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CMA BHAWAN
12, SUDDER STREET, KOLKATA – 700 016.

Telephones : +91-33- 2252-1031/1034/1035
+ 91-33-2252-1602/1492/1619
+ 91-33- 2252-7143/7373/2204
Fax : +91-33-2252-7993
+91-33-2252-1026
+91-33-2252-1723
Website : www.icmai.in

DAILY NEWS DIGEST BY BFSI BOARD, ICAI

December 15, 2021

- **No new stress seen in large corporate segment: SBI MD:** Large corporates have tide over the current crisis better due to healthy cash reserves and are now increasing working capital utilisations and seeking fresh credit, according to State Bank of India managing director J Swaminathan. "We are not seeing any new stress in the large corporate segment," Swaminathan, who heads SBI's risk, compliance and stressed accounts group, told ET. SBI has outstanding loans worth ₹12 lakh crore to corporates. The lenders credit review department where proposals for loans greater than ₹50 crore are vetted sits under Swaminathan's supervision. - economic times
<https://economictimes.indiatimes.com/industry/banking/finance/banking/no-new-stress-seen-in-large-corporate-segment-sbi-md/articleshow/88267355.cms>
- **SBI collected Rs 346 crore since FY18 in additional services fee on basic savings, Jan Dhan a/c :** The country's largest lender State Bank of India (SBI) collected around Rs 346 crore from 2017-18 up to October 2021 in the form of additional services to customers holding basic savings, including Jan Dhan accounts, which were beyond their free services, the Finance Ministry said in Parliament on Tuesday. "As informed by SBI, they have charged Rs 345.84 crore during the period from 2017-18 up to October 2021 for providing additional services demanded by customers beyond the minimum allowed free services," Minister of State for Finance Bhagwat Karad said in a written reply in the Rajya Sabha.
<https://economictimes.indiatimes.com/industry/banking/finance/banking/sbi-collected-rs-346-crore-since-fy18-in-additional-services-fee-on-basic-savings-jan-dhan-a/c/articleshow/88283836.cms>
- **Axis Bank board appoints Bain Capital's Ashish Kotecha as nominee director:** Axis Bank on Tuesday said its board has approved the appointment of Ashish Kotecha, a nominee of Bain Capital, as an additional non-executive director. "The board of directors of the bank has today approved the appointment of Ashish Kotecha as an additional non-executive (nominee of entities affiliated to Bain Capital) director of the bank with effect from Sunday, December 19, 2021," Axis Bank said in a regulatory filing. During his tenure as a non-executive (nominee) director of the Bank, Ashish Kotecha shall be liable to retire by rotation as per Companies Act, it said.
<https://economictimes.indiatimes.com/industry/banking/finance/banking/axis-bank-board-appoints-bain-capitals-ashish-kotecha-as-nominee-director/articleshow/88284114.cms>
- **Axis Bank not for extending timelines on loans recast; no deal-talk with Spandana:** Axis Bank on Tuesday said it will not be joining force with peers seeking an extension of timelines for meeting financial parameters on loans recast under the Kamath committee framework because of the pandemic-related stress. Its deputy managing director (designate) Rajiv Anand also made it clear that there are no conversations around a deal with Spandana Sphoorty at present, denying reports of the third-largest lender being interested to buy the microlender. "I think there is some conversation that



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is going on currently among some of the banks with RBI to extend the Kamath Committee timelines (for restructuring of corporate loans). We are not seeing any need to do that at this point of time," Anand told reporters.

