



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

February 16, 2022

- **SBI raises retail term deposit rates of 2 yrs and above maturity by 10-15 bps:** State Bank of India (SBI) has increased the interest rates on retail term deposits of 2 years and above by 10-15 basis points (bps) with effect from Tuesday in the backdrop of incremental credit growth outpacing the deposit growth. India's largest bank has, however, left key lending rate benchmarks such as marginal cost of funds based lending rate and external benchmark-based lending rate unchanged. The new interest rate on the retail term deposit (TD) (below ₹2 crore) of '2 years to less than 3 years' duration is 5.20 per cent (5.10 per cent earlier). Deposit of '3 years to less than 5 years' and '5 years and up to 10 years' will now fetch depositors' 5.45 per cent (5.30 per cent) and 5.50 per cent (5.40 per cent) interest, respectively.
<https://www.thehindubusinessline.com/money-and-banking/sbi-raises-retail-term-deposit-rates-of-2-yrs-and-above-maturity-by-10-15-bps/article65051776.ece>
- **Punjab & Sind Bank declares IL&FS Tamil Nadu Power as fraud account; outstanding dues at Rs 148 crore:** Public sector Punjab & Sind Bank (PSB) on Tuesday said it has declared bad asset IL&FS Tamil Nadu Power Company, with dues of over Rs 148 crore, as a fraud account and reported it to the Reserve Bank. As per the bank's policy on determination and disclosures on material events, PSB said it has declared this non-performing account (NPA) as a fraud account. "It is informed that an NPA account, viz IL&FS Tamil Nadu Power Company Ltd with outstanding dues of Rs 148.86 crore has been declared as fraud and reported to RBI today as per regulatory requirement," the lender said in a regulatory filing.
<https://www.moneycontrol.com/news/business/companies/punjab-sind-bank-declares-ilfs-tamil-nadu-power-as-fraud-account-outstanding-dues-at-rs-148-crore-8107401.html>
- **Loans can be upgraded from NPA to standard category only upon repayment of entire arrears: RBI:** Loan accounts can be upgraded from non-performing asset (NPA) to standard asset category only upon repayment of entire arrears of interest and principal pertaining to all credit facilities in the case of borrowers having more than one credit facility from a lending institution, according to the Reserve Bank of India (RBI). This is as according to the RBI's clarification on its November 2021 circular on 'Prudential Norms on Income Recognition, Asset Classification and Provisioning'.
<https://www.thehindubusinessline.com/money-and-banking/loans-can-be-upgraded-from-npa-to-standard-category-only-upon-repayment-of-entire-arrears-rbi/article65053223.ece>
- **Standard Chartered launches 'interest-only home loan' facility:** Standard Chartered Bank, India has launched the 'interest-only home loan' facility for completed residential properties. where during the initial period , borrowers pay only for the interest accrued on the principal outstanding. "No principal will be deducted during this interest only period," it said in a statement on Tuesday, adding that this facility aimed at new and existing clients looking at availing a home loan. Borrowers can choose to pay only the interest amount via Equated Monthly Instalments for an initial period of up to one to three years. After this, the facility will be treated like a normal loan account where the EMIs comprise of both the principal and interest till the maturity of the loan. Borrowers can also start their full instalments earlier with no penalty fees as well. "Interest Only Home Loan will help clients reduce their upfront cash outflows by paying less for the initial tenor of the loan," the bank further said.
<https://www.livemint.com/industry/banking/standard-chartered-bank-launches-interest-only-home-loan-facility-11644922716237.html>



