



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

May 17, 2022

- **SBI's MCLR-linked loans become costlier by 10 bps:** The country's largest lender State Bank of India (SBI) has raised its marginal cost of funds based lending rate (MCLR) by 10 basis points or 0.1 per cent across the board with effect from May 15. With this, interest rates on loans benchmarked to MCLR will go up. And, retail, MSME and corporate loans will become costlier when they come up for renewal. Interest cost for corporates while getting new loans sanctioned will also go up. Last month, too, the bank had increased its MCLR by 10 basis points.  
<https://www.thehindubusinessline.com/money-and-banking/sbis-mclr-linked-loans-become-costlier-by-10-bps/article65418874.ece>
- **Bank of Baroda eyes monetisation of life insurance arm in FY23:** Bank of Baroda (BoB) is planning to monetise its life insurance subsidiary – IndiaFirst Life Insurance Co. Ltd. (IFLIC) – via the initial public offer route (IPO) in FY23 as its business is “fairly mature”. BoB had upped its stake in IFLIC from 44 per cent to 65 per cent in the fourth quarter of FY22 by acquiring 21 per cent stake from joint venture partner Union Bank of India. Carmel Point Investments India Pvt Ltd is the second largest shareholder in IFLIC with 26 per cent stake.  
<https://www.thehindubusinessline.com/money-and-banking/bank-of-baroda-eyes-monetisation-of-life-insurance-arm-in-fy23/article65419503.ece>
- **Banks to seek change in definition of 'fraud':** All high-street banks will jointly move the Reserve Bank of India (RBI) to urge a change in the sweeping definition of 'fraud' which cripples businesses, scares away financiers and results in legal tangles. A rigid regulation requires all banks to label a borrowing company and all its accounts as 'fraud account (s)' when one lender puts a fraud tag. It sets off a process where lenders have to file police complaints and take a knock- which is often disproportionately higher than the size of the fraud -on their bottom lines. The combined action rapidly worsens the fortunes of the borrowing corporate, driving away creditors, suppliers, investors and other stakeholders. And lenders which place all the information in public domain may face legal action - as some of the court battles bear out - when angry borrowers think they were disgraced without being properly heard. Bank CEOs decided to make a representation to RBI at a meeting held a few weeks ago to discuss certain issues faced by the lenders, two senior bank officials told ET.  
<https://economictimes.indiatimes.com/industry/banking/finance/banking/banks-to-seek-change-in-definition-of-fraud/articleshow/91584943.cms>
- **'You don't go after big fish but harass poor farmers': SC to Bank on OTS scheme:** The Supreme Court has pulled up the Bank of Maharashtra for challenging an order of the Madhya Pradesh High Court directing it to accept the One Time Settlement (OTS) proposal of farmers and issue them sanction letters, saying the bank does not go after big fish but is only harassing poor farmers. A bench of Justices DY Chandrachud and Surya Kant took note of the High Court order and said that there is nothing wrong with it and will not interfere with it. "In the facts and circumstances of the present case, we are of the view that the direction of the High Court is eminently just and fair. Hence, it is not necessary for the Court to exercise its jurisdiction under Article 136 of the Constitution. The Special Leave Petitions are accordingly dismissed. However, the question of law is kept open to be dealt with in an appropriate case", the bench said in its order passed on May 13.  
<https://economictimes.indiatimes.com/industry/banking/finance/banking/you-dont-go-after-big-fish-but-harass-poor-farmers-sc-to-bank-on-ots-scheme/articleshow/91600559.cms>