<https://economictimes.indiatimes.com/industry/banking/finance/banking/axis-bank-not-for-extending-timelines-on-loans-recast-no-deal-talk-with-spandana/articleshow/88279161.cms>

- **Axis Bank sees double digit credit growth in 18-24 months:** With green shoots becoming visible, Axis Bank expects double digit growth in credit in the next 18-24 months, according to Rajiv Anand, Deputy Managing Director, Axis Bank. India's third largest private sector lender sees GDP and credit growth at 9.5 per cent and 7 per cent, respectively, in FY22. In FY23, Axis Bank has estimated GDP and credit growth at 8.2 per cent and 8 per cent, respectively. Anand observed that credit growth will be back in double digits by FY24. "We are clearly seeing growth come back fairly strongly across various sectors of the economy... We do expect this growth to continue into FY23."
<https://www.thehindubusinessline.com/money-and-banking/axis-bank-sees-double-digit-credit-growth-in-18-24-months/article37953511.ece>
- **Arcil offers 27% recovery to IndusInd Bank for ITNL promoted Chenani Nashri Tunnelway Ltd:** Asset Reconstruction Company of India (Arcil) joined the race to acquire debt in Chenani Nashri Tunnelway Ltd (CNTL) offering 27% recovery to private lender IndusInd Bank, said people with knowledge of the matter. Early this month, Ares SSG Capital-backed asset reconstruction company, Assets Care and Reconstruction Enterprise (ACRE) acquired Federal Bank's debt, as reported by ET. Banks are selling loans to ARCs after the road asset owner, IL&FS Transportation Network Ltd (ITNL), failed to close a deal it signed almost a year ago with I Square Capital-backed Cube Highway to sell CNTL.
<https://economictimes.indiatimes.com/industry/banking/finance/banking/arcil-offers-27-recovery-to-indusind-bank-for-itnl-promoted-chenani-nashri-tunnelway-ltd/articleshow/88274638.cms>
- **Banks write off Rs 2.02 lakh crore in FY21; Rs 10.7 lakh crore in last 7 years:** Banks have written off Rs 2,02,781 crore of bad loans in the fiscal ended March 2021 when the Covid-19 pandemic hit the country and the Reserve Bank of India (RBI) allowed banks to announce reliefs like loan moratorium for borrowers. With this, banks have written off a whopping Rs 11,68,095 crore worth of bad loans, or non-performing assets (NPAs), in the last ten years with most of the write-offs coming in the last seven years, the RBI said in an RTI reply to The Indian Express. This is almost 10.54 per cent of total non-food bank advances of Rs 110.79 lakh crore and very close to the government's gross market borrowing of Rs 12.05 lakh crore projected for FY 2021-22 in the Union Budget.
<https://indianexpress.com/article/business/banking-and-finance/banks-write-off-rs-2-02-lakh-cr-in-fy21-7669513/>
- **RBI comes out with PCA framework for NBFCs:** The Reserve Bank of India (RBI) on Tuesday released a prompt corrective action (PCA) framework for non banking finance companies (NBFCs) detailing punitive action against shadow lenders in case their capital adequacy ratio falls or non performing assets (NPAs) rise above a certain threshold. In a notification on its website the RBI said the new framework, the first of its kind for NBFCs will come into effect from October 1 next year. The central bank's action comes after multiple jolts to the financial system in the last three years starting with the



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collapse of IL&FS in September 2018. The collapse of IL&FS has been followed by the bankruptcy of Dewan Housing Finance Ltd (DHFL) in 2019 and the Kolkata based Srei Group and Anil Ambani controlled Reliance Capital this year.

<https://economictimes.indiatimes.com/industry/banking/finance/rbi-comes-out-with-pca-framework-for-nbfcs/articleshow/88277487.cms>

