



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

April 12, 2022

- **Bank of Baroda increases MCLR on loans:** Bank of Baroda (BoB), on Monday, said that it has increased the marginal cost of funds-based lending interest rates on loans by 0.05 percent with effect from April 12, 2022. BoB made this announcement via a regulatory filing with the stock exchanges. Home, auto, and other loans are anticipated to become more expensive as a result of this increase. The overnight, one-month, three-month, and six-month marginal cost of funds-based MCLR rates of Bank of Baroda have all been raised by 0.05 percent to 6.50 percent, 6.95 percent, 7.10 percent, and 7.20 percent, respectively. Similarly, MCLR for tenor of one year stands at 7.35 percent, as per the Bank of Baroda's press release. According to the BSE filing, "We advise that the Bank has approved the review of Marginal Cost of Funds Based Lending Rate (MCLR) w.e. f. 12th April 2022." For existing borrowers, the hike in MCLR will be felt in their EMIs (equated monthly instalment) when the reset date of their home loan arrives.
<https://economictimes.indiatimes.com/wealth/borrow/bank-of-baroda-increases-mclr-on-loans-check-details/articleshow/90778949.cms>
- **RBI: NBFCs-UL, NBFCs-ML to have compliance function by April 1, CCO by Oct 1, 2023:** Non banking finance companies in the Upper Layer and Middle Layer should put in place a board approved policy and compliance function including the appointment of a Chief Compliance Officer latest by April 1, 2023 and October 1, 2023, respectively, the Reserve Bank of India has said. This follows the RBI's guidelines on Scale Based Regulations for NBFCs. "As part of the overall structure for corporate governance, compliance function serves a critical role. Accordingly, it has been decided to introduce certain principles, standards and procedures for Compliance Function in NBFC-UL and NBFC-ML, keeping in view the principles of proportionality," the RBI said in a circular on Monday.
<https://www.thehindubusinessline.com/money-and-banking/rbi-nbfc-ml-to-have-compliance-function-by-april-1-cco-by-oct-1-2023/article65311988.ece>
- **Banks' credit growth nearly doubles in FY22:** Bank credit growth in the preceding fiscal hit 9.6% against a 5.6% growth seen in FY21, data shows. Deposit growth slowed to 8.9% in FY22 from 11.4% in the same period in the corresponding year. According to data released by the Reserve Bank of India (RBI), total bank credit stood at Rs 118.9 lakh crore as on March 25 - the last reporting Friday for FY22. This was a growth of Rs 1.8 lakh crore during the fortnight and Rs 10.4 lakh crore during the financial year, registering a year-on-year growth of 9.6%. A Rs 1.8-lakh-crore surge in lending in mid-March helped banks add Rs 10.4 lakh crore to their loan books in FY22. This is almost double the Rs 5.8-lakh-crore growth registered in FY21. Bank deposits stood at Rs 164.7 lakh crore - an increase of Rs 1.9 lakh crore during the fortnight and Rs 13.5 lakh crore during FY22. The growth in bank deposits during the year was 8.9%.
<https://economictimes.indiatimes.com/industry/banking/finance/banking/banks-credit-growth-nearly-doubles-in-fy22/articleshow/90771419.cms>
- **Eco recovery, improving business confidence to help banks in FY23: Moody's:** Global credit rating agency Moody's expects India's banking sector to stabilise this year riding on a gradual economic recovery, improving consumer and business confidence, decline in bad loan provisions and better margins, despite the uncertainties posed by the Russia-Ukraine conflict. Fundamentals for the sector will improve especially due to India's continuing economic recovery which Moody's expects will grow at 8.4% in the fiscal ended March 2023 down from 9.3% in the year ended March 2022. "Increasing corporate earnings and easing funding constraints for non-



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bank finance companies, which are significant borrowers from banks, will support loan growth. We expect growth in bank loans to accelerate to 12%-13% in fiscal 2023 from 5% in fiscal 2022," Moodys said.

