



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

January 13, 2022

- **State-run lenders ask private peers to raise bad bank stake:** State-run lenders have asked their private sector counterparts to raise their stake in National Asset Reconstruction Company Ltd (NARCL) and India Debt Resolution Company Ltd (IDRCL). This comes as the government has asked banks to speedily address procedural delays in the functioning of the two entities created for the resolution of distressed assets. Under the twin structure, IDRCL, an asset management company, is mandated to resolve the bad loans acquired by NARCL. Last year in September, the union cabinet had given its approval for guarantees of Rs 30,600 crore to back security receipts issued by NARCL for acquiring stressed loan assets from banks.
<https://economictimes.indiatimes.com/industry/banking/finance/banking/state-run-lenders-ask-private-peers-to-raise-bad-bank-stake/articleshow/88865640.cms>
- **Banks likely to post 36.3% rise in Q3 net profit at Rs 38,153 crore:** The listed banks are likely to post a 36.3 per cent year-on-year (YoY) rise in net profit at Rs 38,153 crore for the December quarter (Q3FY22), helped by a lower provisioning burden for stressed loans. Sequentially, net profits may decline 2.2 per cent from Rs 39,022 crore in Q2FY22, according to Bloomberg's estimates. The projection is based on analysts' assessments covering 19 lenders — six public sector and 13 private banks. Domestic brokerage Motilal Oswal said earnings of private as well public sector banks are likely to pick up, led by a recovery in business/fee income and a gradual reduction in credit costs.
https://www.business-standard.com/article/finance/banks-likely-to-post-36-3-rise-in-q3-net-profit-at-rs-38-153-crore-122011200044_1.html
- **Axis Bank partners MinkasuPay for seamless net banking experience:** Axis Bank, India's third-largest private sector bank, today announced its partnership with MinkasuPay to offer the smoothest net banking payment experience for its customers through a biometric authentication solution. Transaction time will reduce from the current 50-60 seconds to just 2-3 seconds with Fingerprint or Face ID authentication while increasing success rates significantly. In a continuous effort to provide hassle-free digital payment solutions to its customers, Axis Bank, through this partnership with MinkasuPay, will enable customers to make net banking payments in merchant apps using Fingerprint or Face ID, without the need of usernames, passwords, and OTPs. This will enhance user experience while bolstering security and reducing cyber-fraud.
https://www.business-standard.com/article/finance/axis-bank-partners-minkasupay-for-seamless-net-banking-experience-122011200286_1.html
- **Federal Bank gets board approval to raise up to Rs 700 cr through bonds:** Federal Bank on Wednesday said it has received approval from its board of directors to raise up to Rs 700 crore by issuing bonds on a private placement basis. The board of directors of the bank at its meeting held on Wednesday has approved the issuance of unsecured Basel-III tier-II subordinate bonds in the nature of



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debentures, amounting up to Rs 700 on a private placement basis, Federal Bank said in a regulatory filing.

https://www.business-standard.com/article/finance/federal-bank-gets-board-approval-to-raise-up-to-rs-700-cr-through-bonds-122011200730_1.html