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- **Yes Bank scam: CBI searches underway at six locations:** The Central Bureau of Investigation (CBI) investigating the Yes Bank scam is conducting searches on borrowers of erstwhile Dewan Housing Finance Ltd (DHFL). According to sources, raids are underway at six locations including those in Mumbai and Pune. Amongst those being searched include the premises of builder Sanjay Chhabria of the Radius group, sources said. Radius Group was one of the biggest borrowers on the erstwhile DHFL with an outstanding loan with interest of around Rs 3,000 crores for a residential project in suburban Mumbai. The project is a joint venture between Radius and Sumer Group.
<https://economictimes.indiatimes.com/news/india/yes-bank-scam-cbi-searches-underway-at-six-locations/articleshow/89588267.cms>
- **IndusInd Bank to facilitate digital transactions on e-NAM:** IndusInd Bank on Tuesday announced that it has been empanelled by the Small Farmers Agri-Business Consortium (SFAC) to facilitate digital collection and settlement services on National Agriculture Market (e-NAM) portal for transactions between farmers and traders across the country. "IndusInd Bank has been directly integrated with e-NAM platform to provide safe and hassle-free payments, clearing, and settlement services to the farmers and traders," it said in a statement. Under this arrangement the bank will offer an array of transaction services through digital modes including multi-net banking, debit card, NEFT, RTGS, IMPS, and UPI to the buyer and seller of the agriculture produce, it further said. As of January 2022, there are over 1.7 crore farmers and more than 1.8 lakh traders who are registered on eNAM and have benefitted from the digital marketplace. The total value of agri-produce traded on eNAM is about ₹1.72 lakh crore.
<https://www.thehindubusinessline.com/money-and-banking/indusind-bank-to-facilitate-digital-transactions-on-e-nam/article65051454.ece>
- **Real estate sector GNPA of non-bank lenders likely to exceed 9% in FY22: ICRA:** Non-banking finance companies (NBFCs) and housing finance companies (HFCs) are likely to see their real estate sector gross non-performing asset (GNPA) ratio exceed 9% by March-end from 6.8% as of September 30, rating agency ICRA said in a report on Monday. Real estate GNPA of non-bank lenders rose from 5.1% as of March 2020 to 6.2% as of March 2021, it said. Non-bank lenders have been witnessing stress building up in the real estate portfolio since FY19 (April-March) with domestic real estate sector facing a prolonged slowdown, subdued sales and consequent inventory overhang, resulting in debt build-up. Business disruptions on account of Covid-19 further exacerbated the issues, ICRA said. While the real estate industry has witnessed some green shoots in recent quarters, particularly larger developers, a sustained pickup in sales across geographies and different segments would remain critical for a meaningful recovery in the sector, it added.
[https://www.financialexpress.com/industry/banking-finance/real-estate-sector-gnps-of-non-bank-lenders-likely-to-exceed-9-in-fy22-icra/2433832/#:~:text=Non%2Dbanking%20finance%20companies%20\(NBFCs,in%20a%20report%20on%20Monday.](https://www.financialexpress.com/industry/banking-finance/real-estate-sector-gnps-of-non-bank-lenders-likely-to-exceed-9-in-fy22-icra/2433832/#:~:text=Non%2Dbanking%20finance%20companies%20(NBFCs,in%20a%20report%20on%20Monday.)
- **Despite rising inflation, RBI unlikely to hike rates till August: Report:** Despite retail inflation rising to 6.01 per cent in January, and likely to remain elevated till April, a foreign brokerage report expects RBI to leave key policy rates unchanged throughout the first half of 2022. Swiss brokerage UBS Securities India sees the policy to change only from the second half wherein the Monetary Policy Committee (MPC) may deliver a 50 basis points hike in the second half starting from the August policy. The official data released on Monday showed that retail inflation spurted to a seven-month high in January at 6.01 per cent-but lower than the previous high of 6.26 per cent in June 2021. Wholesale inflation stayed in double-digit at 12.96 per cent. The government also revised upwards the CPI inflation for December 2021 to 5.66 from 5.59 per cent.



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<https://www.livemint.com/economy/despite-rising-inflation-rbi-unlikely-to-hike-rates-till-august-11644926945893.html>

- **IndusInd Bank's internal investigation hints at procedural lapses by Bharat Financial Inclusion:** IndusInd Bank's internal probe is said to have found procedural lapses by its wholly owned subsidiary Bharat Financial Inclusion (BFIL) in loan disbursements to microfinance borrowers at the peak of the pandemic. Deloitte India, which is doing an external review on the matter, is likely to submit its report in a week's time, two people familiar with the issue said. IndusInd would take a call on the BFIL's chief executive officer Shalabh Saxena and chief financial officer Ashish Damani's release after examining the outcome of the Deloitte report.
<https://economictimes.indiatimes.com/industry/banking/finance/banking/indusind-banks-internal-investigation-hints-at-procedural-lapses-by-bharat-financial-inclusion/articleshow/89575951.cms>
- **Aditya Birla Group invests undisclosed sum in Zand in UAE:** The Aditya Birla Group has invested an undisclosed amount in Zand, an upcoming digital bank in the United Arab Emirates (UAE). The USD 45-billion diversified conglomerate joins other investors like Franklin Templeton, Al Hail Holding LLC, Al Sayyah and Sons Investments LLC, Global Development Group, Mohamed Alabbar, Olivier Crespian, and Yusuff Ali M A as shareholders in the bank. The Aditya Birla Group, whose interests in financial services include running a non-bank finance company and asset management firm, had unsuccessfully applied for getting a licence for a universal bank in 2013 during the last round of allotments.
<https://economictimes.indiatimes.com/industry/banking/finance/banking/aditya-birla-group-invests-undisclosed-sum-in-zand-in-uae/articleshow/89595716.cms>
- **Banning cryptocurrencies perhaps most advisable choice, says RBI Deputy Governor:** Banning cryptocurrency is perhaps the most advisable choice open to India, according to Reserve Bank of India Deputy Governor T Rabi Sankar. Cryptocurrencies should be kept away from the formal financial system as they have no underlying cash flows, they have no intrinsic value, are akin to Ponzi Schemes, and may even be worse, he cautioned. "We have seen that crypto-technology is underpinned by a philosophy to evade Government controls. Cryptocurrencies have specifically been developed to bypass the regulated financial system. These should be reason enough to treat them with caution," Rabi Sankar said in his keynote address at the Indian Banks Association 17th Annual Banking Technology Conference and Awards.
<https://www.thehindubusinessline.com/money-and-banking/cryptocurrency/banning-cryptocurrencies-perhaps-most-advisable-choice-says-rbi-deputy-governor/article65050395.ece>
- **RapiPay forays into digital banking, raises \$15 million:** Fintech player RapiPay has raised \$15 million in funding to launch a new-age digital banking super app - NYE. The current funding round is led by Varun Jaipuria of RJ Corp, DLF Family Office, Rahul Gautam of Sheela Foam and Rohan Kumar of DS Group, Rapipay said on Tuesday. "The fresh capital will be used for building a robust digital financial ecosystem in the country for both consumers and businesses," said Yogendra Kashyap, Co-founder and MD, RapiPay.
<https://www.livemint.com/companies/news/fintech-firm-rapipay-forays-into-digital-banking-raises-15-million-11644922549381.html>
- **KLM Axiva Finvest to raise up to ₹200 crore via NCDs:** Kerala-based KLM Axiva Finvest Ltd is planning to raise up to ₹ 200 crore via public issue of secured, redeemable non-convertible debentures (NCDs) of ₹1,000 face value each. The NCDs carry coupon rate ranging from 9.75 per cent to 11.25 per cent, depending on the tenure, across 10 options, per the gold loan company's prospectus.
<https://www.thehindubusinessline.com/money-and-banking/klm-axiva-finvest-to-raise-up-to-200-crore-via-ncds/article65052499.ece#:~:text=NBFC%20plans%20to%20utilise%20funds,%E2%82%B91%2C000%20face%20value%20each.>



