



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

June 11, 2022

- **RBI asks small finance banks to focus on increasing capital base:** The Reserve Bank on Friday asked small finance banks (SFBs) to continue to evolve in tune with the differentiated banking licence given to them with proportionate growth in their capital base. In a statement, the RBI said deputy governors M K Jain and M Rajeshwar Rao held discussion with Managing Directors (MDs) and Chief Executive Officers (CEOs) of SFBs. Earlier in the meeting with heads of SFBs held in August last year, evolution of their business model and the need for enhancing board oversight and professionalism, improving assurance functions and augmenting IT infrastructure, taking into account the stress build-up due to COVID-19 along with requisite mitigation measures, were discussed. "In the meeting held today (Friday), the emphasis on according due importance to these themes for sustainable growth of SFBs, particularly their business model and governance, was reiterated after taking stock of the developments in the sector," RBI said.  
<https://economictimes.indiatimes.com/industry/banking/finance/banking/rbi-asks-small-finance-banks-to-focus-on-increasing-capital-base/articleshow/92131239.cms>
- **Govt likely to invite preliminary bids for IDBI Bank next month: Official:** The government is likely to invite preliminary bids for privatising IDBI Bank by July-end, an official said. The Department of Investment and Public Asset Management (DIPAM) is currently holding roadshows in the US for the sale. After a few more such investor meets, it will finalise the contours of the sale, the official added. "We may need one more round of discussion with RBI on IDBI strategic sale. The expression of interest (EoI) may be invited by July-end," the official said. The government holds 45.48 per cent stake in the bank, while LIC owns 49.24 per cent. The official said while the quantum of stake dilution of both the government and LIC is yet to be decided, the management control in IDBI Bank will be transferred in the strategic sale.  
<https://economictimes.indiatimes.com/markets/stocks/news/govt-likely-to-invite-preliminary-bids-for-idbi-bank-privatisation-next-month-official/articleshow/92133842.cms?from=mdr>
- **Govt preparing Cabinet note on cross-border insolvency:** The Ministry of Corporate Affairs is reportedly preparing a Cabinet note on cross-border insolvency, which will be discussed soon by the Union Cabinet, sources told ETNow. As the inter-ministerial consultations are now over, a bill on cross-border insolvency is expected to be introduced in the Monsoon session of the Parliament which will attempt to harmonise insolvency proceedings across jurisdictions; and hence expected to speed up the resolution of cases. The framework will however broaden the scope of debt recovery, give foreign investors more confidence, and make doing business in the country easier.  
<https://economictimes.indiatimes.com/industry/banking/finance/banking/govt-preparing-cabinet-note-on-cross-border-insolvency/articleshow/92126107.cms>
- **RBI's UPI-credit card linking plan is not adding up for banks, fintech:** The central bank's move to open credit card transactions on the Unified Payment Interface—India's preeminent digital payment network—is throwing up a slew of challenges from lack of clarity on merchant discount rates to



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confusion on merchant authentication and know-your-customer (KYC) norms, multiple fintech and banking industry executives told ET. While the announcement—on Wednesday-- by the Reserve Bank of India to permit quick response (QR)-based payments through RuPay cards, which are backed by the National Payment Corporation of India (NPCI), is expected to result in a five-fold increase in credit on the UPI platform, industry sources estimate it will take at least six months for a full roll-out of credit-card based payments.

