



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

June 14, 2022

- **Banker to 467 million Indians says loan demand is bouncing back:** Consumer cutbacks due to raging inflation and higher borrowing costs are failing to dent investment plans at Indian businesses tapping the country's biggest lender, a sign that a recovery in Asia's third-largest economy is gathering pace. Companies are steadily drawing down from a \$71 billion loan pipeline, Dinesh Kumar Khara, chairman of State Bank of India, told Bloomberg News in an interview at his Mumbai office. Loan growth at the 216-year-old lender, a banker to one out of every three Indians, is expected to be robust, underpinned by demand from businesses after two straight years of credit contraction, Khara said.  
<https://www.ndtv.com/business/sbi-to-467-million-indians-says-loan-demand-is-bouncing-back-3061720>
- **Bank of Baroda hikes MCLR by 10-20 bps:** BANK OF BARODA on Friday increased the marginal cost of funds-based lending rates (MCLR) by 10 to 20 basis points across tenures, effective June 12. With this increase, the bank's one-year MCLR now stands at 7.50%, according to information on the lender's website. So far, ICICI Bank increased the marginal cost of funds-based lending rates (MCLR) by 30 basis points while HDFC Bank increased its MCLR rates by 35 basis points across tenures. Axis Bank's one-year MCLR is at 7.75%, IndusInd Bank's one-year MCLR is at 8.75% while that of State Bank of India is at 7.2%.  
[https://www.business-standard.com/article/news-cm/bank-of-baroda-hikes-mclr-rate-by-10-20-bps-122061300200\\_1.html](https://www.business-standard.com/article/news-cm/bank-of-baroda-hikes-mclr-rate-by-10-20-bps-122061300200_1.html)
- **With ₹5,000 cr biz, Bank of Maharashtra plans major expansion in Kerala:** Having garnered a total business of ₹5,137 crore from Kerala, Bank of Maharashtra is looking at opening 60 branches in the State by the end of the current fiscal. The major focus is on credit and the business growth expected in the current financial year is 25-30 per cent, said A.S.Rajeev, Managing Director, Bank of Maharashtra. The bank is looking at CASA, retail advances, MSME and Corporate advances, he said. With presence in all districts, the branch network is 23 across Kerala. The bank will be opening additional eight more branches by July 31 and will be doubling its presence in each district by March 31, 2023. There are also plans to open two branches in Lakshadweep islands in the next three months, where there is a good potential for gold loans, he added. Rajeev, who was here to inaugurate the new zonal office on Monday, told reporters that the opening of the office will facilitate more focus on business growth and branch expansions.  
<https://www.thehindubusinessline.com/money-and-banking/with-5000-cr-biz-bank-of-maharashtra-plans-major-expansion-in-kerala/article65523297.ece>
- **Indian Bank launches digital renewal scheme for Kisan credit card holders:** PSU lender Indian Bank launched its KCC Digital Renewal scheme, enabling eligible customers to renew their Kisan Credit Card accounts via digital modes. The initiative is part of the bank's digital transformation under project 'WAVE' - World of Advanced Virtual Experience. The account renewals can be done using Indian Bank's IndOASIS mobile app, internet banking and via its website. The facility is available through SMS for feature phone users with no internet or with limited internet access, according to a statement.  
<https://www.thehindubusinessline.com/money-and-banking/indian-bank-launches-digital-renewal-scheme-for-kisan-credit-card-holders/article65523199.ece>



