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COST ACCOUNTANTS OF INDIA**
(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 11, 2022

- **SBI board approves raising up to \$2 billion via bonds in FY23:** The country's largest lender SBI on Tuesday said its board has approved raising up to \$2 billion (about Rs 15,430 crore) from the overseas market during the current fiscal to fund foreign business growth. The central board has approved raising of funds through single or multiple tranches, SBI said in a regulatory filing. The long-term funds of up to \$2 billion would be raised through a public offer and/or private placement of senior unsecured notes in US dollar or any other convertible currency during 2022-23, it added.
<https://www.moneycontrol.com/news/business/sbi-board-approves-raising-up-to-2-billion-via-bonds-in-fy23-8484281.html>
- **SBI hikes interest rates on bulk term deposits:** State Bank of India (SBI) has sharply upped Interest rates on Domestic Bulk Term deposits (₹2 crore and above) by 40-90 basis points with effect from May 10, 2022. This comes in the backdrop of the bank revising its marginal cost of funds based lending rate (MCLR) upwards by 10 basis points across the board last month and the RBI upping the policy repo rate by 40 basis points from 4 per cent to 4.40 per cent with effect from May 4, 2022. India's largest bank has effected the maximum increase of 90 basis points in interest rate each on deposits in two tenors - 3 years to less than 5 years, and 5 years and up to 10 years. Deposits in both these tenors will now earn 4.5 per cent interest against 3.6 per cent earlier.
<https://www.thehindu.com/business/sbi-hikes-interest-rates-on-bulk-term-deposits-by-40-90-bps/article65402157.ece>
- **Bank of Maharashtra launches lead engagement app, digital KCC:** Bank of Maharashtra (BoM) has launched a clutch of digital products, including for lead engagement and direct sales, and Kisan Credit Card (KCC), as part of its strategy to harness digital banking channels to the optimum level. The Pune-headquartered public sector bank has rolled out 'Mahabank Leads' application for improved customer engagement and direct sales of various loan products. The digital Mahabank Kisan Credit Card (MKCC) facility is aimed at providing adequate and timely credit support to farmers via hassle free digital journey, per the bank's statement.
<https://www.thehindubusinessline.com/money-and-banking/bank-of-maharashtra-launches-lead-engagement-app-digital-kcc/article65401014.ece>
- **ICICI Bank ties up with Santander for India-UK business ease:** One of India's leading private sector banks, ICICI Bank, on Tuesday announced a tie-up with Santander bank in Britain in a pact aimed at facilitating the banking requirements of corporates operating across both countries. The memorandum of understanding (MoU) between ICICI and Santander UK Plc, signed in Mumbai, is designed to establish a framework of partnership between the banks to meet the financial service requirements of corporate customers operating within the India-UK corridor. ICICI Bank said it will provide banking solutions across trade, cross-border payments, supply chain, treasury solutions and



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retail banking to the UK corporates operating in India and Santander UK will support Indian corporates and new age businesses for their banking requirements in the UK.

<https://economictimes.indiatimes.com/industry/banking/finance/banking/icici-bank-ties-up-with-santander-for-india-uk-business-ease/articleshow/91465657.cms>

