



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

May 16, 2022

- **SBI hikes MCLR by 10 bps across tenures in second such move in two months:** The country's largest lender State Bank of India (SBI) has hiked its marginal cost of funds based lending rate (MCLR) by 10 basis points (bps) across tenures, effective May 15. This is the second time the state-owned lender has raised its MCLR in as many months. Consequently, SBI's overnight, one-month, three-month MCLR now stands at 6.85 per cent as against 6.75 per cent earlier. Similarly, the six-month MCLR stands at 7.15 per cent, one-year MCLR stands at 7.20 per cent, two-year MCLR stands at 7.40 per cent, and three-year MCLR stands at 7.50 per cent. The hike in MCLR by SBI comes after the monetary policy committee (MPC) hiked benchmark interest rate (repo rate) by 40 basis points to 4.40 per cent, in an off-cycle meeting to tame the rising headline inflation.
<https://zeenews.india.com/personal-finance/sbi-hikes-mclr-by-10-bps-across-tenures-within-2-months-check-rates-2463890.html>
- **Govt to soon approve recast of Banks Board Bureau:** The government would soon finalise the restructuring of Banks Board Bureau (BBB) as its extended two-year term concluded last month, according to sources. The extended term for the BBB, the head hunter for top management of state-run banks and financial institutions, ended on April 10. The Appointments Committee of the Cabinet would take a call on the restructuring of BBB soon, sources said. BBB since April 2018, has been headed by former Secretary in the Department of Personnel and Training B P Sharma.
<https://economictimes.indiatimes.com/news/economy/policy/government-to-soon-approve-recast-of-banks-board-bureau/articleshow/91574167.cms>
- **Frauds in PSBs dip 51 pc to Rs 40,295 cr in FY22; number of cases not falling fast enough:** RBI: As per the RBI reply, the amount of frauds worth less than Rs 1 lakh has been recorded from April 1, 2017. Public sector banks reported over 51 per cent dip in the amount involved in frauds to Rs 40,295.25 crore during the financial year ended March 2022, the Reserve Bank of India has said. The 12 PSBs (Public Sector Banks) had reported frauds worth Rs 81,921.54 crore in preceding fiscal 2020-21, the Reserve Bank has said in response to an application under the Right to Information (RTI) Act. However, the number of fraud cases didn't fall at the same pace as a total of 7,940 frauds reported by the PSBs in 2021-22, against 9,933 incidents reported in FY21, said the RBI's reply to Madhya Pradesh-based RTI activist Chandrashekhar Gaur. According to the RBI data on frauds reported by PSBs in all categories during FY22, the highest amount of Rs 9,528.95 crore was reported by the city-based Punjab National Bank (PNB), involving 431 such incidents.
<https://economictimes.indiatimes.com/industry/banking/finance/banking/frauds-in-psbs-dip-51-pc-to-rs-40295-crore-number-of-cases-not-falling-fast-enough-rbi/articleshow/91576667.cms>
- **Bandhan Bank to halve its microfinance portfolio over the next two years:** Hit by its larger focus in microfinance during the pandemic Kolkata based Bandhan Bank is now planning to halve its micro-finance portfolio over the next two years by 2025 to nearly 26% by diversifying its business into retail, largely home loans, gold loans and unsecured lending besides MSMEs. It also plans to foray into new geographies beyond East India. "As a strategy we need to reach the people who do not have credit access. So we are trying to focus on retail and reach the areas where very few banks have a presence" said Chandrashekhar Ghosh, MD, Bandhan Bank. "We are looking at bringing down the share of the microfinance portfolio".
<https://economictimes.indiatimes.com/industry/banking/finance/banking/bandhan-bank-to-halve-its-microfinance-portfolio-over-the-next-two-years/articleshow/91578489.cms>



