



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

March 14, 2022

- **Banks may miss March-end target for moving 15 stressed assets to NARCL:** Banks' plan to transfer 15 stressed assets aggregating about ₹50,000 crore to the National Asset Reconstruction Company Ltd (NARCL) by this month end may face delays due to teething problems at the transferee's end. With issues relating to due diligence and valuation of stressed assets, among others, taking time to resolve, it is unlikely that banks will make haste in moving the identified stressed assets to NARCL (also known as bad bank) by March-end 2022, say bankers.
<https://www.thehindubusinessline.com/money-and-banking/banks-may-miss-march-end-target-for-moving-15-stressed-assets-to-narcl/article65219996.ece>
- **ICICI Bank, Punjab & Sind to pick up stakes in bad bank NARCL:** ICICI Bank and Punjab & Sind Bank have signed agreements to pick up stakes in National Asset Reconstruction Company (NARCL). While ICICI Bank will be investing Rs 137.5 crore to acquire a 5% stake, Punjab & Sind Bank will put in Rs 55 crore for a 2% stake. ICICI Bank plans to complete the first tranche of equity investment worth Rs 70.45 crore by March 31. Similarly, Punjab & Sind Bank will invest Rs 28.18 crore in the first tranche, which it expects to complete by March 31. Incorporated on July 7, 2021, NARCL has a total authorised share capital of Rs 2,750 crore.
<https://www.financialexpress.com/industry/banking-finance/icici-bank-punjab-sind-to-pick-up-stakes-in-bad-bank-narcl/2459073/>
- **Default In Payment Because Of CoVID: Supreme Court Grants Relief To Company To Pay OTS Amount With Interest:** The Supreme Court recently granted relief to a company to pay OTS amount with interest considering that the default in payment was due to CoVID. The bench of Justices Vineet Saran and Aniruddha Bose was considering a SLP assailing Madras High Court's order dated July 22, 2021. The petitioner had availed loan from the State Bank of India. Since, there was default in repayment of the loan, the petitioner entered into a One Time Settlement under the OTS Scheme with the bank in November, 2020. Out of the installments due to be paid under the OTS Scheme, the petitioner paid approximately 25% of the amount but, thereafter defaulted in payment. Aggrieved, the petitioner had approached the Madras High Court seeking extension of time for a period of 180 days from July 29, 2021 to settle the final payment under the OTS Scheme.
<https://www.livelaw.in/news-updates/supreme-court-grants-relief-to-company-to-pay-ots-amount-with-interest-considering-covid-194084#:~:text=The%20Supreme%20Court%20recently%20granted,order%20dated%20July%2022%2C%202021.>



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- **RBI lifts all restrictions on HDFC Bank's business-generating activities:** Private lender HDFC Bank on Saturday said that the Reserve Bank of India has lifted all the restriction on the business generating activities, a year after the regulator had imposed these sanctions. The bank added that they have carved medium and long-term goals which they plan to unveil in due course. "We would like to inform one and all that the Reserve Bank of India has lifted the restriction on the business generating activities planned under the Bank's Digital 2.0 programme, vide its letter dated March 11, 2022," HDFC Bank said in a statement. "We are fully committed to ensuring continued adherence to the highest standards of compliance with RBI recommendations."
<https://economictimes.indiatimes.com/industry/banking/finance/banking/rbi-lifts-all-restrictions-on-hdfc-banks-digital-business-generating-activities/articleshow/90168421.cms>
- **Banks Exempted From Deducting Tax At Source While Paying Interest To Statutory Corporations: Supreme Court Reiterates:** The Supreme Court has reiterated that Banks are exempted from the mandate of Section 194A of the Income Tax Act, 1961, to deduct tax at the source (TDS), on payment of interest to corporations established by a statute. In the facts of the present case, the Apex Court held that in terms of the notification dated 22.10.2022 issued by the Central Government, the Union Bank of India (appellant) was exempted from the requirement under Section 194A, Income Tax Act, 1961, to deduct tax at source on payment of interest made to the Agra Development Authority, which is a statutory body constituted under Uttar Pradesh Urban Planning and Development Act, 1973. A Bench comprising Justices D.Y. Chandrachud and Surya Kant allowed an appeal assailing the order of the Allahabad High Court which held that the appellant bank cannot be absolved from paying penalty for non-deduction of TDS on interest paid to Agra Development Authority, even if the TDS was deducted subsequently and deposited with the Central Government before the closing of the financial year.
<https://www.livelaw.in/tax-cases/supreme-court-banks-payment-of-interest-corporations-tax-deduction-at-source-tds-income-tax-act-194066#:~:text=The%20Supreme%20Court%20has%20reiterated,corporations%20established%20by%20a%20statute.>
- **Covid, lockdown hit MSMEs hardest, their bad loans spiked Rs 20,000 crore in 2020-21:** The slowdown in the economy in the wake of the Covid pandemic in the last two years seems to have hit the micro, small and medium enterprises (MSMEs) the most despite a host of loan restructuring schemes and packages announced by the Reserve Bank of India (RBI) and the government. Gross non-performing assets (NPAs) of MSMEs, or loans defaulted by these enterprises, rose by Rs 20,000 crore to Rs 1,65,732 crore as of September 2021 from Rs 1,45,673 crore in September 2020, the RBI said in response to a Right to Information (RTI) application by The Indian Express. According to the RBI, bad loans of MSMEs now account for 9.6 per cent of gross advances of Rs 17.33 lakh crore as against 8.2 per cent in September 2020. In fact, MSME bad loans had declined from Rs 1,47,260 crore (8.8 per cent of advances) in September 2019, only to pick up again in 2021.
<https://indianexpress.com/article/business/economy/covid-lockdown-hit-msmes-hardest-their-bad-loans-spiked-7816043/>