- **RBI may be forced to raise rates faster than anticipated:** The Reserve Bank of India may be forced to raise interest rates at a faster pace than anticipated earlier as it would be forced to catch up with accelerating price pressures. The central bank may have to raise rates by as much as 100 basis points, up from 75 bps earlier as price rise spreads to services and consumer goods companies see 15 to 21 percent jump in their input costs. CPI inflation rose to 4.9% y-o-y in November from 4.5% in October, below expectations (5.1%), with a downside surprise in food and fuel price inflation, but core inflation rose further to 6.1% from 5.9%, signalling rising underlying price pressures. The cut in excise duties on fuel was offset by higher price increases in personal care, clothing, recreation and households goods and services in the CPI basket, suggesting pressures due to rising input cost pass-through and reopening.
<https://economictimes.indiatimes.com/news/economy/policy/rbi-may-be-forced-to-raise-rates-faster-than-anticipated/articleshow/88277312.cms>
- **Kerala govt writes to RBI to withdraw caution notice on use of word 'bank' by co-op societies:** The Reserve Bank of India has received a letter from the Kerala government requesting for withdrawal of caution notice issued by the central bank regarding use of word 'bank' by some cooperative societies, the government said on Tuesday. In a written reply to the Lok Sabha, Cooperation Minister Amit Shah said his ministry has "not received any representation" from any state government on RBI's press release on cautioning members of public against some cooperative societies using the word 'Bank' as part of their names and accepting deposits from non-members/nominal members/ associate members.
<https://economictimes.indiatimes.com/industry/banking/finance/banking/kerala-govt-writes-to-rbi-to-withdraw-caution-notice-on-use-of-word-bank-by-co-op-societies/articleshow/88279966.cms>
- **Loan Recast: Banks seek more time for borrowers to meet norms:** Banks have approached the Reserve Bank of India seeking time till March 2023 for borrowers to meet the financial parameters prescribed for loans which were restructured under the Kamath committee's framework for Covid-related stress. Lenders have argued that the restructuring of accounts is still underway and, therefore, borrowers may not be able to meet the financial threshold prescribed by even the extended October 2022 deadline. If borrowers miss the deadline, the accounts will turn into bad loans which lenders want to avoid. While raising their demand, banks have cited a slower-than-expected recovery in some sectors, as well as the uncertainty caused by the new Omicron variant of the coronavirus.
<https://economictimes.indiatimes.com/industry/banking/finance/banking/loan-recast-banks-seek-more-time-for-borrowers-to-meet-norms/articleshow/88266955.cms>



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- **Deposit fluctuation could be due to investors parking money for IPO subscription and pulling it out later:** The contrarian trend of abrupt rise and fall in the deposits of all scheduled commercial banks (ASCBs) in the two reporting fortnights last month could be attributed to cash coming back into the banking system after the festival season and investors, who did not get share allotment in initial public offers (IPOs), pulling out their money. Deposits of ASCBs during the fortnight ended November 5, 2021, increased by ₹3,38,451 crore but declined by ₹2,67,623 crore in the subsequent fortnight ended November 19, 2021. “Suddenly after the festival, cash started coming back into the banking system. Now, when cash comes back into the banking system, it leads to surplus liquidity.
<https://www.thehindubusinessline.com/money-and-banking/deposit-fluctuation-could-be-due-to-investors-parking-money-for-ipo-subscription-and-pulling-it-out-later/article37951304.ece>
- **Shriram Finance has no plans to apply for a banking license, says YS Chakravarti:** The appointed date of operations for the merged entity – Shriram Finance Limited, which would be the largest retail finance NBFC in the country, is expected to be April 1, 2023, said YS Chakravarti, MD and CEO, Shriram City Union Finance. In an interview with BusinessLine, Chakravarti, who would be the MD and CEO of the merged entity, talks about plans for scaling up operations following the merger and says there is no plan to apply for a bank license.
<https://www.thehindubusinessline.com/money-and-banking/shriram-finance-has-no-plans-to-apply-for-a-banking-license-says-ys-chakravarti/article37950128.ece>
- **Card tokenisation unlikely to take off by RBI’s deadline of January 1:** Even as banks, payment companies and merchants are working on implementing the Reserve Bank of India’s card tokenisation, a smooth transition is unlikely as many merchants may not be able to meet the January 1 deadline. According to industry experts and players, merchants may require more time for tech integration. “Some issuing banks are still not ready but the large banks and companies, including Mastercard, Visa and NPCI, are prepared and integration is being done with the major merchants. However, we are already in December and merchants might need some more time for a smoother rollout. Merchants will need express permission from customers to tokenise the card data and all this requires time. Payments Council of India (PCI) is in the process of sending feedback to the RBI on the current position of its members,” said Vishwas Patel, Chairman, PCI and Executive Director, Infibeam Avenues Limited.
<https://theoutreach.in/card-tokenisation-unlikely-to-take-off-by-rbis-deadline-of-january-1/>
- **Bill on cryptocurrency, regulation of official digital currency under finalisation: FinMin:** The Finance Ministry on Monday informed the Lok Sabha that a bill on cryptocurrencies is being readied. It also admitted that the number of cryptocurrency fraud cases is under investigation. “A bill on cryptocurrency and regulation of official digital currency is under finalisation for consideration of the Cabinet,” Minister of State in the Finance Ministry, Pankaj Chaudhary, said in written reply.
<https://www.thehindubusinessline.com/money-and-banking/cryptocurrency/bill-on-cryptocurrency-regulation-of-official-digital-currency-under-finalisation-finmin/article37946900.ece>
- **Bank privatisation: Potential candidates yet to be chosen, says Finance Minister:** A key panel hasn’t yet zeroed in on potential candidates among state-run banks for privatisation, finance minister Nirmala Sitharaman told the Lok Sabha on Monday. The statement comes amid mounting