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- **RBI not behind the curve in hiking rates, says Ashima Goyal of rate-setting panel:** The Reserve Bank of India is not behind the curve in hiking interest rate to tackle rising inflation, Monetary Policy Committee (MPC) member Ashima Goyal told PTI on May 15. Goyal asserted that it is never wise to overreact to shocks when the economic recovery is shaky after the pandemic. While acknowledging that India is "especially vulnerable" to the combination of food and crude oil inflation unleashed by the Russia-Ukraine war, economist Goyal said rate hikes should be aligned with the economic recovery.
https://www.business-standard.com/article/economy-policy/rbi-not-behind-the-curve-in-hiking-rate-says-mpc-member-ashima-goyal-122051500215_1.html#:~:text=The%20Reserve%20Bank%20of%20India,shaky%20post%20the%20coronavirus%20pandemic.
- **Foreign investors' pull out ₹25,200 crore from equity market in May so far:** The relentless selling of Indian stocks by foreign investors continued, as they pulled out a little over ₹25,200 crore from the Indian equity market in the first fortnight of this month, on hike in interest rate globally and concerns over rising Covid cases. "Headwinds in terms of higher crude prices, rising inflation, tightening monetary policy, etc. weigh on indices. Besides, investors are worried about growth expectations, while inflation remains elevated globally. Hence, we believe FPIs flows are likely to remain volatile in the near-term," Shrikant Chouhan, Head-Equity Research (Retail), Kotak Securities, said.
<https://www.thehindubusinessline.com/markets/foreign-investors-pull-out-25200-crore-from-equity-market-in-may-so-far/article65416291.ece>
- **Digital currency can play crucial role in cross-border payments, currency management: Finance Minister:** Digital currency should be leveraged for India's development, said Finance Minister Nirmala Sitharaman. Delivering the 36th annual convocation address of the Manipal-based TA Pai Management Institute (TAPMI) in Udupi district on Saturday, she said India does not want to lose the opportunity of being a leader in digital currency, and it understands the potential of the Distributed Ledger Technology. Referring to the Budget announcement on the Central Bank Digital Currency, she said it would usher in efficiencies in cross-border payments and currency management. This will also make bulk transactions far better enabled.
<https://www.thehindubusinessline.com/news/digital-currency-can-play-crucial-role-in-cross-border-payments-currency-management-finance-minister/article65414074.ece>
- **Forex reserves decline \$11 billion in FY23:** India's foreign exchange reserves have declined by \$11.355 billion since the beginning of FY23, even as the Reserve Bank of India (RBI) mounted defence of the rupee by selling dollars. In sharp contrast, the reserves had seen an accretion of \$12.481 billion in the same period a year ago (March-end 2021 to May 7, 2021).
[https://www.thehindubusinessline.com/money-and-banking/forex-reserves-decline-11-billion-in-fy23/article65416575.ece#:~:text=India's%20foreign%20exchange%20reserves%20have,to%20May%207%2C%202021\).](https://www.thehindubusinessline.com/money-and-banking/forex-reserves-decline-11-billion-in-fy23/article65416575.ece#:~:text=India's%20foreign%20exchange%20reserves%20have,to%20May%207%2C%202021).)
- **SEBI calls for no celebrity endorsement of cryptos:** The Securities and Exchange Board of India (SEBI) has suggested that no 'prominent public figures, including celebrities, sportsmen' should endorse crypto products and the advertisement discloser should also talk about possible violation of laws. As on date, crypto is not regulated and has been named as virtual digital assets (VDA) for taxation purpose only. SEBI communicated its view to the Parliamentary Standing Committee on Finance when members quizzed officials on various aspects of crypto last month, sources told BusinessLine. Now, the regulator has submitted a detailed response in writing. The Finance Ministry has also asked the regulator to give its views on advertisement and also forwarded guidelines by Advertising Standards Council of India (ASCI), sources added.



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<https://www.thehindubusinessline.com/money-and-banking/cryptocurrency/sebi-calls-for-no-celebrity-endorsement-of-cryptos/article65416520.ece>