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- **Charting global economy: Central bankers face balancing act:** Central bankers around the world are facing a double whammy of faster inflation and the prospects of slower growth, only made worse by Russia's invasion of Ukraine. The biggest annual surge in US consumer prices since 1982 illustrates an environment of persistent inflation that will encourage Federal Reserve policy makers to begin raising interest rates. At the same time, the oil shock will engender even more inflation, helping explain why Goldman Sachs Group Inc. economists cut their US growth forecasts. This coming week's rate decision by the Fed will follow the European Central Bank's announcement to accelerate an exit from monetary stimulus despite weaker economic activity. In Asia, economies with higher oil-import bills are especially vulnerable.
<https://economictimes.indiatimes.com/news/international/business/charting-global-economy-central-bankers-face-balancing-act/articleshow/90175938.cms>
- **Taking immediate steps to comply with RBI directions: Paytm Payments Bank:** Paytm Payments Bank on Saturday said it is taking immediate actions to comply with the direction of the Reserve Bank of India which has barred the company from opening new accounts amid "material supervisory concerns". This is the third time that Vijay Shekhar Sharma-promoted Paytm Payments Bank (PPBL) is facing action from the banking regulator since its inception in May 2017. It has been prohibited from opening new accounts for the second time. "We are taking immediate steps to comply with RBI directions. PPBL remains committed to working with the regulator to address their concerns as quickly as possible. We shall notify when we recommence the opening of new accounts after obtaining RBI approval," PPBL said in a blog.
<https://economictimes.indiatimes.com/industry/banking/finance/banking/taking-immediate-steps-to-comply-with-rbi-directions-paytm-payments-bank/articleshow/90175248.cms>
- **Govt has time till May 12 to launch LIC IPO without seeking fresh Sebi approval:** The government has time till May 12 to launch the initial public offering (IPO) of LIC without filing fresh papers with market regulator Sebi, an official said. The government's sale of about 31.6 crore shares or 5 per cent stake in Life Insurance Corporation (LIC), which was estimated to fetch around Rs 60,000 crore to the exchequer, was originally planned to be launched in March, but the Russia-Ukraine crisis has derailed the plans as stock markets are highly volatile. On February 13, the government filed the draft red herring prospectus (DRHP) for the IPO with Sebi, which granted its approval for the same last week. "We have a window till May 12 to launch the IPO based on the papers filed with Sebi. We are watching the volatility and will file the RHP giving the price band soon," an official said.
<https://economictimes.indiatimes.com/markets/ipos/fpos/govt-has-time-till-may-12-to-launch-lic-ipo-without-seeking-fresh-sebi-approval/articleshow/90182770.cms>
- **India's forex reserves rise by \$394 million to \$631.92 billion: RBI data:** India's foreign exchange (forex) reserves rose by \$394 million to \$631.92 billion in the week ended March 4 led by a sharp jump in foreign currency assets, the Reserve Bank of India (RBI) data showed. The forex reserves had declined by \$1.425 billion in the previous week. The foreign currency assets, which is the biggest component of the forex reserves, jumped by \$634 million to \$565.466 billion during the week under review, according to the RBI's weekly statistical supplement. The foreign currency assets had dropped by \$2.228 billion in the week ended February 25.



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https://www.business-standard.com/article/finance/india-s-forex-reserves-rise-by-394-million-to-631-92-billion-rbi-data-122031200376_1.html