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speculations that the privatisation of two public-sector banks (PSBs), proposed in the Budget for 2021-22, will be pushed to the next fiscal. Bank unions have already called for a two-day strike this week to protest against the privatisation bid. Of course, the government intends to introduce the Banking Laws (Amendment) Bill, 2021, in the ongoing winter session of Parliament to facilitate the sell-off.

<https://www.financialexpress.com/industry/banking-finance/bank-privatisation-potential-candidates-yet-to-be-chosen-says-finance-minister/2387956/>

- **Kotak Mahindra Bank partners with IndiGo to offer co-branded credit cards:** Private sector lender Kotak Mahindra Bank and India's largest airline carrier, IndiGo, have joined hands to launch co-branded credit cards that offer customer reward points that they can redeem for booking air tickets and value-added services on IndiGo. Essentially, the cards will work on a reward proposition of an airline ticket for free.
https://www.business-standard.com/article/finance/kotak-mahindra-bank-partners-with-indigo-to-offer-co-branded-credit-cards-121121400886_1.html
- **Digital payments in India will reach \$1 trillion by FY26, estimates CLSA:** The value of digital payments in India will grow three-fold from \$300 billion in FY21 to \$0.9-1 trillion in FY26, led by an increased adoption and rapid growth in Unified Payments Interface (UPI) transactions, according to a report by CLSA. Retail commerce digital payments contributed 10.7 percent to India's gross domestic product (GDP) in FY21 and, as CLSA estimates, this will reach 20.3 percent in the next five years.
<https://www.moneycontrol.com/news/business/companies/digital-payments-in-india-will-reach-1-trillion-by-fy26-estimates-clsa-7823371.html>
- **Sensex down 166 points, Nifty ends below 17,400:** The BSE Sensex closed at 58,117.09, down 166.33 points or 0.29 per cent. It recorded an intraday high of 58,322.42 and a low of 57,803.87. The Nifty 50 closed at 17,324.90, down 43.35 points or 0.25 per cent. It recorded an intraday high of 17,376.20 and a low of 17,225.80. Powergrid, Divi's Lab, Axis Bank, Nestle India and Dr Reddy were the top gainers on the Nifty 50 while ITC, Bajaj Finance, Tata Consumer, Kotak Bank and Bharti Airtel were the top laggards.
<https://www.thehindubusinessline.com/markets/stock-markets/sensex-down-166-points-nifty-ends-below-17400/article37952506.ece>
- **Rupee falls 17 paise to 75.95 against US dollar in early trade:** The rupee declined by 17 paise to 75.95 against the US dollar in opening trade on Tuesday, as muted domestic equities and persistent foreign fund outflows weighed on the local unit. At the interbank foreign exchange, the rupee opened weak at 75.94, then slipped further to 75.95 against the US dollar in early deals, registering a decline of 17 paise from the last close.
<https://www.moneycontrol.com/news/business/markets/indian-rupee-falls-17-paise-to-75-95-against-us-dollar-in-early-trade-7823571.html>



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