- **Fraud incidents rising with surge in UPI transactions:** UPI-based transactions, which have witnessed an over four-fold increase both in volume and value terms over the last two years, as well as an increase in the amount of frauds. UPI (Unified Payments Interface) is basically an instant real-time payment system developed by the National Payments Corporation of India (NPCI) facilitating inter-bank peer-to-peer and person-to-merchant transactions. As on March 2020, there were 125 crore UPI based transactions, amounting to close to ₹2.1-lakh crore in value terms. NPCI data suggests that this increased to around 540 crore transactions, amounting to ₹9.6-lakh crore in value terms in March 2022.
<https://www.thehindubusinessline.com/money-and-banking/fraud-incidents-rising-with-surge-in-upi-transactions/article65413630.ece>
- **NBFCs seek exemption from RBI for daily stamping of accounts for small borrowers:** Non-banking finance companies are in further dialogue with the Reserve Bank of India on NPA classification, which calls for daily stamping of accounts. NBFCs have sought exemption for borrowers with loans upto ₹2 crore from the norms, pointing out that they often have erratic cash flows. "There's one issue on which there has been a continuous dialogue, which is moving the NPA to a day stamping. We have pointed out to the regulator that our customer segments are often daily, weekly or monthly earners and for them, the due date for loan repayment is a month and not a date," noted an industry source, adding that it would be challenging for such small borrowers to repay loans on the exact due date.
<https://www.thehindubusinessline.com/money-and-banking/nbfc-see-exemption-from-rbi-for-daily-stamping-of-accounts-for-small-borrowers/article65416355.ece>
- **Sundaram Home Finance Q4 net profit jumps 45 per cent to Rs 53 cr:** Chennai-headquartered Sundaram Home Finance has posted a 45 per cent growth in its fourth quarter net profit at Rs 53.05 crore. It had posted a net profit of Rs 36.60 crore in the corresponding quarter of the previous year. Disbursements in Q4FY22 grew by 73 per cent year-on-year to Rs 794.11 crore as against Rs. 459.38 crore in the same previous period. The company registered record disbursement of over Rs 300 crore in March 2022. "The record disbursements in March this year is a clear sign of the resilience in the real estate sector. We have seen an uptick in business in Tier-2 and 3 towns in the southern market, with the contribution from these geographies going up to around 70 per cent at the end of Q4, from about 55 per cent a year earlier," D Lakshminarayanan, MD, Sundaram Home Finance, said in a press statement.
<https://www.thehindubusinessline.com/money-and-banking/sundaram-home-finance-q4-net-profit-jumps-45-per-cent-to-rs-53-cr/article65413932.ece#:~:text=Chennai%2Dheadquartered%20Sundaram%20Home%20Finance,quarter%20of%20the%20previous%20year.>
- **Premature redemption price of sovereign gold bond fixed at Rs 5,115/unit:** The price for premature redemption of sovereign gold bond (SGB) due on Tuesday has been fixed at Rs 5,115 per unit, an RBI release said. Premature redemption of Gold Bond is permitted after the fifth year from the date of issue and the due date of SGB 2016-17, Series III issued on November 17, 2016 is May 17, 2022. The redemption price of SGB is based on the average closing price of gold of 999 purity of the week (Monday-Friday) preceding the date of redemption as published by the India Bullion and Jewellers Association Ltd (IBJA). "Accordingly, the redemption price for the second premature redemption due on May 17, 2022 shall be Rs 5,115 per unit of SGB based on the simple average of closing price of gold for the week May 09-13, 2022," the RBI said in a statement.
https://www.business-standard.com/article/finance/premature-redemption-price-of-sovereign-gold-bond-fixed-at-rs-5-115-unit-122051500505_1.html



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- **Cryptos can 'seriously undermine' monetary system: RBI tells House panel:** Cryptocurrencies can lead to "dollarisation" of a part of the economy which would be against India's sovereign interest, top officials of the RBI have told a parliamentary panel, according to sources. Briefing the Parliamentary Standing Committee on Finance chaired by former minister of state for finance Jayant Sinha, top officials of the RBI, including its governor Shaktikanta Das, clearly expressed their apprehensions about cryptocurrencies and said these pose challenges to the stability of the financial system, sources told PTI.
https://www.business-standard.com/article/finance/cryptos-can-seriously-undermine-monetary-system-rbi-tells-house-panel-122051500499_1.html
- **NARCL to make binding offers for first tranche of accounts in two weeks: SBI MD:** The National Asset Reconstruction Company (NARCL), known more commonly as India's bad bank, will make binding offers for the first tranche of accounts within the next couple of weeks, a senior State Bank of India (SBI) executive said on Friday. Swaminathan J, managing director for risk, compliance and stressed assets resolution, SBI, said that the process of identification of accounts and due diligence is nearly completed. "They are in the final lap of getting the approvals ready in order to make binding offers to the banks. We expect that to be a couple of weeks away," he said.
<https://www.financialexpress.com/industry/banking-finance/narcl-to-make-binding-offers-for-first-tranche-of-accounts-in-two-weeks-sbi-md/2524126/>
- **Mcap of eight of top-10 firms tumbles over Rs 2.48 lakh cr; Reliance biggest drag:** Eight of the 10 most valued companies suffered a combined erosion of Rs 2,48,372.97 crore in their market valuation last week in line with a weak broader market trend, with Reliance Industries taking the biggest hit. Last week, Sensex lost 2,041.96 points or 3.72 per cent. While Reliance Industries, Tata Consultancy Services, HDFC Bank, Infosys, ICICI Bank, State Bank of India, HDFC and Bharti Airtel were the laggards, Hindustan Unilever Limited and Kotak Mahindra Bank emerged as gainers. The market valuation of Reliance Industries tumbled Rs 1,30,627.7 crore to reach Rs 16,42,568.98 crore. State Bank of India's market capitalisation (mcap) tanked Rs 35,073.72 crore to Rs 3,97,189.84 crore. The valuation of ICICI Bank plummeted by Rs 29,279.72 crore to Rs 4,70,856.80 crore and that of Infosys eroded by Rs 16,869.36 crore to Rs 6,32,432.92 crore.
<https://www.financialexpress.com/market/mcap-of-eight-of-top-10-firms-tumbles-over-rs-2-48-lakh-cr-reliance-biggest-drag/2525112/>

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