



**THE INSTITUTE OF
COST ACCOUNTANTS OF INDIA**
(STATUTORY BODY UNDER AN ACT OF PARLIAMENT)
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

February 17, 2022

- **Public sector banks see operating profit decline in Q3FY22:** The October-December quarter of FY22 may have been a strong one for the banking sector, but public sector banks (PSBs) may still have some distance to go in terms of operational improvement. Data sourced from Capitaline showed that the 12 PSBs' aggregate operating profit fell 0.6% on a year-on-year (y-o-y) basis to Rs 49,596.41 crore, even as private banks as a group saw an improvement in the metric. Five of the 12 PSBs saw their operating profits decline. Most of them attributed the downtrend to poor performance on the treasury front which, in turn, is a function of interest rate movements in the money markets. Q3FY22 saw yields shooting up across debt instruments which resulted in banks booking mark-to-market (MTM) losses on their investment portfolios.
<https://www.financialexpress.com/industry/banking-finance/public-sector-banks-see-operating-profit-decline-in-q3fy22/2434939/>
- **Govt set to launch IDBI Bank sale process next week:** The Centre is looking to kickstart the privatisation of IDBI Bank this month, with its advisor KPMG reaching out to multiple suitors - including large private equity buyout funds and long-only funds - inviting them to a roadshow next week, said people aware of the matter. This will be a virtual interaction, to be attended by government officials and the bank's management. For the moment, the government is open to selling its entire 94.71% stake. This includes LIC's 49.24% equity stake, which comes with management control. The central government holds another 45.48%. The non-promoter shareholding in the bank currently stands at only 5.29%. The sale of IDBI Bank will be the first case in India of "voluntary discovery" of the buyer through an open bidding process. Generally this route has been used to sell banks which are in trouble. Further, as an insurer, LIC has to commit to exiting its exposure as a pre-requisite for its initial public offering for which the DRHP was filed on February 13.
<https://economictimes.indiatimes.com/industry/banking/finance/banking/govt-set-to-launch-idbi-bank-sale-process-next-week/articleshow/89603995.cms>
- **LIC sits on over Rs 21,500 cr unclaimed funds:** State-owned insurance behemoth LIC had unclaimed funds to the tune of Rs 21,539 crore as of September 2021, according to draft prospectus filed for IPO with market regulator Sebi. This includes interest earned over the outstanding unclaimed amount. As per the Draft Red Herring Prospectus (DRHP) filed by the Life Insurance Corporation of India (LIC), the unclaimed amount was at Rs 18,495 crore at the end of March 2021 and Rs 16,052.65 crore at the end of March 2020. The total unclaimed amount stood at Rs 13,843.70 crore at the end of March 2019. Every insurer is required to display information about any unclaimed amount of Rs 1,000 or more on their respective websites (to continue even after completion of 10 years) and a facility is to be provided on the website to enable policyholders or beneficiaries to verify unclaimed amount due to them.
<https://www.business-standard.com/article/companies/lic-sits-on-over-rs-21-500-cr-unclaimed-funds-shows-drhp->



**THE INSTITUTE OF
COST ACCOUNTANTS OF INDIA**
(STATUTORY BODY UNDER AN ACT OF PARLIAMENT)
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

[122021600624_1.html#:~:text=State%2Ddowned%20insurance%20behemoth%20LIC,over%20the%20outstanding%20unclaimed%20amount.](#)