<https://economictimes.indiatimes.com/industry/banking/finance/banking/eco-recovery-improving-business-confidence-to-help-banks-in-fy23-moodys/articleshow/90775118.cms>

- **Decline in bad loans to improve profitability of banks: Report:** Growth in pre-provision earnings and decline in bad loans will improve profitability of banks in the current fiscal, a report said on Monday. Better profitability will offset increases in capital consumption due to an acceleration in loan growth, helping banks across the system maintain capital at current levels, Moody's Investors Service said in a report. Capital ratios at Public Sector Banks (PSBs) have improved in the past year, helped by capital infusions from the government, it said.
<https://economictimes.indiatimes.com/industry/banking/finance/banking/decline-in-bad-loans-to-improve-profitability-of-banks-report/articleshow/90783805.cms>
- **CreditAccess Grameen disbursements up 25% to Rs 2,257 cr in March:** Microfinance lender CreditAccess Grameen on Monday said its total disbursements in March 2022 rose 25 per cent to Rs 2,257 crore. The company's disbursements were of Rs 1,806 crore in the year-ago same month. In February 2022, CA Grameen had disbursed Rs 1,746 crore worth loans. The gross loan portfolio grew 22.2 per cent from a year ago to Rs 16,601 crore in March 2022, the company said in a release. In a break-up, the company said CA Grameen's gross loan portfolio (GLP) was up 21.1 per cent year-on-year to Rs 13,732 crore and for Madura Micro Finance Ltd (MMFL), it rose 27.7 per cent to Rs 2,869 crore.
<https://economictimes.indiatimes.com/industry/banking/finance/banking/creditaccess-grameen-disbursements-up-25-to-rs-2257-cr-in-march/articleshow/90780517.cms>
- **Eight RBI regulated markets to open an hour earlier:** The Reserve Bank of India (RBI) has decided to restore the opening time for regulated financial markets to their pre-pandemic timing of 9:00 a.m with effect from April 18, 2022. The eight RBI regulated markets will open an hour earlier. The trading hours for various markets regulated by RBI were amended with effect from April 7, 2020, from 10 am to 2 pm in view of the operational dislocations and elevated levels of health risks posed by Covid-19. On November 9, 2020, the central bank had prescribed revised amended timing for market trading hours, extending the closing timing by half an hour to one-and-a-half hours for various markets. "With the substantial easing of restrictions on movement of people and functioning of offices, it has now been decided to restore the opening time for regulated financial markets to their pre-pandemic timing of 9 am," RBI said in a statement.
<https://www.thehindubusinessline.com/money-and-banking/eight-rbi-regulated-markets-to-open-an-hour-earlier/article65311579.ece#:~:text=The%20eight%20RBI%20regulated%20markets,risks%20posed%20by%20Covid%2D19.>
- **DHFL Resolution: SC stays NCLAT order, to hear appeals on May 5:** The Supreme Court on Monday stayed the National Company Law Appellate Tribunal's (NCLAT) order that ruled a stipulation in the DHFL resolution plan as "illegal", on recovery of avoidance transactions. A SC bench headed by Chief Justice of India N V Ramana issued a notice on separate appeals filed by the Piramal Group firm as well as some top banks forming part of the Committee of Creditors (CoC) in the erstwhile DHFL's resolution matter. The apex court will now hear the appeals on May 5, the bench said on Monday.
<https://www.thehindubusinessline.com/money-and-banking/dhfl-resolution-sc-stays-nclat-order-to-hear-appeals-on-may-5/article65311055.ece>
- **KKR picks up 9.99 % stake in Shriram General Insurance:** Leading financial services house Shriram Group on Monday said KKR, a leading global investment firm, will acquire a 9.99 per cent stake in Shriram General Insurance, a joint venture between Shriram Capital, the holding company for Shriram Group's financial services



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business and Sanlam Ltd, a leading pan-African financial services group. The acquisition is subject to necessary regulatory approvals. “We are delighted to welcome KKR as our investor, and look to benefit from their global insurance expertise, as well as significant experience taking Indian companies to the next level,” said Anil Kumar Aggarwal, MD & CEO of Shriram General Insurance.

