificate-of-registration-of-3-nbfc/articleshow/92111185.cms>
- **Sundaram Finance hikes deposit rates across tenors**: Chennai-based non-banking finance company Sundaram Finance has increased the interest rates on deposits across tenors with effect from June 10. According to the revised rates, the interest on a 12-month regular deposit has been fixed at 6 per cent as against 5.5 per cent earlier, while the deposit rate for 24 months has been increased to 6.30 per cent (from 5.90 per cent). Interest rates on 36-month deposits have been fixed at 6.65 per cent (from 6.05 per cent).
[https://www.thehindubusinessline.com/money-and-banking/sundaram-finance-hikes-deposit-rates-across-tenors/article65511012.ece#:~:text=According%20to%20the%20revised%20rates,\(from%205.90%20per%20cent\).](https://www.thehindubusinessline.com/money-and-banking/sundaram-finance-hikes-deposit-rates-across-tenors/article65511012.ece#:~:text=According%20to%20the%20revised%20rates,(from%205.90%20per%20cent).)
- **Karnataka Bank hikes deposit rates**: Karnataka Bank Ltd has increased interest rates on its domestic and NRE rupee term deposits for amounts ranging from ₹2 crore and up to ₹10 crore. A statement said the bank has increased the interest rate by 10 basis points (bps) for deposits of one to two years. For deposits above two to five years, the interest rate has been increased by 20 bps. Accordingly, the rate of interest for one- to two-year deposits will be 5.35 per cent per annum. For deposits of two to five years and between five to 10 years, the rate of interest will be 5.60 per cent per annum and 5.70 per cent per annum, respectively. The above rates are effective from June 10.
<https://www.thehindubusinessline.com/money-and-banking/karnataka-bank-hikes-deposit-rates/article65510737.ece#:~:text=Accordingly%20the%20rate%20of%20interest,are%20effective%20from%20June%2010.>
- **KVG Bank enrolls 44,036 accounts in a single day under Atal Pension Yojana** : Karnataka Vikas Grameena Bank (KVGGB), a regional rural bank (RRB) sponsored by Canara Bank, has set a record by enrolling 44,036 accounts under the Atal Pension Yojana (APY) in a single day, according to P Gopi Krishna, Chairman. Declaring this achievement in Dharwad, he said the bank has jurisdiction over Dharwad, Gadag, Haveri, Belagavi, Vijayapura, Bagalkote, Uttara Kannada, Udipi and Dakshina Kannada districts in Karnataka, with a branch network of 629.



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<https://www.thehindubusinessline.com/news/kvg-bank-enrols-44036-accounts-in-a-single-day-under-atal-pension-yojana/article65510212.ece>

- **Delhi Metro invites bids from banks for Rs 2,700-crore loan:** Delhi Metro Rail Corporation has invited bids from 18 banks to raise a loan of Rs 2,700 crore. The money will be used to settle dues owed to Reliance Infrastructure subsidiary DAMEPL. The Supreme Court upheld an arbitration award in favour of the Anil Ambani-backed infrastructure company in a case related to the Airport Metro Express Line project. DMRC has already paid Rs 2,444.87 crore to DAMEPL, pursuant to court orders. DMRC had written to 18 banks to submit their bids by end of May, but the deadline to submit the bids was later extended to June 10. The DMRC letter has gone to SBI, Axis Bank, Bank of Baroda, Bank of India, Canara bank, HDFC, ICICI, Kotak, and PNB among others.
<https://www.thehindubusinessline.com/money-and-banking/delhi-metro-invites-bids-from-banks-for-2700-crore-loan/article65510787.ece>
- **RBI to soon come out with regulatory architecture for digital lending platforms:** The Reserve Bank of India (RBI) will soon come out with a broad regulatory architecture to address the challenges posed by digital lending platforms, according to Governor Shaktikanta Das. "... I think, very soon we will be coming out with a broad regulatory architecture which should be able to address the challenges that we are confronted with, with regard to lending through digital platforms, many of which are unauthorised, unregistered and, should I say, illegal," Das said in his address on the occasion of iconic week of Azadi ka Amrit Mahotsav celebrations organised by the Central Board of Indirect Taxes and Customs.
<https://economictimes.indiatimes.com/industry/banking/finance/rbi-to-soon-come-out-with-regulatory-architecture-on-digital-lending-platforms/articleshow/92104862.cms>
- **Europe's central bank to hike rates in July, 1st in 11 years:** The European Central Bank will raise interest rates next month for the first time in 11 years and add another hike in September, catching up with other central banks worldwide as they pivot from supporting the economy during the Covid-19 pandemic to squelching soaring inflation. The surprise move on Thursday marks a turning point after years of extremely low interest rates but faces risks from weakening prospects for economic growth. Russia's war in Ukraine has sent shock waves through the global economy, particularly as energy prices have soared and clobbered Europe, which relies on Russian oil and natural gas. "Russia's unjustified aggression towards Ukraine continues to weigh on the economy in Europe and beyond," bank President Christine Lagarde told reporters. The war is "disrupting trade, is leading to shortages of materials and is contributing to high energy and commodity prices".
<https://www.thehindubusinessline.com/money-and-banking/europes-central-bank-to-hike-rates-in-july-1st-in-11-years/article65511714.ece#:~:text=The%20European%20Central%20Bank%20will,pandemic%20to%20squelching%20soaring%20inflation.>
- **Over 1.18 crore payment devices deployed across country till April: RBI data:** More than 4.11 lakh PoS, mobile PoS and other physical devices were deployed across the country under the Payments Infrastructure Development Fund (PIDF) scheme as on April 30, 2022, the RBI said on Thursday. Besides, 1,14,05,116 digital devices, including inter-operable QR code-based payments such as UPI QR, Bharat QR, were deployed under the scheme. The PIDF scheme, operationalised by the Reserve Bank from January 2021, subsidises deployment of Points of Sale (PoS) infrastructure (physical and digital modes) in tier-3 to tier-6 centres and northeastern states of the country.
<https://bfsi.economictimes.indiatimes.com/news/industry/over-1-18-crore-payment-devices-deployed-across-country-till-april-rbi-data/92117131#:~:text=Exclusive-Over%201.18%20crore%20payment%20devices%20deployed%20across%20country%20till%20April,were%20deployed%20under%20the%20scheme.>