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- **Kotak Mahindra Bank launches Kotak NationBuilders Salary Account:** Kotak Mahindra Bank on Monday announced the launch of Kotak NationBuilders Salary Account - a corporate salary account for employees of public sector units and government. The account is being offered to all salaried individuals working with the Central, State government and the public sector and will provide access to a full range of products and services including a lifetime zero balance account, preferential service charges-free locker, free cash deposit up to ₹2 lakh a month, 30 free transactions a month and free RuPay platinum debit card for employees along with a free Add-on debit card for family members, the bank said in a statement.  
<https://www.thehindubusinessline.com/money-and-banking/kotak-mahindra-bank-launches-kotak-nationbuilders-salary-account/article65523559.ece#:~:text=The%20account%20isoffered%20to%20salaried,public%20sector%20units%20and%20government.>
- **Pass-through of rate hikes to lift bank margins sharply:** Banks are expected to post steep net interest margins due to a near-total pass-through of Reserve Bank of India's policy rate hike under the External Benchmark Lending Rate (EBLR) regime. They have passed on the entire 90-basis-point increase in RBI's repo rate to their lending rate, making home loans, car loans, personal loans and MSME loans expensive for borrowers. EBLR is linked to the RBI's repo rate. The other system used by banks to determine the rates, Marginal Cost of Funds Based Lending Rate (MCLR), is decided internally by the banks based on their cost of funds including the prevalent deposit rates. "Unlike earlier up-cycles... the sharp pace of rate normalisation is margin accretive for banks in the near-term, especially given early-stage monetary transmission," said Krishnan ASV, institutional research analyst, HDFC Securities. "Given the sheer pace of rate normalisation, we expect transmission on the MCLR book to significantly lag transmission on the EBLR portfolio, both in terms of the quantum and timing."  
<https://economictimes.indiatimes.com/industry/banking/finance/banking/pass-through-of-rate-hikes-to-lift-bank-margins-sharply/articleshow/92135868.cms>
- **Dhanlaxmi sees a subdued EGM; financial concerns, rights issue discussed :** Contrary to expectations, Thrissur-based Dhanlaxmi Bank saw a subdued extraordinary general meeting (EGM) on Sunday that got over within an hour's time. The meeting discussed all issues raised by a group of 11 minority shareholders, including rising expenses, low capital adequacy, and the overall financial performance of the bank. In addition, the planned rights issue was also discussed at the EGM, which had only three registered speakers. There was no resolution or outcome at the meeting. It was more of a question-and-answer session, said a source aware of the development.  
[https://www.business-standard.com/article/finance/dhanlaxmi-sees-a-subdued-egm-financial-concerns-rights-issue-discussed-122061300030\\_1.html](https://www.business-standard.com/article/finance/dhanlaxmi-sees-a-subdued-egm-financial-concerns-rights-issue-discussed-122061300030_1.html)
- **PMC Bank case fallout: RBI asks UCBs to make higher provisions:** The Reserve Bank on Friday issued fresh provisioning norms for urban cooperative banks' inter-bank exposure as well as valuation of their perpetual non-cumulative preference shares and equity warrants, directing them to continue making provisions to the tune of 20 per cent for such exposures. The banking regulator came up with these rules in the wake of the bankruptcy of the corruption-ridden Punjab & Maharashtra Cooperative Bank (PMC) in September 2019 and the subsequent merger of the cooperative bank with Unity Small Finance Bank, which came into effect from January 25, 2022.  
[https://www.business-standard.com/article/finance/pmc-bank-case-fallout-rbi-asks-ucbs-to-make-higher-provisions-122061001158\\_1.html](https://www.business-standard.com/article/finance/pmc-bank-case-fallout-rbi-asks-ucbs-to-make-higher-provisions-122061001158_1.html)
- **RBI's regulations need periodic review to align them with evolving industry practices: RRA:** RBI's Regulations Review Authority has suggested all regulations of the central bank should underline the rationale and be reviewed periodically to align them with evolving industry practices and financial landscape. Regulations Review Authority (RRA 2.0) was set-up by the Reserve Bank of India in April last year with the objective of reducing the



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compliance burden on Regulated Entities (REs) by streamlining the regulatory instructions and rationalising reporting requirements. “The recommendations of the RRA would be internalised by the Reserve Bank to achieve the intended outcomes. The RRA exercise should, going forward, result in clarity, simplification, accessibility and rationalisation in regulatory instructions and returns,” the central bank said in a statement.

<https://economictimes.indiatimes.com/news/economy/policy/rbis-regulations-need-periodic-review-to-align-them-with-evolving-industry-practices-rra/articleshow/92183506.cms>