- **LIC seeks exemption from Sebi on deposit norm for upcoming IPO:** The Life Insurance Corp. of India (LIC) has sought exemption from the Securities and Exchange Board of India (SEBI) on deposits with exchanges for its upcoming public offering. Any company floating an initial public offering (IPO) has to deposit an amount equivalent to 1% of the issue size with stock exchanges. The security deposit, aimed at countering fraud, is returned to the issuer after the share sale. "Our corporation vide its letter dated February 13, 2022, has sought an exemption under Regulation 300(1) of the Sebi ICDR Regulations from depositing one per cent (1%) of the amount of securities offered for subscription to the public as security deposit," LIC said in its offer document filed last week.
<https://economictimes.indiatimes.com/markets/ipos/fpos/lic-seeks-exemption-from-sebi-on-deposit-norm/articleshow/89604515.cms>
- **ED to probe ABG shipyard fund diversion under anti-money laundering laws:** The Enforcement Directorate (ED) is set to launch a money laundering probe against ABG Shipyard's erstwhile management and directors under the Prevention of Money Laundering Laws (PMLA) for allegedly diverting "significant funds" out of the total Rs 22,842 crore fraud amount. The federal agency is expected to register an enforcement case information report (ECIR) this week for contravening anti-money laundering law provisions, a senior official told ET. ECIR is similar to police' first information report. "A team of senior officials in Delhi are working closely with officials at Mumbai, Gujarat and Pune. They are in process of collating information from all agencies, forensic audit and other incriminating evidence," the official said
<https://economictimes.indiatimes.com/news/india/ed-to-launch-money-laundering-probe-against-abg-former-brass/articleshow/89600718.cms>
- **Rana Kapoor, Gautam Thapar get bail in Yes Bank fraud case:** A Mumbai Sessions court granted bail to Yes Bank cofounder Rana in the alleged fraud case of over 300 crore. Co-Accused, Gautam Thapar of Avantha Group was also granted bail. The said case pertains to a loan taken by Oyster Buildwell Pvt Ltd, a holding company of Avantha Realty Limited from Yes Bank Ltd (YBL), and its alleged misappropriation between 2017 and 2019. However, Kapoor will continue to be lodged at the Talaja jail in other cases registered by the CBI and ED.
<https://economictimes.indiatimes.com/industry/banking/finance/banking/rana-kapoor-gautam-thapar-get-bail-in-yes-bank-case/articleshow/89616238.cms>
- **Credit guarantee scheme to cover more types of co-operative banks:** The Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) has included non-scheduled urban co-operative banks (NSUCBs), state co-operative banks, and district central co-operative banks as member lending institutions (MLIs) under a scheme that provides guarantee for the collateral-free loans given to micro and small enterprises (MSEs). This is especially beneficial for NSUCBs, which face a higher priority sector lending (PSL) target. The Reserve Bank of India (RBI) had revised the PSL target for all urban co-operative banks, requiring them to increase this portfolio — comprising loans to agriculture, MSME



**THE INSTITUTE OF
COST ACCOUNTANTS OF INDIA**
(STATUTORY BODY UNDER AN ACT OF PARLIAMENT)
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

(micro, small and medium enterprises), export credit, education and housing, among others — in a phased manner from 40 per cent as at March-end 2020 to 75 per cent as at March-end 2024.

<https://www.thehindubusinessline.com/money-and-banking/credit-guarantee-scheme-to-cover-more-types-of-co-operative-banks/article65055306.ece#:~:text=The%20Credit%20Guarantee%20Fund%20Trust,collateral%2Dfree%20loans%20given%20to>