- **High NPAs, joblessness, inflation a worry in rural areas; biz confidence index at 63.9%: Report:** Delinquency rates on rural loans have deteriorated in the two years to June 2021, with the microfinance books showing the maximum stress despite a reduction in loans outstanding, a credit information company said on Wednesday. The inaugural Rural Business Confidence Index (RBCI) prepared by Crif High Mark in association with industry lobby CII came at 63.9 per cent for October, and the positives included credit expansion, higher budget allocations for rural areas and survey participants having positive or neutral outlooks. Delinquency by value deteriorated by 0.5 per cent for rural retail credit, 2.8 per cent for microfinance and 0.2 per cent for rural commercial between June 2019 and June 2021, the report said.
<https://economictimes.indiatimes.com/news/economy/indicators/high-npas-joblessness-inflation-a-worry-in-rural-areas-biz-confidence-index-at-63-9-report/articleshow/88857582.cms>
- **Banks brace for stress in MSME books as recast window shuts:** Banks are closely watching their micro, small and medium enterprises (MSME) portfolio for signs of stress after the deadline for implementation of the latest Reserve Bank of India (RBI) restructuring plan ended in December. These companies are anyway on a weak footing and the rapid spread of infections due to the Omnicron variant with the resultant restrictions in public movement could derail the nascent recovery. RBI data show that a total of ₹51,467 crore of MSME loans were restructured under the fourth restructuring window offered by the central bank in May 2021 after similar opportunities in January 2019, February and August 2020. A total of ₹1.16 lakh crore of MSME loans, or about 7.67% of the eligible loans, are at various stages of restructuring.
<https://economictimes.indiatimes.com/markets/stocks/news/banks-brace-for-stress-in-msme-books-as-recast-window-shuts/articleshow/88844223.cms>
- **Writ petition not maintainable against proceedings by banks, ARCs under SARFAESI Act: SC:** The Supreme Court Wednesday said borrowers, aggrieved by proceedings initiated under the SARFAESI ACT by the bank or the assets reconstruction company (ARC), have to avail the remedy under this law and no writ petition would be maintainable. The apex court held this while vacating the order passed by the Karnataka High Court which had directed maintenance of status quo with regard to possession of mortgaged properties subject to the borrowers making a payment of Rs 1 crore with the ARC concerned. A bench of Justices M R Shah and B V Nagarathna, while referring to an earlier judgement delivered by the top court, opined that filing of writ petitions by the borrowers before the high court under Article 226 of the Constitution in the case was an "abuse of process" of the court.
<https://economictimes.indiatimes.com/industry/banking/finance/banking/writ-petition-not-maintainable-against-proceedings-by-banks-arcs-under-sarfaesi-act-sc/articleshow/88859417.cms>



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- **Mahindra Finance says its vertical 'Quiklyz' to offer widest range of EVs for leasing and subscription** : Quiklyz, the vehicle leasing and subscription business vertical of Mahindra & Mahindra Financial Services , on Wednesday said it will offer the widest range of electric vehicles (EVs) for leasing and subscription to potential customers. Quiklyz currently has a large portfolio of EVs on its digital subscription platform, Mahindra Finance said in a statement. The portfolio spans across electric 4W from the leading OEMs offering electric vehicles including Mahindra, Tata Motors, Mercedes-Benz, MG Motors, Audi, and Jaguar as well as electric 3W load vehicles from Mahindra and Piaggio for e-commerce fleet operators.
<https://www.thehindubusinessline.com/companies/mahindra-finance-says-its-vertical-quiklyz-to-offer-widest-range-of-evs-for-leasing-and-subscription/article38248516.ece>
- **Credit growth is visible across sectors: SBI Ecowrap**: Demand for credit has picked up in last three months, with a State Bank of India (SBI) in-house survey suggesting plans for capacity expansion across sectors. Referring to the credit growth visible across sectors, SBI's economic research report 'Ecowrap' noted that sectors where demand for credit started picking up in last three months includes NBFCs, Telecom, Petroleum, Chemical, Electronics, Gems & Jewellery and Infrastructure, including Power and Roads. These are mostly having big ticket disbursements, it added. "This, apart our recent understanding of market participants, suggest that demand from non-PSU credit is set to outpace that of PSU credit in Q4 FY22," said Soumya Kanti Ghosh, Group Chief Economic Adviser, SBI.
<https://www.thehindubusinessline.com/money-and-banking/credit-growth-is-visible-across-sectors-sbi-ecowrap/article38247763.ece>
- **Kotak Bank board allows promoters' to raise voting rights to 26%** : The board of directors of Kotak Mahindra Bank (KMB) has passed a resolution permitting the promoters' voting rights in the bank to be capped at 26 per cent going forward. This resolution comes in the wake of the Reserve Bank of India (RBI), on November 26, 2021, allowing promoters' stake in private sector banks in the long run of 15 years to be raised from the current levels of 15 per cent to 26 per cent of the paid-up voting equity share capital of the bank.
<https://www.thehindubusinessline.com/companies/kotak-bank-board-allows-promoters-to-raise-voting-rights-to-26/article38256487.ece>
- **'Volume of complaints under Ombudsman Schemes up'**: The volume of complaints received under the Ombudsman Schemes has gone up by 22.27 per cent on an annualised basis to stand at 3,03,107 as at March-end 2021, according to the Annual Report of Ombudsman Schemes, 2020-21. Till November 11, 2021, there were three Ombudsman Schemes: Banking Ombudsman Scheme (BOS), 2006 Ombudsman Scheme for NBFCs (OSNBFC), 2018 Ombudsman Scheme for Digital Transactions (OSDT), 2019. With effect from November 12, 2021, a Reserve Bank-Integrated Ombudsman Scheme 2021 (RB-IOS), adopting a "One Nation – One Ombudsman" approach for all customers of RBI regulated entities was launched. The Annual Report of Ombudsman Schemes for the transition year 2020-21 has been prepared for the nine-month period, (July 1, 2020 to March 31, 2021), in alignment with the change in the Financial Year of the Reserve Bank of India (RBI) from 'July-June' to 'April-March' with effect from July 1, 2020.
<https://www.thehindubusinessline.com/economy/volume-of-complaints-under-ombudsman-schemes-up/article38256040.ece>