- **Bad bank AMC hits regulatory hurdle; transfer of bad loans delayed:** The Reserve Bank of India (RBI) has raised concerns over the lack of clarity on the regulatory oversight of an asset management company (AMC) that was proposed to be set up under the overarching structure of the National Asset Reconstruction Company Ltd (NARCL), or the so-called bad bank, people familiar with the matter told FE. This, coupled with some other operational issues, has delayed the transfer of large bad loans of about Rs 50,000 crore to the NARCL in the first phase from the initial targeted deadline of March 2022. “The RBI has asked while it will have regulatory/supervisory role over the NARCL, whom is this AMC accountable to? It’s a valid question and the matter is expected to be resolved soon. Bad loans can then be transferred to the NARCL,” said one of the sources. Another source said the issue is still “under examination”.  
<https://www.financialexpress.com/industry/banking-finance/bad-bank-amc-hits-regulatory-hurdle-transfer-of-bad-loans-delayed/2558059/>
- **State-run banks plan data analytic wings to curb fraud:** State-run banks may soon have dedicated analytics teams to analyse data to track frauds, detect stressed borrowers who may default on payments, and help the lenders stay ahead of competition. The finance ministry asked all banks to identify key resources from within the bank and outside to be part of the new vertical that would provide them with insights aimed at improving efficiency while keeping a close tab on frauds and the build-up of bad loans.  
<https://www.livemint.com/industry/banking/staterun-banks-plan-data-analytic-wings-to-curb-fraud-11655061723234.html>
- **Six Indian banks sue GVK for Rs 12,114 crore: Report:** Six Indian banks are reportedly suing the GVK Group for \$1.5 billion or Rs 12,114 crore, according to the Times of India. The six banks include Bank of Baroda, Bank of India, Canara Bank, Icici Bank, Indian Overseas Bank, and Axis Bank. According to the report, GVK defaulted on a \$1-billion loan and a \$35-million letter of credit facility given by banks in 2011, and a \$160-million loan lent in 2014. GVK Coal Developers (Singapore) and nine other GVK Group companies are being sued in the case which opens Monday.  
<https://economictimes.indiatimes.com/industry/banking/finance/banking/six-indian-banks-sue-gvk-for-rs-12114-crore-report/articleshow/92140347.cms>
- **R Subramaniakumar to join as MD & CEO of RBL Bank from June 24:** Banking sector veteran R Subramaniakumar, with over 40 years of experience, will take charge of private sector RBL Bank from June 24, replacing the interim MD & CEO Rajeev Ahuja. Ahuja took charge as the interim MD & CEO of the bank after the sudden ouster of the then chief Vishwavir Ahuja in late December 2021, who was sent on leave with immediate effect. Subramaniakumar had in past served as the Managing Director & Chief Executive Officer (MD & CEO) of Chennai-based public sector lender Indian Overseas Bank (IOB) and also as the Executive Director (ED) of the bank.  
<https://www.financialexpress.com/industry/banking-finance/r-subramaniakumar-to-join-as-md-ceo-of-rbl-bank-from-june-24/2559058/>