- **Auto debit payment bounce rates remain unimpacted by third wave:** The third wave of the Covid-19 pandemic, which impacted large parts of the country in January, however does not seem to have impacted loan repayments, as reflected in the bounce rates for auto-debit transactions Data from the National Payments Corporation of India (NCPI) from the National Automated Clearing House (NACH) indicates that the volume of unsuccessful auto debit requests was at an all time low in January this year. The bounce rate or percentage of unsuccessful auto-debit transactions in January was 29.6 per cent with just 2.76 crore returns from the 9.34 crore mandates processed last month. As many as 6.57 lakh mandates were successful.
<https://www.thehindubusinessline.com/money-and-banking/auto-debit-payment-bounce-rates-remain-unimpacted-by-third-wave/article65055269.ece#:~:text=Auto%20debit%20transactions%20are%20made,per%20cent%20in%20December%202021>.
- **M2P Fintech acquires core banking solutions provider BSG ITSOFT:** M2P Fintech, a Chennai-based application programming interface (API) infrastructure company, on Wednesday announced that it has signed a definitive agreement to acquire BSG ITSOFT, a leading provider of core banking solutions. The deal size was not disclosed. In a press release, the company said, the acquisition further bolsters M2P Fintech's approach to providing a new generation cloud native platform and positions M2P Fintech among few entities globally to offer a fully integrated banking and payments stack that is built on API-first infrastructure.
<https://www.thehindubusinessline.com/money-and-banking/m2p-fintech-acquires-core-banking-solutions-provider-bsg-itsoft/article65055573.ece>
- **RBI asset upgrade breather: Most NBFCs have already absorbed impact, say experts:** The Reserve Bank of India (RBI) has probably done non-banking finance companies (NBFCs) a good turn by giving them more time to adhere to the new norms for upgradation of a non-performing asset (NPA) to a standard asset; otherwise, it would have led to a spike in NPAs and consequent provisioning burden., say experts The RBI's November 2021 circular on 'Prudential Norms on Income Recognition, Asset Classification and Provisioning Pertaining to Advances', directed lenders, including NBFCs, to move to a regime where they can upgrade loan accounts classified as 'NPAs' to 'standard' asset category only if the entire arrears of interest and principal are paid by the borrower. Lenders had to adhere to the instructions in the circular latest by March-end 2022.
<https://www.thehindubusinessline.com/money-and-banking/rbi-asset-upgrade-breather-most-nbfc-have-already-absorbed-impact-say-experts/article65055680.ece>



**THE INSTITUTE OF
COST ACCOUNTANTS OF INDIA**
(STATUTORY BODY UNDER AN ACT OF PARLIAMENT)
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

- **South Indian Bank bags six IBA awards, including Best Technology Bank of the Year:** The Kerala-headquartered South Indian Bank has bagged six awards, including 'Best Technology Bank of the Year' at the 17th edition of the annual IBA Banking Technology Awards. South Indian Bank received the awards instituted by the Indian Banks' Association representing 247 banking companies operating in India. This year's IBA Awards celebrating "Next Gen Banking" has recognized technologies and practices in the banking industry that have demonstrated a high degree of innovation over the past year.
<https://www.thehindubusinessline.com/money-and-banking/south-indian-bank-bags-six-iba-awards-including-best-technology-bank-of-the-year/article65056168.ece>
- **Pass-through of policy rate cuts to lending rates complete: RBI study:** Scheduled Commercial Banks (SCBs) have effected complete pass-through of the policy rate cuts of 115 basis points to weighted average lending rate (WALR) on fresh rupee loans as well as outstanding loans since March 2020, according to an article in Reserve Bank of India's latest monthly bulletin. This testifies to the effectiveness of the Reserve Bank's policy measures, as per the article "State of the Economy" put together by RBI officials. SCBs continue to price new loans at historically low rates, mirroring improved transmission during the current easing phase, the authors said.
<https://www.thehindubusinessline.com/money-and-banking/pass-through-of-policy-rate-cuts-to-lending-rates-complete-rbi-study/article65056556.ece>
- **Complaints of fraudsters using PAN of other people to obtain loans from Dhani app hit social media:** Fraudsters have used the permanent account numbers (PAN) of customers to obtain loans from an app of Dhani Loans and Services. Many customers have taken to social media to complain that their PAN data is being used fraudulently to open accounts and take loans from the app. The loan amounts have turned overdue and has impacted the credit scores of many of them. At least a few of the impacted customers are now lodging police complaints and approaching the Reserve Bank of India over the issue.
<https://www.thehindubusinessline.com/money-and-banking/complaints-of-fraudsters-using-pan-of-other-people-to-obtain-loans-from-dhani-app-hit-social-media/article65055815.ece>
- **CreditAccess Grameen gets board approval to raise up to Rs 5k cr via debt:** Microfinance lender CreditAccess Grameen on Wednesday said its board has approved a proposal to raise up to Rs 5,000 crore through debt securities and an additional USD 7.4 million (about Rs 55.5 crore) by issuing masala bonds. Its board of directors at its meeting on Wednesday approved the proposal to raise funds up to Rs 5,000 crore, the company said in a regulatory filing. CreditAccess Grameen said this amount is proposed to be raised by the issuance of securities, including bonds, debentures, non-convertible debentures (NCDs) and commercial papers of any other marketable instruments in one or more tranches on private placement or any other mode.
https://www.business-standard.com/article/finance/creditaccess-grameen-gets-board-approval-to-raise-up-to-rs-5k-cr-via-debt-122021601292_1.html