<https://www.thehindubusinessline.com/money-and-banking/kkr-invests-1800-cr-to-pick-up-999-per-cent-stake-in-shriram-general/article65311502.ece>

- **Mashreq NEO, Federal Bank join hands to enable opening of non-resident accounts for Indians in UAE:** Mashreq Neo has tied up with Federal Bank to enable its Indian customers to open non-resident accounts with the private sector lender in India instantly through the Neo app. “In addition to seamless account opening, customers will soon be able to view the balance in their NR accounts with Federal Bank on the Mashreq Neo App, and make instant remittances to India via its Quick Remit facility,” they said in a statement on Monday. “Through this, we will be able to deliver the best banking services to the Indian diaspora in the UAE. Federal Bank has a significant market share in the Non-Resident Indian business and in the Inward Remittances business; with this partnership, the best of all that we have on offer will be available to customers of Mashreq Neo,” said Shalini Warriar, Executive Director, Federal Bank.
<https://www.thehindubusinessline.com/money-and-banking/mashreqneo-federal-bank-join-hands-to-enable-opening-of-non-resident-accounts-for-indians-in-uae/article65311173.ece>
- **Post HDFC twins merger, banks to gain larger home loan market share:** With the country’s largest mortgage financier HDFC Ltd merging with HDFC Bank, banks that are already the dominant players in the home loan segment are likely to gain more market share. A few years ago, housing finance companies (HFCs) had been gaining market share from banks in individual housing loans but it reduced after the IL&FS crisis. According to a recent report from CRISIL, the assets under management of HFCs were ₹13.2-lakh crore as of March 31, 2021. Since HDFC’s AUM of ₹5.69-lakh crore, accounting for 43 per cent of the segment is now getting transferred to HDFC Bank, the proportion of housing loans held by banks will increase further.
<https://www.thehindubusinessline.com/data-stories/post-hdfc-twins-merger-banks-to-gain-larger-home-loan-market-share/article65310880.ece>
- **HDFC-HDFC Bank merger: It’s a wake up call for competition:** The dynamics of market share in the banking sector has come into sharp focus in the wake of announcement of the proposed mega merger of HDFC with HDFC Bank. In this dog-eat-dog world of banking, private sector banks (PVBs) have been relentlessly chipping away at the market share of public sector banks (PSBs) since the turn of the millennium. And the proposed merger of HDFC with HDFC Bank, when it fructifies, will magnify this phenomenon. This may even prompt HDFC Bank’s rivals in the private sector banking space to explore combinations – either between themselves or acquire non-banking finance companies – to bulk up. The merger will reduce the gap in size between HDFC Bank, India’s second-largest bank, and State Bank of India (SBI), the country’s largest bank.
<https://www.thehindubusinessline.com/money-and-banking/hdfc-hdfc-bank-merger-its-a-wake-up-call-for-competition/article65308633.ece#:~:text=Banking%20expert%20V%20Viswanathan%20opined,to%20%E2%80%9Cwake%20up%20now%E2%80%9D>
- **Godrej Industries launches Godrej Capital:** Godrej Industries on Monday announced its foray into the lending business with the launch of Godrej Capital With the aim of building a world class retail financial services business and a near term aim of building a ₹30,000 crore balance sheet by 2026, Godrej Industries Ltd also plans to invest ₹1,500 crore in capital in GCL. “GCL is a subsidiary of GIL and is the holding entity for Godrej Housing Finance (an HFC) and Godrej Finance (an NBFC),” it said in a statement. Godrej Capital currently has operations in Mumbai, Bengaluru, Delhi NCR, Ahmedabad and Pune and will soon be operational in six more cities, including Jaipur, Chandigarh, Hyderabad, Chennai, Indore and Surat. Pirojsha Godrej, Chairman, Godrej Capital, said Godrej



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Capital will form a key pillar in the overall growth of the Godrej Group. “We started with some loans in select geographies in 2020. Having seen strong customer acceptance of our offering, we are very optimistic about the prospects of our financial services venture and will be entering new markets and enhancing our reach across key target sectors and consumer segments,” he said.