<https://economictimes.indiatimes.com/tech/technology/rbis-upi-credit-card-linking-plan-is-not-adding-up-for-banks-fintech/articleshow/92113383.cms>

- **No permission required to launch new life insurance products, says IRDAI:** The Insurance Regulatory and Development Authority of India (IRDAI) has allowed life insurance companies to introduce products without taking its prior permission, extending the same relaxation it has given to health and general insurance companies ten days ago. In a notification posted on its website, the IRDAI said life insurance companies could now launch products in the market and later file updates with the regulator. The industry has now matured to a stage where approval for every product is not required, the regulator said. "This move will enable life insurers to launch most of the products (except individual savings, individual pensions and annuity) in a timely manner according to the dynamic needs of the market. This will result in improving ease of doing business for the insurers and also lead to expansion of the choices available to the policyholders," the IRDAI said.  
<https://economictimes.indiatimes.com/industry/banking/finance/insure/no-permission-required-to-launch-new-life-insurance-products-says-irdai/articleshow/92125658.cms>
- **Centre failed to appreciate LIC's real worth, says Kerala's Former Finance Minister:** Former Kerala Finance Minister Thomas Isaac has said customers of the Life Insurance Corporation (LIC) and the nation at large are ultimate losers after its IPO. After all, the insurance behemoth has been distributing 95 per cent of its surplus as bonuses and incentives, or three times more than its rivals in the private sector. Isaac said this while delivering the Sixth Gulati Memorial Lecture organised here on Thursday by think-tank Gulati Institute of Finance and Taxation (GIFT) on 'Liberalisation and privatisation in the financial sector: Case of Life Insurance Corporation of India'.  
<https://www.thehindubusinessline.com/companies/centre-failed-to-appreciate-lics-real-worth-keralas-former-finance-minister/article65513752.ece#:~:text=Thomas%20Isaac%20says%20customers%20and,ultimate%20losers%20after%20its%20IPO.>
- **After June 12 EGM, Dhanlaxmi Bank shareholders' may have to reconvene to put resolution to vote :** The 11 shareholders of Dhanlaxmi Bank who have requisitioned an extraordinary general meeting (EGM) on June 12 for a detailed discussion on the Bank's third-quarter financial position, may have to seek convening of another EGM for passing a resolution on the corrective steps they feel the Bank should take. The EGM notice only seeks a detailed discussion on the financial position of the Thrissur-headquartered Bank concerning the third quarter. There is no resolution that will be put to vote. As per the notice of Dhanlaxmi Bank's June 12 EGM: "The Bank is passing through the financial crisis as is evident from the results for the quarter ended December 31, 2021 and the Cost to Income Ratio has



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risen to an alarming proportion. The Bank does not have any effective control over expenditure, especially Legal and Administrative.

<https://www.thehindubusinessline.com/money-and-banking/after-june-12-egm-dhanlaxmi-bank-shareholders-may-have-to-reconvene-to-put-resolution-to-vote/article65513782.ece>

- **LIC continues to slide as anchor investors' lock-in period comes to an end:** Shares of Life Insurance Corporation of India fell for the ninth straight day and closed 1.7 per cent lower at ₹709.7 apiece on BSE on Friday. On NSE, too, the scrip ended the day 1.7 per cent lower at ₹709.4. The 30-day lock-in period for anchor investors of LIC is set to end in a few days, which would enable them to sell shares in the open market. LIC shares are down 25 per cent from their issue price of ₹949 apiece. The market capitalisation of the insurance behemoth has also fallen to just ₹4.48-lakh crore on BSE against its market capitalisation of ₹5.53-lakh crore on the day of its listing on May 17.  
<https://www.thehindubusinessline.com/markets/stock-markets/lic-continues-to-slide-as-anchor-investors-lock-in-period-comes-to-an-end/article65514063.ece>
- **Loan demand not affected by rate hikes for now, say bankers:** Though the impact of rising interest rates is being watched closely by borrowers, especially in mortgages, bankers say demand has not been impacted for now, and note that rates are still below pre-pandemic levels. “Bank credit has grown at 11 per cent, a large part of it led by retail borrowers. In segments such as home loans or loans for essential items such as a refrigerators, interest rates won’t come into play as these are items that are needed. The only thing that could get impacted is discretionary spends,” said Shanti Ekambaram, Group President - Consumer Banking, Kotak Mahindra Bank. Small and medium enterprises also require working capital, she noted. As of now, interest rates have not impacted demand, she said, adding that the longer term impact remains to be seen.  
<https://www.thehindubusinessline.com/money-and-banking/loan-demand-not-affected-by-rate-hikes-for-now-say-bankers/article65513819.ece>
- **‘Interest rates to harden, rupee to remain under depreciating pressure for some time’:** Radha Shyam Ratho, Executive Director, Reserve Bank of India, on Friday said while interest rates are likely to harden in India and the rupee expected to remain under depreciating pressure for some time to come, the country’s robust domestic and external macro-parameters have the ability to cushion the global headwinds and mitigate their impact. This, he said, would provide headroom for monetary and fiscal policies to pursue the national objectives without being affected by the extraneous shocks.  
<https://www.thehindubusinessline.com/money-and-banking/interest-rates-to-harden-rupee-to-remain-under-depreciating-pressure-for-some-time/article65514444.ece>
- **DBS Bank hikes interest rates sharply on fixed deposits (FDs) by 50 bps:** DBS Bank Limited is a Singaporean multinational banking and financial services organisation. The bank has increased interest rates on fixed deposits of less than ₹2 crore by 10 to 50 basis points. The bank issued this announcement on June 10, 2022, and as a result of the modification, the bank is now giving the following rates on fixed deposits of less than ₹2 crore. “DBS Bank India Limited today announced the revision of Fixed Deposit (FD) rates offered by the bank. The upward revision of FD rates ranges from