**THE INSTITUTE OF
COST ACCOUNTANTS OF INDIA**
(STATUTORY BODY UNDER AN ACT OF PARLIAMENT)
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

- **Bad bank to reduce stress in banks, nudge credit offtake: RBI bulletin:** The formation of a bad bank in India is likely to help reduce stress in the banking system and give an impetus to the credit cycle, according to an article in Reserve Bank of India's (RBI) February bulletin. The cross-country evidence, RBI said, suggests that if the logistical and financial challenges are carefully navigated, experiments of such bad banks can have more hits than misses. It said that while some experts have hailed the formation of the National Asset Reconstruction Company Ltd (NARCL) as a panacea for all ills, others pointed out the existence of multiple avenues of stressed asset resolution and their challenges. The article draws lessons from other nations where bad banks were set up to predict if NARCL would be a success.
<https://www.livemint.com/industry/banking/bad-bank-to-reduce-stress-in-banks-nudge-credit-offtake-rbi-bulletin-11645018444996.html>
- **RBI allows NBFCs time till September 30 to comply with new NPA norms:** The Reserve Bank of India (RBI) on Tuesday extended the deadline for non-banking financial companies (NBFCs) to comply with new asset classification norms issued on November 12. Non-bank lenders will now be allowed to move to the new rules for recognising bad loans by September 30, 2022, as against March 31, 2022. "Paragraph 10 of the (November 12) Circular stipulates that loan accounts classified as NPAs (non-performing assets) may be upgraded as 'standard' asset only if entire arrears of interest and principal are paid by the borrower. NBFCs shall have time till September 30, 2022, to put in place the necessary systems to implement this provision," the central bank said in a notification.
<https://www.financialexpress.com/industry/banking-finance/rbi-allows-nbfc-time-till-september-30-to-comply-with-new-npa-norms/2435091/>
- **Banks likely to curb pace of deposit rate hikes in near term:** Banks are likely to reduce the pace of deposit rate hikes in the near term on account of abundant liquidity in the banking system, lower credit offtake, and the Reserve Bank of India (RBI) maintaining its key lending rates at 4%. At present, the country's largest lender, State Bank of India, offers interest rates between 2.90% and 5.50% per annum on tenors ranging from seven days to 10 years on retail domestic term deposits below Rs 2 crore. Similarly, large private sector lender HDFC Bank is offering rates between 2.50% and 5.60% on various tenors ranging from seven days to 10 years for deposit accounts with lower than Rs 2 crore outstanding amount.
<https://www.financialexpress.com/industry/banking-finance/banks-likely-to-curb-pace-of-deposit-rate-hikes-in-near-term/2434963/>
- **Repco Home Finance net down 60% to Rs 31.47 crore for Q3:** Repco Home Finance has posted a 60% drop in its net profit at Rs 31.47 crore for the third quarter of FY22 as compared to Rs 79.60 crore in the corresponding quarter of last fiscal. Total income stood at Rs 325.45 crore as compared to Rs 359.75 crore, registering a decline of 9.5%. Net interest income of the company stood at Rs 149.16 crore as compared to Rs 154.36 crore resulting in healthy margins of 5.04%, said a company release.
<https://www.financialexpress.com/industry/banking-finance/repco-home-finance-net-down-60-to-rs-31-47-crore-for-q3/2434929/>



**THE INSTITUTE OF
COST ACCOUNTANTS OF INDIA**
(STATUTORY BODY UNDER AN ACT OF PARLIAMENT)
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