<https://economictimes.indiatimes.com/markets/stocks/news/godrej-industries-launches-godrej-capital-to-invest-rs-1500-cr/articleshow/90780337.cms>

- **Non-life insurers report 11% growth in premiums at Rs 2.2 trn in FY22:** After a low single digit growth in FY21, the first full year of Covid-19, the non-life insurance industry reported an 11 per cent growth in premiums to Rs 2.20 trillion in FY22. This compares with a 1.98 trillion worth of premiums collected in FY21. Growth in the non-life sector is also back to pre-Covid levels as in FY20 the industry had posted a growth of 11.7 per cent over the year-ago period. In FY21, the industry's premiums had grown by just 5.2 per cent. General insurers, 25 in total, amassed premiums to the tune of Rs 1.84 trillion in FY22, up 8.79 per cent from year-ago period, with private insurers growing at 12 per cent and state-owned insurers registering a growth of just 4.55 per cent, mainly because of contraction in premiums seen by National Insurance Company and United Insurance Company. On the other hand, New India Assurance reported a growth of over 14 per cent in premiums during the same period.
https://www.business-standard.com/article/companies/non-life-insurers-report-11-growth-in-premiums-at-rs-2-2-trn-in-fy22-122041101132_1.html
- **Sebi comes out with risk management framework for electronic gold receipts:** Capital markets regulator Sebi on Monday put in place an elaborate risk management framework for electronic gold receipts. The watchdog has issued a circular pertaining to Electronic Gold Receipts (EGRs) that covers various aspects, including margin collection, provision of early pay-in of funds for EGR, short-collection or non-collection of client margins, risk reduction mode and settlement. The circular will come into force with immediate effect. In December 2021, the government had notified EGRs as 'securities' under the Securities Contracts (Regulation) Act 1956. The same month, Sebi notified rules for vault managers paving the way for operationalising the gold exchange.
<https://economictimes.indiatimes.com/markets/stocks/news/sebi-comes-out-with-risk-management-framework-for-electronic-gold-receipts/articleshow/90783973.cms>
- **False allegations against officials in Lonavala FIR: Kotak Mahindra Bank:** Private sector lender Kotak Mahindra Bank said that false allegations were levelled against the bank's officials by a borrower while filing a first information report (FIR) with Lonavala Police Station, and the bank had acted in accordance with the prevailing law and processes. A spokesperson said the bank was cooperating with local authorities. “A borrower at our Lonavala Branch has filed an FIR naming Kotak Mahindra Bank officials at the Lonavala Police Station wherein he has made false allegations in the context of his borrowing transactions. The bank acted in accordance with the prevailing law and processes at all times. We are co-operating with the local authorities,” said Rohit Rao, spokesperson, Kotak Mahindra Group.
https://www.business-standard.com/article/finance/false-allegations-against-officials-in-lonavala-fir-kotak-mahindra-bank-122041100487_1.html
- **Exim Bank plans to raise \$3 billion through overseas bonds in FY23:** Export Import (Exim) Bank of India plans to raise around \$3 billion in 2022-23 (FY23) via overseas bonds to support fresh lending and refinance a portion of the old debt. Harsha Bangari, managing director, India Exim Bank, said that treasury rates (yields on government bonds) have started going up in international markets. The bank, said Bangari, will keep an eye on the markets. If the benefit of low cost comes in, the bank will take it. Else the normal borrowing programme will remain. Half the money is to be used for fresh lending and the balance to refinance maturing debt. Last year, the bank tried to refinance high-cost liabilities. The fund costs have come down and extended the duration.