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- **NBFCs, HFCs see improvement in asset quality in Q4 FY22: Report:** Non-banking financial companies (NBFCs) and housing finance firms witnessed an improvement in their asset quality in the fourth quarter of FY22, helped by minimal impact of Omicron variant of COVID-19 and lower slippages from restructured book, a report said on Monday. The gross stage 3 assets (loans overdue for more than 90 days) for NBFCs reduced to 4.4 per cent in March 2022 from 5.7 per cent in December 2021, Icra Ratings said in a report. HFCs' (Housing Finance Companies) gross stage 3 assets moderated and stood at 3.3 per cent vis-a-vis 3.6 per cent in December 2021, the report said. "NBFCs and HFCs registered an improvement in their asset quality in Q4 FY22 as the impact of the Omicron variant of Covid-19 was minimal and the slippage from the restructured book was lower," it said.  
[https://www.thehindu.com/business/nbfc-hfc-see-improvement-in-asset-quality-in-q4-fy22-report/article65524312.ece#:~:text=Non%2Dbanking%20financial%20companies%20\(NBFCs,a%20report%20aid%20on%20Monday.](https://www.thehindu.com/business/nbfc-hfc-see-improvement-in-asset-quality-in-q4-fy22-report/article65524312.ece#:~:text=Non%2Dbanking%20financial%20companies%20(NBFCs,a%20report%20aid%20on%20Monday.)
- **RBI imposes monetary penalty on Urban Co-operative Bank, Budaun :** The Reserve Bank of India (RBI) on Monday said it has imposed a monetary penalty on Urban Co-operative Bank Ltd, Budaun for contravention of the central bank's regulations. The Reserve Bank of India (RBI) has imposed, by an order dated June 7, 2022, a monetary penalty of Rs 2.00 lakh on Urban Co-operative Bank Ltd., Budaun for contravention of sub-section (1) of Section 36 and Section 35 A read with Section 56 of the Banking Regulation Act, 1949, the RBI said in a statement. "This penalty has been imposed in exercise of powers vested in RBI under the provisions of Section 47 A (1) (c) read with Section 46 (4) (i) and Section 56 of the Banking Regulation Act, 1949," it said.  
<https://bfsi.economictimes.indiatimes.com/news/banking/rbi-imposes-monetary-penalty-on-urban-co-operative-bank-budaun/92189151#:~:text=The%20Reserve%20Bank%20of%20India,RBI%20said%20in%20a%20statement.>
- **Mutual funds witness record surges in two years as pandemic instils financial discipline :** Equity markets have seen a sharp recovery from Covid-19 lows, and continuous investor inflows have pushed the industry assets under management (AUM)\* well past the Rs. 38 lakh crore mark for the financial year-ended 31 March 2022. In March, the AUM\* for the equity segment, at Rs. 13.6 lakh crores, surpassed that of the debt segment at Rs. 12.9 lakh crore for the first time. By comparison, just two years ago, in March 2020, equity AUM\* stood at just Rs. 7 lakh crore, while debt AUM was at Rs. 10.3 lakh crore. Since then, there's been a continuous month-over-month increase in AUM\*. Even when you consider the hybrid schemes or multi-asset schemes, the allocation for equity is much higher.  
<https://economictimes.indiatimes.com/industry/banking/finance/banking/mutual-funds-witness-record-surges-in-two-years-as-pandemic-instils-financial-discipline/articleshow/92175632.cms>
- **United India Insurance may be considered for privatisation:** United India Insurance could be the top choice for privatisation as the government initiates discussions on plans to sell off a general insurance company. According to sources, the Centre is initiating work on the privatisation of a public sector general insurer. "United India Insurance is being seen as the first candidate for privatisation in the general insurance sphere. The Centre could go in for an Air India kind of stake sale," said a person close to the development. While discussions have already started on the privatisation of a general insurance company, a formal proposal has yet to be formulated. "Given the financial health of the three PSU general insurance companies, it is essential that the government take steps. A proposal is likely to be finalised in the coming months," said the source.  
<https://www.thehindubusinessline.com/money-and-banking/united-india-insurance-may-be-considered-for-privatisation/article65523122.ece>
- **HSBC India announces \$250-m lending support for high growth tech-led start-ups in India:** HSBC India on Monday announced lending support of \$250 million for high growth tech-led startups in India. "This will be used to lend to and support the growth aspirations of tech-led startups in India's fast growing start-up ecosystem,



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pegged as the third-largest in the world,” it said in a statement, adding that the lending will be sector agnostic and used to leverage opportunities across a wide gamut of industries in the start-up ecosystem. This lending support will be provided to companies from a growth stage, it further said.

<https://www.thehindubusinessline.com/money-and-banking/hssc-india-announces-250-m-lending-support-for-high-growth-tech-led-start-ups-in-india/article65523472.ece>