- **Record IPOs in FY22 push up commercial papers issuances by NBFCs:** The rush of public offerings by companies this financial year has resulted in a sharp rise in fundraising by non-banking finance companies (NBFC) via ultra-short-term commercial papers (CPs) to finance high net worth individuals (HNIs) investing in the issues. This was even after the rates on these instruments rose 50-70 basis points compared to the previous financial year. Non-bank lenders have raised Rs 5.12 lakh crore so far in FY22, compared to Rs 2.93 lakh crore in FY21, according to the data compiled by the Prime Database. NBFCs have raised Rs 4.53 lakh crore through seven-day papers and Rs 59,710 crore through eight-day papers so far in FY22. IPO-CPs are usually papers issued with a tenure of seven to 10 days and have high yields compared to three-month CPs.
<https://www.financialexpress.com/industry/banking-finance/record-ipos-in-fy22-push-up-commercial-papers-issuances-by-nbfcs/2434985/#:~:text=NBFCs%20have%20raised%20Rs%204.53,with%20IPOs%20before%20March%202022.>
- **Govt nominates DFS Secretary Sanjay Malhotra as Director on Central Board of RBI:** The government on February 16 nominated Department of Financial Services Secretary Sanjay Malhotra as a Director on the Central Board of RBI, reported CNBC-TV18. Malhotra's nomination is effective from February 16, 2022 and until further orders, added the report. RBI: Govt has nominated DFS Secy Sanjay Malhotra as a Director on the Central Board of RBI
<https://www.moneycontrol.com/news/business/announcements/govt-nominates-dfs-secretary-sanjay-malhotra-as-director-on-central-board-of-rbi-8114841.html>
- **RBI cancels licence of Mantha Urban Cooperative Bank:** The Reserve Bank of India (RBI) on February 16 cancelled the licence of Mantha Urban Cooperative Bank, Maharashtra citing its weak financials. Consequently, the bank ceases to carry on banking business, with effect from the close of business on February 16, 2022, the RBI said. The Commissioner for Cooperation and Registrar of Cooperative Societies, Maharashtra has been requested to issue an order for winding up the bank and appoint a liquidator for the bank, the central bank said in a statement.
<https://www.livemint.com/industry/banking/rbi-cancels-licence-of-mantha-urban-cooperative-bank-11645028710425.html>
- **Rupee gains 18 paise to 75.14 against US dollar in early trade:** The rupee appreciated 18 paise to 75.14 against the US dollar in the opening trade on Wednesday amid signs of de-escalation in the conflict between Russia and Ukraine. At the interbank foreign exchange, the rupee opened at 75.24 against the American dollar and then inched higher to quote 75.14, registering a rise of 18 paise from the last close.
<https://www.moneycontrol.com/news/business/economy/rupee-gains-18-paise-to-75-14-against-us-dollar-in-early-trade-8108891.html>
- **Sensex down 145 points at closing, Nifty ends below 17,400 amid volatility :** The BSE Sensex closed at 57,996.68, down 145.37 points or 0.25 per cent. It recorded an intraday high of 58,569.22 and a low of 57,780.28. The Nifty 50 closed at 17,322.20, down 30.25 points or 0.17 per cent. It recorded an intraday high of 17,490.60 and a low of 17,257.70. Divi's Lab, ONGC, Adani Ports, IOC and HDFC Life



**THE INSTITUTE OF
COST ACCOUNTANTS OF INDIA**
(STATUTORY BODY UNDER AN ACT OF PARLIAMENT)
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

were the top gainers on the Nifty 50, while State Bank of India, ICICI Bank, Tata Steel, NTPC and Ultratech Cement were the top laggards.

<https://www.thehindubusinessline.com/markets/sensex-down-145-points-at-closing-nifty-ends-below-17400-amid-volatility/article65055543.ece>

Disclaimer

Information published in the Daily News Digest are taken from publicly available sources and believed to be accurate. BFSI Board of ICAI takes no responsibility for the accuracy and reliability of information published in the Daily News Digest. No part of this Daily News Digest may be reproduced, stored in a retrieval system, or transmitted in any form or by any means - electronic, mechanical, photocopying, recording, or otherwise without the permission of BFSIB of ICAI.

*For Restricted Circulation only A Compilation of News in this regard from Secondary Sources.