- **Motovolt Mobility, HDFC Bank to offer EMI schemes for purchase of e-cycles:** Motovolt Mobility, an electric mobility company, has tied up with HDFC Bank to offer easy EMI schemes for purchase of a wide range of e-cycles. According to Manohar Bethapudi, Head – Growth & Corporate Strategy, Motovolt Mobility, this will encourage more people to opt for electric mobility. “In current times when fuel prices are on the rise, e-cycles are a perfect solution for a cleaner and more cost-effective ride. The price range of the products — along with accessories — would be between ₹27,000 and ₹40,000 with options to customise as per the need,” he said in a press statement.
<https://www.thehindubusinessline.com/companies/motovolt-mobility-hdfc-bank-to-offer-emi-schemes-for-purchase-of-e-cycles/article65401021.ece>
- **Analysts go cautious on NBFCs after irregularities come up:** A shadow of doubt has been cast over the NBFC sector after recent disclosures of irregularities in some accounts, particularly post the Covid-led restructuring. Late on Friday, Brookfield-backed Indostar Capital said preliminary findings of consultancy firm EY have found deviations in the loan approval, foreclosure and restructuring in the company's commercial vehicle loan accounts. On Monday, Can Fin Homes, the NBFC arm of Canara Bank disclosed that it had unearthed 37 accounts with fake income-tax returns and declared them as fraud and non-performing assets (NPAs). Though the company clarified that the total amount impacted was less than ₹4 crore, the fact that Canara Bank had sent a team to support Can Fin Homes in risk, audit and general admin after this discovery has raised eyebrows.
<https://economictimes.indiatimes.com/industry/banking/finance/banking/analysts-go-cautious-on-nbfc-after-irregularities-come-up/articleshow/91451847.cms>
- **Banks weighing central database of fraud attempts:** Banks are looking to set up a central database of borrowers who have attempted fraud. The database may also have details about those clients who withheld information or manipulated their books in order to secure lending from different lenders. A senior bank executive said such a database will be on lines of the Central Fraud Registry (CFR) set up by the Reserve Bank and will have participation from both public and private banks. "Some preliminary discussions have taken place, we are yet to finalise the structure," he said. Under existing norms, banks need not report cases of attempted frauds to RBI but they need to place the report on individual cases of attempted fraud involving an amount of ₹1 crore and above before the audit committee of their board.
<https://economictimes.indiatimes.com/industry/banking/finance/banking/banks-weighing-central-database-of-fraud-attempts/articleshow/91451532.cms>
- **LIC IPO: Grey market premium tumbles 90% from high:** As the much buzzed initial public offering (IPO) of Life Insurance Corporation of India (LIC) closed for subscription on Monday, demand for its shares in the grey market nosedived. In the unofficial market, shares of LIC were exchanging hands at a minuscule premium of Rs 8-10 per share over the issue price, which is 90 per cent below the



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premium of Rs 100-105 per share it was commanding a week earlier. Dealers tracking the grey market said lower participation from big investors and muted market sentiments are hammering LIC's listing prospects.

<https://economictimes.indiatimes.com/markets/ipos/fpos/lic-ipo-grey-market-premium-tumbles-by-90-after-issue-closes/articleshow/91468591.cms>

- **Post-listing, LIC Board will continue to be professionally managed: Govt:** Insurance behemoth Life Insurance Corporation (LIC) has a competent Board that would continue to be run professionally post its upcoming listing as well and instances of its decision making at the behest of government are unlikely to arise, top Finance Ministry officials have assured. There is no reason to hold any suspicion or perception that the government, by virtue of its dominant shareholding (96.5 per cent post IPO), would interfere in the investment decisions of LIC or nudge it to divert some of its premiums to serve the interest of the State (country) rather than pursue its profitability, they said. "See, even earlier (before IPO), LIC was being managed through a professional board. It is not that as is being hinted that certain decisions were being taken at the behest of the government. I would totally deny that. At least I am not aware of that," Sanjay Malhotra, Secretary, Department of Financial Services, said.
<https://www.thehindubusinessline.com/money-and-banking/no-govt-interference-lic-board-to-continue-to-be-professionally-run-post-listing-says-dfs-secretary-malhotra/article65400969.ece>
- **G-Sec prices jump more than a rupee:** Prices of government securities (G-Secs) rallied by more than a rupee on Tuesday on short covering due to expectations that the Reserve Bank of India may either buyback G-Secs or do 'Operation Twist' to soften yields. G-Sec yield had risen quiet sharply after the RBI upped the repo rate by 40 basis points last week. From the government point of view, G-Sec yields need to thaw as it has a huge borrowing programme of ₹14.31-lakh crore in FY23. Else, it will have to pay more to raise resources.
<https://www.thehindubusinessline.com/money-and-banking/g-sec-prices-jump-more-than-a-rupee/article65401806.ece#:~:text=G%2DSec%20prices%20crash%2C%20yields,previous%20close%3A%20%E2%82%B993.69>
- **State-enacted moneylending laws do not apply to RBI-registered NBFCs, says Supreme Court:** In a significant ruling, the Supreme Court has held that state enactments regulating the business of moneylending would have no application on non-banking finance companies (NBFCs) registered with, and regulated by, the Reserve Bank of India (RBI). The apex court has, in the matter of Nedumpilli Finance Company vs State of Kerala and several other civil appeals, held in its final judgment that Chapter III-B (dealing with NBFCs in RBI Act) is a complete code in itself as regards regulation of NBFCs. In addition to this, the RBI Act has provisions which override other state laws.
<https://www.thehindubusinessline.com/money-and-banking/state-enacted-moneylending-laws-do-not-apply-to-rbi-registered-nbfc-says-supreme-court/article65401870.ece>
- **BharatPe initiates action against Ashneer Grover, sacks several employees:** Fintech unicorn BharatPe has initiated action against its former founder and MD Ashneer Grover to claw back his restricted shares as per the shareholders' agreement. In a statement the company said, it will take all steps to enforce its right under the law. BharatPe has also terminated the services of several employees in