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- **Banks to report borrowers not cooperating in forensic audits:** Borrowers who won't cooperate in their forensic audits will now be reported to all banks. The move comes as lenders want to speed up the forensic audit while preventing such borrowers from taking any more loans from other banks. According to an official, who did not wish to be identified, banks have agreed to update the status of such borrowers in the Central Repository of Information on Large Credits (CRILC) constituted by the sector regulator, Reserve Bank of India. "Banks can take a decision based on this information and decide not to lend until the borrower gets a clean chit," he said.
<https://economictimes.indiatimes.com/industry/banking/finance/banking/banks-to-report-borrowers-not-cooperating-in-forensic-audits/articleshow/92113412.cms>
- **PSBs now look to move out of Hong Kong on bleak prospects:** Public sector banks are slowly moving out of Hong Kong as tougher regulations, losses on trade financing business and Covid-related restrictions have diminished the importance of the island city, which was once a premier global financing hub. Out of the eight public sector banks operating in Hong Kong, four have already closed or are at different stages of closing. Three others are contemplating the future of their operations post-Covid. It is likely that the State Bank of India (SBI) will be the only public sector bank remaining in Hong Kong along with HDFC Bank and ICICI Bank.
<https://economictimes.indiatimes.com/industry/banking/finance/banking/psbs-now-look-to-move-out-of-hong-kong-on-bleak-prospects/articleshow/92113814.cms>
- **Banks take a cue from RBI, hike lending rates:** ICICI Bank, Bank of Baroda, Punjab National Bank and Bank of India are among the leading local lenders that Thursday raised their external reference benchmarks, used largely for pricing retail loans, a day after Reserve Bank of India increased its key rate for the second time in as many months to restrain inflation. About half of the country's outstanding banking credit is linked to external rates. These banks raised their respective external benchmark lending rates (EBLR) by 50 basis points (bps), matching the latest increase in the repo, or the rate at which RBI lends short-term funds to commercial banks. One basis point is 0.01 percentage point. ICICI Bank's EBLR now stands at 8.6%, up from 8.1% before. "ICICI Bank External Benchmark Lending Rate (I-EBLR) is referenced to the RBI policy repo rate, with a mark-up over the repo rate," the bank said on its web site.
<https://economictimes.indiatimes.com/industry/banking/finance/banking/banks-take-a-cue-from-rbi-hike-lending-rates/articleshow/92115470.cms>
- **Rupee closes at an all-time low; tests 77.80 per dollar in intraday trade:** The rupee closed at an all-time low of 77.7650 per dollar on Thursday due to demand for the greenback from oil marketing companies and foreign portfolio investors. The Indian unit weakened notwithstanding central bank intervention. On Wednesday, it had closed at 77.73 per dollar. The rupee opened weaker at 77.75. However, it drifted lower on persistent dollar demand from oil marketing companies, testing an all-time intraday low of 77.8025.
<https://www.thehindubusinessline.com/markets/forex/rupee-closes-at-an-all-time-low-tests-778025-per-dollar-in-intraday-trade/article65511538.ece#:~:text=The%20rupee%20closed%20at%20an,weakened%20notwithstanding%20central%20bank%20intervention.>
- **Sensex, Nifty erase losses to trade flat intraday:** At 1:01 pm, the BSE Sensex was trading at 54,920.99, up 28.5 points or 0.05 per cent. It recorded an intraday high of 55,106.53 and a low of 54,507.41. The Nifty 50 was trading at 16,353.10, down 3.15 points or 0.02 per cent. It recorded an intraday high of 16,420.40 and a low of 16,243.85. Dr Reddy, BPCL, Reliance, ONGC and Eicher Motor were the top gainers on the Nifty 50 while Tata Steel, Shree Cement, Tata Motors, Hindalco and Grasim were the top losers.
<https://www.thehindubusinessline.com/markets/stock-markets/sensex-nifty-erase-losses-to-trade-flat-intraday/article65509984.ece>



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