- **Provident fund interest rate for FY22 lowered to four-decade low of 8.1%:** Interest rate on employees' provident fund deposits on Saturday was cut to a four-decade low of 8.1 per cent for the 2021-22 fiscal from 8.5 per cent in the previous year. This is the lowest interest rate since 1977-78 on deposits that employees make towards their retirement fund. Interest rate on employees provident fund that year stood at 8 per cent. The 8.1 per cent interest rate was recommended by the Central Board of Trustees (CBT) after its meeting in Guwahati under the chairmanship of Union Labour and Employment Minister Bhupendra Yadav, a labour ministry statement said. "The Central Board recommended 8.10 per cent annual rate of interest to be credited on EPF accumulations in members' accounts for the financial year 2021-22 (ending on March 31, 2022)," it said.
https://www.business-standard.com/article/finance/epfo-lowers-interest-on-pf-deposits-for-2021-22-to-four-decade-low-of-8-1-122031200325_1.html
- **Srei Group Companies receive Eols from 17 entities:** Singapore's Makara Capital, and asset reconstruction companies including JM Financial Asset Reconstruction Company and Asset Reconstruction Company (India) Ltd (ARCIL) are among some of the few entities that have submitted their Expressions of Interest (Eols) to acquire Srei group companies under the consolidated corporate insolvency resolution process (CIRP). The deadline for submitting Eol ended late Saturday evening. As many as 17 entities have submitted their expressions of interest and the number is expected to increase as some documents are coming through courier service, a person close to the development said.
<https://www.thehindubusinessline.com/money-and-banking/srei-group-companies-receive-eois-from-as-many-as-17-entities/article65219790.ece>
- **Nine of top-10 firms gain Rs 1.91 lakh cr in m-cap; RIL, Infosys biggest winners:** Nine of the 10 most valued companies together added a whopping Rs 1,91,434.41 crore in market valuation last week, with Reliance Industries, Infosys and TCS emerging as the biggest gainers. ICICI Bank was the only laggard from the top-10 pack. Last week, the benchmark Sensex jumped 1,216.49 points or 2.23 per cent. From the gainers' pack, Reliance Industries Limited (RIL) added Rs 49,492.7 crore, taking its valuation to Rs 16,22,543.06 crore. The valuation of Infosys jumped Rs 41,533.59 crore to reach Rs 7,66,447.27 crore.
<https://www.livemint.com/market/stock-market-news/9-of-10-most-valued-firms-gain-rs-1-91-lakh-crore-in-m-cap-ril-infosys-tops-11647153585975.html>
- **Account Aggregator ecosystem sees steady increase in accounts linked:** The Account Aggregator framework has seen a huge increase in the number of accounts linked though some of the major public sector banks are yet to go live. According to data by Sahamati, which is a collective of the AA ecosystem, there are over 1.49 lakh accounts linked across Financial Information Providers by February. As many as 1.34 lakh consent requests have also been fulfilled across Financial Information Users by the end of last month.



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<https://www.thehindubusinessline.com/money-and-banking/account-aggregator-ecosystem-sees-steady-increase-in-accounts-linked/article65217317.ece>

- **RattanIndia Enterprises looks to tie up with all banks by March 2023 for fintech platform:** RattanIndia Enterprises, which recently made a foray into the fintech business, looks to have tie-ups with all the banks by the end of the next financial year. The fintech platform of the company, BankSe, has an arrangement with 21 banks and financial firms to offer loan products, at present. "Plan is to cover all the banks by the end of next financial year. So we will have all the banks offering their products on the platform," RattanIndia Enterprises chairperson Rajiv Rattan said.
<https://economictimes.indiatimes.com/industry/banking/finance/rattanindia-enterprises-looks-to-tie-up-with-all-banks-by-march-2023-for-fintech-platform/articleshow/90180733.cms>
- **Some SBI customers complain of digital outages on mobile platform:** Some customers of the country's largest bank, State Bank of India (SBI), on March 12 complained about outages on the bank's internet banking channels and its apps. SBI had tweeted that their apps were undergoing technology upgrades on March 12. The bank mentioned in the tweet that there will be disruption of services in their apps such as YONO, YONO lite, YONO business and UPIs as there will be technology upgrades happening on these platforms between 11:30 pm on March 12 and 02:00 am on March 13. Soon after the tweet, several customers tweeted about glitches on apps and internet banking and a few even complained of getting notifications of transactions that never happened. One of the customers tweeted that he lost Rs 30,000 due to the glitch.
<https://www.moneycontrol.com/news/business/some-sbi-customers-complain-of-digital-outages-on-mobile-platform-8225491.html>
- **FPI selling continues for 6th straight month; net outflows at Rs 45,608 crore in March so far:** Continuing their selling spree for the sixth straight month, overseas investors have pulled out a net Rs 45,608 crore from the Indian markets in March so far. Foreign portfolio investors (FPIs) fear that India would be impacted more by commodity price hikes, particularly in crude oil, since India is a major importer, said V K Vijayakumar, Chief Investment Strategist at Geojit Financial Services. Foreign portfolio investors (FPIs) fear that India would be impacted more by commodity price hikes, particularly in crude oil, since India is a major importer, said V K Vijayakumar, Chief Investment Strategist at Geojit Financial Services.
<https://www.moneycontrol.com/news/business/markets/fpi-selling-continues-for-6th-straight-month-net-outflows-at-rs-45608-crore-in-march-so-far-8226221.html>
- **Gold imports surge to \$45 billion during April-February in FY22:** India's gold imports, which have a bearing on the country's current account deficit (CAD), surged by about 73 per cent to \$45.1 billion during April-February this fiscal on account of higher demand, according to official data. The imports stood at \$26.11 billion in April-February 2021. In February 2022, however, imports of the precious metal dipped by 11.45 per cent to \$4.7 billion, as per the data by the commerce ministry. The surge in gold imports during the 11-month period contributed to the widening of the trade deficit to \$176 billion, against \$89 billion in April-February 2021.



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<https://www.moneycontrol.com/news/business/commodities/gold-imports-surge-to-45-billion-between-april-february-in-fy22-8226441.html>

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