- **LIC scrip falls below ₹700:** As the 30-day lock-in period for anchor investors drew to a close, shares of Life Insurance Corporation of India (LIC) hit a fresh low and fell below ₹700-level. On BSE, the LIC scrip hit a 52-week low of ₹666.9 apiece on Monday before closing 5.85 per cent lower than the previous close at ₹668.2 apiece. On NSE, the scrip ended the day 5.66 per cent lower at ₹669.5 apiece. This was the 10th consecutive day of losses for the stock.  
<https://www.thehindubusinessline.com/markets/lic-scrip-falls-below-700/article65523396.ece>
- **Bitcoin tumbles to 18-month low as US inflation impact spreads:** Bitcoin plunged to the lowest in about 18 months in Asia trading Monday as the impact of Friday’s shock US inflation data continued to reverberate through global risk assets. The world’s largest digital token tumbled as much as 8.9 per cent to \$24,903.49—its lowest since December 2020. Other cryptocurrencies also declined as a broader sell-off continued. The MVIS CryptoCompare Digital Assets 100 Index, which measures 100 of the top tokens, dropped as much as 9.7 per cent. “Cryptos remain at the mercy of the Fed and stuck in a merry dance with the Nasdaq and other risk assets,” said Antoni Trenchev, co-founder and managing partner of crypto lender Nexo.  
<https://timesofindia.indiatimes.com/business/cryptocurrency/bitcoin/bitcoin-tumbles-to-18-month-low-as-us-inflation-impact-spreads/articleshow/92174582.cms>
- **UPI IPO facility sees huge spike in mandate-creation in May:** Unified Payment Interface’s (UPI) initial public offering facility witnessed huge adoption and usage in May, coinciding with the IPO of Life Insurance Corporation of India. More than 45 lakh mandates were created for UPI IPO in May, and 23.97 lakh mandates were executed in the month, according to data with the National Payments Corporation of India. This is much higher than 10.57 lakh mandates created in April when just 2.38 lakh mandates executed. According to the data, as many as 12.41 lakh mandates were created with SBI, 7.26 lakh with HDFC Bank and 5.18 lakh with ICICI Bank in May. In all, there are 28 UPI apps live on IPO, six sponsor banks and 51 banks that are eligible to act as issuer banks on the platform.  
<https://www.thehindubusinessline.com/money-and-banking/upi-ipo-facility-sees-huge-spike-in-mandate-creation-in-may/article65520214.ece#:~:text=More%20than%2045%20lakh%20mandates,just%2023.97%20lakh%20mandates%20executed.>
- **NACH auto debit transactions: Bounce rates at near three-year low in May 2022:** In a marked improvement in collection efficiency, NACH auto debit bounce rates in May 2022 declined to 29 per cent, a near three-year low. According to data from the National Payments Corporation of India, a little over 10.18 crore auto debit transactions amounting to Rs 94,751 crore were conducted on the NACH platform in May this year. Of this, 2.94 crore transactions worth Rs 20,811.6 crore were rejected. This translates to a bounce rate of 28.97 per cent in volume terms and about 22 per cent in value terms. Analysts noted that bounce rates were at a multi-year low.  
<https://www.thehindubusinessline.com/money-and-banking/nach-auto-debit-transactions-bounce-rates-at-near-three-year-low-in-may-2022/article65522725.ece>



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- **In two months, FPIs pull out nearly ₹50,000 crore from financial, IT sectors:** According to the latest data, foreign portfolio investors (FPIs) have pulled out ₹24,713 crore from the information technology sector in April and May. The sector witnessed the second highest outflow of FPIs funds in the first two months of the current fiscal followed by banking and financial services. In April, FPIs pulled out ₹8,579 crore from the IT sector. However, their sell-off in the sector nearly doubled to ₹16,134 crore in May.  
<https://www.thehindubusinessline.com/markets/in-two-months-fpis-pull-out-nearly-50000-crore-from-financial-it-sectors/article65522683.ece>
- **Sensex plunges over 1,400 pts at closing, Nifty ends below 15,800:** The BSE Sensex closed at 52,846.70, down 1,456.74 points or 2.68 per cent. It recorded an intraday high of 53,207.54 and a low of 52,527.08. The Nifty 50 closed at 15,774.40, down 427.40 points or 2.64 per cent. It recorded an intraday high of 15,886.15 and a low of 15,684.00. Only two stocks- Nestle India and Bajaj Auto closed in the green on the Nifty 50. Bajaj Finserv, Bajaj Finance, Tata Motors, IndusInd Bank and Hindalco were the top losers.  
<https://www.thehindubusinessline.com/markets/stock-markets/sensex-plunges-over-1400-pts-at-closing-nifty-ends-below-15800/article65523156.ece>
- **Rupee hits record low, 10-yr bond yields hits over 3-yr high:** Indian rupee dropped to a lifetime low while the benchmark 10-year bond yield rose to its highest in more than three years as investor concerns over faster rate increases in the US resurfaced following inflation data. The US Treasuries dropped sharply in early Asia trade on Monday, with the heaviest selling in short-dated debt, as investors scrambled to price in an even steeper rate-hike path to tame inflation. After touching a lifetime low of 78.28, the rupee was trading at 78.21/22 per dollar in the early trade. Rupee had ended at 77.8325 on Friday, when it hit its previous life low of 77.8750.  
<https://www.thehindubusinessline.com/markets/forex/rupee-hits-record-low-10-yr-bond-yields-hits-over-3-yr-high/article65522593.ece>

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