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https://www.business-standard.com/article/finance/exim-bank-plans-to-raise-3-billion-through-overseas-bonds-in-fy23-122041100060_1.html

- **Examine PIL against fit and proper status accorded to IndusInd Bank promoters: HC tells RBI:** The Delhi High Court on Monday asked the Reserve Bank of India (RBI) to look into public interest litigation against the “fit and proper” status accorded to the promoters of Hinduja Group’s IndusInd Bank. A bench headed by Acting Chief Justice Vipin Sanghi directed the RBI to treat as representation the plea by Mahek Maheshwari – a lawyer and communicate its decision to him. “You look into it. He is pointing out several criminal cases. You treat this writ petition as representation,” said the bench also comprising Justice Navin Chawla.
<https://www.financialexpress.com/industry/banking-finance/examine-pil-against-fit-and-proper-status-accorded-to-indusind-bank-promoters-hc-tells-rbi/2488336/>
- **No immediate change to products, Citi tells customers:** Citibank India has written to its consumer clients, seeking to reassure them of there being no immediate change to any products. In a letter dated March 31, the bank told its customers Axis Bank’s acquisition of its consumer businesses is likely to close in the first half of calendar year 2023. It is crucial for Citi to minimise the erosion of its retail customer base during the eight to 12-month transition period, since the agreement with Axis Bank includes clawback terms to account for a higher-than-expected attrition in the foreign lender’s customer and employee base. The deal value of \$1.6 billion (Rs 12,325 crore) is subject to renegotiation in such a scenario. Axis Bank will be shelling out an additional Rs 1,500 crore to pay for the cost of transition, most of which will go to Citi.
<https://www.financialexpress.com/industry/banking-finance/no-immediate-change-to-products-citi-tells-customers/2487374/>
- **10-yr benchmark G-Sec hits almost 3-year high:** Yield of the 10-year benchmark Government security (G-Sec) rose to an almost 3-year high intraday even as the debt market continued to reel under the hawkish tilt of the monetary policy. However, yield of this paper came off to close lower. The yield (coupon rate: 6.54 per cent) rose to 7.1964 per cent intraday, but closed at 7.1486 per cent (previous close: 7.119 per cent). In price terms, this paper closed 20 paise lower at ₹95.76 (₹95.96).
<https://www.thehindubusinessline.com/money-and-banking/10-yr-benchmark-g-sec-hits-almost-3-year-high/article65312051.ece>
- **Nifty below 17,700 at closing, Sensex loses 483 pts:** The BSE Sensex closed at 58,964.57, down 482.61 points or 0.81 per cent. It recorded an intraday high of 59,355.76 and a low of 58,894.40. The Nifty 50 closed at 17,674.95, down 109.40 points or 0.62 per cent. It recorded an intraday high of 17,779.05 and a low of 17,650.95. Grasim, Adani Ports, Cipla, Apollo Hospitals and JSW Steel were the top gainers on the Nifty 50, while HCL Tech L&T, Infosys, Wipro and SBI Life were the top laggards.
<https://www.thehindubusinessline.com/markets/nifty-below-17700-at-closing-sensex-loses-483-pts/article65311131.ece>
- **Rupee settles flat at 75.94 against US dollar:** The rupee pared initial gains to settle almost flat at 75.94 (provisional) against the US dollar on Monday as weak domestic equities negated the impact of easing crude oil prices. At the interbank foreign exchange market, the rupee opened at 75.94 against the American dollar and oscillated between a high of 75.79 and a low of 76.09 during the session. The rupee finally settled at 75.94 against the dollar, down 1 paise from the previous close.
<https://www.thehindubusinessline.com/markets/forex/rupee-settles-flat-at-7594-against-us-dollar/article65311215.ece>



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