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- **Inflation increase due to war impact; RBI may hike rates by 75 bps by August: SBI Economists:** Almost 59 percent of inflation since February is due to war related factors, according to a study by SBI economists. But there are concerns amidst this backdrop about whether rate hikes by the central bank will be useful in taming inflation forcing the central bank to go for more aggressive rate hikes during the year. Using February as the base case when the Ukraine and Russia conflict began, the SBI economists study reveals that Food and Beverages (assuming that vegetable price increase was mostly because of seasonal factors, that are largely domestic) and Fuel and Light & Transport contributed 52% of the increase in overall inflation since February because of the war. " If we also add the impact of input costs particularly on the FMCG sector, thus adding the contribution of personal care and effects, the total impact at all India level comes to 59%, purely because of war" said S K Ghosh, group chief economic advisor at State Bank of India.  
<https://economictimes.indiatimes.com/news/economy/policy/inflation-increase-due-to-war-impact-rbi-may-hike-rates-by-75-bps-by-august-sbi-economists/articleshow/91596416.cms>
- **LIC shares to list on stock exchanges today:** The Life Insurance Corporation (LIC) of India is all set to make its Dalal Street debut on Tuesday. LIC shares are now trading at a mild discount in the grey market, signaling negative to at par listing. Last heard, LIC shares were exchanging hands at a discount of Rs 15-20 apiece in the unofficial market over its issue price of Rs 949. According to dealers tracking the grey market, investors should trim hopes of listing pop from the state-run insurer as sentiments are jeopardized by low subscription figures and a volatile market.  
<https://economictimes.indiatimes.com/markets/ipos/fpos/lic-shares-to-list-on-stock-exchanges-tomorrow-check-out-signals-from-the-grey-market/articleshow/91589310.cms>
- **AXA set to launch mental health insurance in Indian group policies:** AXA France India, with its Indian insurance partners, is set to launch India's first-ever mental health insurance cover in its group policies, said a person aware of the development. The mental health insurance would provide Rs 25,000 for consultation with therapists, psychologists, life coaches, among others through virtual mode, and up to Rs 1 lakh for hospitalisation. The cover would also provide free mental health assessment tests as recommended by the World Health Organisation (WHO).  
[https://www.business-standard.com/article/finance/axa-set-to-launch-mental-health-insurance-in-indian-group-policies-122051600726\\_1.html#:~:text=The%20mental%20health%20insurance%20would,World%20Health%20Organi sation%20\(WHO\).](https://www.business-standard.com/article/finance/axa-set-to-launch-mental-health-insurance-in-indian-group-policies-122051600726_1.html#:~:text=The%20mental%20health%20insurance%20would,World%20Health%20Organi sation%20(WHO).)
- **RuPay cards are expanding footprint but domestic performance remains muted:** RuPay may find acceptance in yet another country, as India concluded its tenth session of the India-Oman Joint Commission Meeting (JCM) with the proposal to include RuPay in the gulf country's card networks. While RuPay has been expanding to other jurisdictions, the National Payments Corporation of India has also made tie-ups with Discover and Diner services to widen the card's acceptability. A Business Standard analysis found that on the domestic front, RuPay's performance has been muted. RuPay cards' transaction volumes increased just 2.4 per cent between 2019-20 and 2021-22. This includes both point of sale transactions and e-commerce transactions. While usage volumes declined in 2020-21, there was a rise in 2021-22. Overall debit card usage volumes exhibited a similar trend, rising 12 per cent between 2020-21 and 2021-22, but declining nearly 11 per cent in 2020-21 compared to the previous year.  
[https://www.business-standard.com/article/finance/rupay-cards-are-expanding-footprint-but-domestic-performance-remains-muted-122051600547\\_1.html](https://www.business-standard.com/article/finance/rupay-cards-are-expanding-footprint-but-domestic-performance-remains-muted-122051600547_1.html)



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- **Paytm to file for new license, says bullish about its roadmap for general insurance:** Digital payments and financial services company Paytm has said that it will seek a new general insurance license with a fresh application, aimed at gaining majority shareholding with a 74 per cent upfront equity stake. In a regulatory filing, Paytm reiterated its intention to make inroads in the general insurance sector, as it is extremely bullish about its potential. Paytm said it remains bullish on its roadmap for general insurance, “and we intend to seek requisite approvals for a new general insurance license, wherein we hold a 74 per cent majority shareholding upfront.”  
<https://www.thehindu.com/business/Industry/paytm-to-file-for-new-license-says-bullish-about-its-roadmap-for-general-insurance/article65418805.ece>
- **RBI to review credit flow, asset quality of public sector banks tomorrow:** Days after the Reserve Bank of India (RBI) hiked the repo rate for the first time in almost four years, governor Shaktikanta Das will meet chiefs of public sector banks (PSBs) on May 17 to review credit flow and assess the outlook on asset quality, sources told FE. Das may also take stock of state-run banks’ strategy to deal with the rising interest rate scenario without upsetting growth dynamics, they added. The meeting comes amid apprehensions that the central bank may be forced to go for another round of aggressive rate increase and liquidity-tightening measures to contain runaway retail inflation, which hit a 95-month high in April. On May 4, the Monetary Policy Committee (RBI) resorted to an out-of-cycle repo rate hike by 40 basis points, the sharpest increase in nearly 11 years, to 4.4%.  
<https://www.financialexpress.com/industry/banking-finance/rbi-to-review-credit-flow-asset-quality-of-public-sector-banks-tomorrow/2525775/>
- **Sensex closes in green, Nifty above 15,800:** The BSE Sensex closed at 52,973.84, up 180.22 points or 0.34 per cent. It recorded an intraday high of 53,428.28 and a low of 52,632.48. The Nifty 50 closed at 15,842.30, up 60.15 points or 0.38 per cent. It recorded an intraday high of 15,977.95 and a low of 15,739.65. Eicher Motor, Apollo Hospitals, UPL, NTPC and State Bank of India were the top gainers on the Nifty 50 while Shree Cement, Ultratech Cement, Asian Paints, ITC and Divi’s Lab were the top losers.  
<https://www.thehindubusinessline.com/markets/sensex-closes-in-green-nifty-above-15800/article65419244.ece>

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