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10 bps to 50 bps across tenors. In addition, senior citizens will receive 50 bps over and above the new rates for deposits over 6 months," the bank has said in a press release statement.

<https://www.livemint.com/industry/banking/dbs-bank-hikes-interest-rates-sharply-on-fixed-deposits-fds-by-50-bps-11654870209706.html>

- **Dip in LIC share price, a temporary blip: DIPAM Secretary:** The government on Friday expressed concern over fall in share prices of Life Insurance Corporation of India (LIC) and hoped that the insurer's management would look into it. Meanwhile, the government is likely to invite preliminary bids for privatising IDBI Bank by next month. "We are very concerned about the temporary blip in LIC share price. People will take time to understand (fundamentals of) LIC. LIC management will look into all these aspects and will raise the shareholders' value," DIPAM (Department of Investment and Public Asset Management) Secretary Tuhin Kanta Pandey said in an event organised as part of Azadi ka Amrit Mahotsav.  
<https://www.thehindubusinessline.com/companies/dip-in-lic-share-price-a-temporary-blip-dipam-secretary/article65514952.ece>
- **Sensex down over 1,000 points at closing, Nifty around 16,200 amid weak global cues:** The BSE Sensex closed at 54,303.44, down 1016.84 points or 1.84 per cent. It recorded an intraday high of 54,780.78 and a low of 54,205.99. The Nifty 50 closed at 16,201.80, down 276.30 points or 1.68 per cent. It recorded an intraday high of 16,324.70 and a low of 16,172.60. Grasim, Apollo Hospitals, Asian Paints, Divi's Lab and Dr Reddy's were the top gainers on the Nifty 50, while Bajaj Finance, Kotak Bank, HDFC, Hindalco and Reliance were the top losers.  
<https://www.thehindubusinessline.com/markets/sensex-down-over-1000-points-at-closing-nifty-around-16200-amid-weak-global-cues/article65513942.ece>
- **Rupee hits record low of 77.82 against US dollar in early trade:** The rupee depreciated 8 paise to a record low of 77.82 against the US dollar in opening trade on Friday, tracking the strength of the greenback in the overseas market. At the interbank foreign exchange, the rupee opened on a weak note at 77.81 against the American dollar, then lost ground to quote at 77.82 — its all-time low level, registering a fall of 8 paise from the last close. On Thursday, the rupee fell by 6 paise to close at 77.74 against the US dollar.  
<https://www.thehindu.com/business/markets/rupee-updates-on-may-10-2022/article65513454.ece>

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