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departments who were directly involved with the vendors found involved in malpractices. The company did not disclose the number of employees affected by this move. If required, the company will also be filing criminal cases against some of them for the “misconduct and act of cheating committed by them against the company.”

<https://www.thehindubusinessline.com/money-and-banking/bharatpe-initiates-action-against-ashneer-grover-sack-several-employees/article65400848.ece>

- **Bajaj Finance raises interest rates on fixed deposits by up to 10 bps:** Consumer financier Bajaj Finance has raised interest rates by up to 10 basis points on its fixed deposits (up to Rs 5 crore) for tenor between 36 months to 60 months, effective May 10. The revised interest rates will be applicable to fresh deposits as well as renewals of maturing deposits. Accordingly, deposits between 36 to 60 months will earn a return of 7 per cent. Deposits between 12 – 23 months will continue to fetch interest of 5.75 per cent, while deposits between 24 – 35 months will earn an interest rate of 6.40 per cent, as was the case earlier. For senior citizens, the interest rate will be 25 basis points higher in each category. The lender has come up with special interest rates for its fixed deposits, wherein the depositor can earn 7.20 per cent interest rate for a tenor of 44 months. Senior citizens can earn 7.45 per cent for the same tenor.
https://www.business-standard.com/article/finance/bajaj-finance-raises-interest-rates-on-fixed-deposits-by-upto-10-bps-122051000529_1.html
- **Rupee surges 20 paise against US dollar in early trade:** The rupee surged 20 paise to 77.24 against the US dollar in early trade on Tuesday, as a firm trend in domestic equity markets and receding global crude prices boosted investor sentiment. Besides, a weak American currency against its global rivals also helped the domestic unit, forex traders said. However, rising concerns over higher interest rates and weakness in global economic growth kept the appreciation bias in check, they added.
<https://www.thehindu.com/business/markets/rupee-surges-20-paise-against-us-dollar-in-early-trade/article65400454.ece#:~:text=The%20rupee%20surged%2020%20paise,domestic%20unit%2C%20Forex%20traders%20said.>
- **Sensex down 106 points at closing, Nifty ends below 16,300:** The BSE Sensex closed at 54,364.85, down 105.82 points or 0.19 per cent. It recorded an intraday high of 54,857.02 and a low of 54,226.33. The Nifty 50 closed at 16,240.05, down 61.80 points or 0.38 per cent. It recorded an intraday high of 16,404.55 and a low of 16,197.30. Hindustan Unilever, Asian Paints, IndusInd Bank, Ultratech Cement and Eicher Motor were the top gainers on the Nifty 50 while Coal India, Tata Steel, ONGC, JSW Steel and Hindalco were the top losers.
<https://www.thehindubusinessline.com/markets/sensex-down-106-points-at-closing-nifty-ends-below-16300/article65401034.ece>

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