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- **Bank stocks broadly positive during Basel norms implementation: RBI paper:** Banking stocks have broadly reacted positively to the strict capital norms under the Basel regulations put in place for domestic banks over an 18-year period, starting October 1998, showed an RBI working paper. The Basel capital regulations were implemented for the domestic banks in six phases starting from October 1998 to March 2016. These were put in place to align domestic norms with global regulations. According to the working paper, domestic banking stocks declined only during two of the six phases of the implementation of the Basel norms.
https://www.business-standard.com/article/finance/bank-stocks-broadly-positive-during-basel-norms-implementation-rbi-paper-122011101616_1.html
- **1 bn transactions a day on UPI quite possible in 3-5 years' time: NPCI CEO:** With UPI transactions setting record highs every month as digital payments adoption deepens in the country, it is quite reasonable to expect this flagship payments platform to process 1 billion transactions a day. While this milestone can be achieved in 10 years' time without any effort whatsoever, the National Payments Corporation of India (NPCI), the umbrella organisation of digital payments in the country is aiming to achieve the 1 billion transactions per day milestone on UPI in the next 3 – 5 years, said Dilip Asbe, MD&CEO, NPCI.
https://www.business-standard.com/article/finance/1-bn-transactions-a-day-on-upi-quite-possible-in-3-5-years-time-npci-ceo-122011200537_1.html
- **Max Life Insurance's death claim settlement at 99.35% in 2020-21:** Max Life Insurance's death claim settlement stood at over 99 per cent in the financial year 2020-21, in which the company paid claims worth over Rs 885 crore. The company has paid 19,922 death claims worth Rs 885.57 crore during the financial year 2020-21, resulting in an individual death claims paid ratio of 99.35 per cent for the company, Max Life Insurance said in a statement on Wednesday. Max Life's customer commitment has helped the company consistently improve the claims paid ratio to surpass the 99 per cent benchmark for the past two financial years, the insurer said.
<https://economictimes.indiatimes.com/industry/banking/finance/insure/max-life-insurances-death-claim-settlement-at-99-35-in-fy-2020-21/articleshow/88852773.cms>
- **India investment bankers earn record Rs 2,200 crore in 2021:** India's investment banking industry witnessed its best ever year in 2021, as a wave of public offerings and share sales helped the industry collect its highest fee from the deal-making business. Investment bankers made Rs 2,200 crore, thanks to a series of big-ticket IPOs and emergence of India's tech unicorns from startups to matured listed entities. The fee collected by bankers through share sale proceeds was more than three times at Rs 776.7 crore compared with 2020, according to data compiled by Refinitiv.
<https://economictimes.indiatimes.com/industry/banking/finance/banking/india-investment-bankers-earn-record-rs-2200-crore-in-2021/articleshow/88862450.cms>
- **Sensex up 533 points at closing, reclaims 61k, Nifty ends above 18,200:** The BSE Sensex closed at 61,150.04, up 533.15 points or 0.88 per cent. It recorded an intraday high of 61,218.19 and a low of 60,850.93. The Nifty 50 closed at 18,212.35, up 156.60 points or 0.87 per cent, near the day's high of 18,227.95. It recorded an intraday low of 18,128.80.



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<https://www.thehindubusinessline.com/markets/sensex-up-434-points-intraday-nifty-above-18100/article38248401.ece>

- **Rupee gains 16 paise to 73.78 against US dollar in early trade:** At the interbank foreign exchange, the rupee opened at 73.78 against the American dollar, registering a rise of 16 paise from the last close. The local unit also touched 73.90 in early deals.

<https://www.thehindu.com/business/markets/rupee-gains-16-paise-to-7378-against-us-dollar-in-early-trade/article38246921.ece>

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