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- **The Sintex loan behind the events at RBL Bank:** The Reserve Bank of India’s decision to appoint an additional director on RBL Bank Ltd’s board in December may be linked to irregularities in loans to bankrupt Sintex Industries. An analysis of data from financial information services provider Probe42 and Registrar of Companies (RoC) databases indicates RBL Bank granted a ₹140 crore loan facility to Sintex-BAPL, ignoring its deteriorating credit metrics. Group firm Sintex Industries then borrowed the funds from Sintex-BAPL to repay a ₹280 crore loan from the bank, a case of so-called evergreening of loans, where banks provide credit simply to help pay old debt. Sintex-BAPL and Sintex Industries have since been referred to bankruptcy courts for resolution.
<https://www.livemint.com/industry/banking/rbl-bank-s-loan-to-bankrupt-sintex-co-raises-red-flags-11644863065432.html>
- **SEBI rolls back Chairman and MD separation norm, makes it “voluntary” from April 1:** SEBI Board on Tuesday decided that its earlier requirement of listed companies to have their post of Chairman and Managing Director mandatorily separated from April 1, 2022 would now only be a “voluntary” provision. This decision, which came at a Board meeting in the capital, would come as a huge relief for Corporate India especially when only 54 per cent of the top 500 listed companies as on December 31, 2021 had complied to this requirement.
<https://www.thehindubusinessline.com/markets/sebi-rolls-back-chairman-and-md-separation-norm-makes-it-voluntary-from-april-1/article65052341.ece>
- **Equities witness pullback rally on export data; Sensex ends up over 1700 pts:** The BSE Sensex closed at 58,142.05, up 1736.21 points or 3.08 per cent. It recorded an intraday high of 58,211.38 and a low of 56,438.47. Nifty 50 closed at 17,352.45, up 509.65 points or 3.03 per cent, near the day’s high of 17,375.00. It recorded an intraday low of 16,839.25. Tata Motors, Bajaj Finance, Eicher Motor, Shree Cement and Hero Motocorp were the top gainers on the Nifty 50. Only two scrips- Cipla and ONGC closed in the red.
<https://www.thehindubusinessline.com/markets/equities-witness-pullback-rally-on-export-data-sensex-ends-up-over-1700-pts/article65052057.ece>
- **Gold slips off 8-month high, palladium drops as Russia-Ukraine worries ease:** Gold prices retreated from a multi-month peak on Tuesday while palladium slipped more than 5 percent as news about some Russian troops near Ukraine returning to their bases drove a rebound in riskier assets. Spot gold was down 1.3 percent to \$1,846.46 per ounce by 1318 GMT, after hitting its highest level since June 11 at \$1,879.48. US gold futures fell nearly 1 percent to \$1,851.00.
<https://www.moneycontrol.com/news/business/gold-slips-off-8-month-high-palladium-drops-as-russia-ukraine-worries-ease-8104421.html>
- **Rupee slips 12 paise to 75.72 against US dollar in early trade:** The rupee declined 12 paise to 75.72 against the US dollar in opening trade on Tuesday, as geopolitical tensions and higher domestic inflation weighed on investor sentiments. Forex traders said sustained foreign fund outflows and elevated crude oil prices too weakened the rupee position. At the interbank foreign exchange, the rupee opened at 75.60 against the US dollar, then slipped further to 75.72, registering a decline of 12 paise from the last close.
https://www.business-standard.com/article/finance/indian-rupee-slips-12-paise-to-75-72-against-us-dollar-in-early-trade-122021500422_1.html



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