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DAILY NEWS DIGEST BY BFSI BOARD, ICAI

February 18, 2022

- **DFS Secretary Sanjay Malhotra nominated as a director on SBI board:** State Bank of India (SBI) on Thursday said the government has nominated Financial Services Secretary Sanjay Malhotra as a director on its board. The country's largest lender said it received a notification from the Department of Financial Services, Ministry of Finance, informing about the nomination on February 16, 2022. "(T)he central government hereby nominates Sanjay Malhotra (secretary, Ministry of Finance, Department of Financial Services) as director on the central board of directors of State Bank of India, with immediate effect and until further orders, vice Debasish Panda," SBI said in a regulatory filing.
[https://www.business-standard.com/article/finance/dfs-secretary-sanjay-malhotra-nominated-as-a-director-on-sbi-board-122021701093_1.html#:~:text=%22\(T\)he%20central%20government,said%20in%20a%20regulatory%20filing.](https://www.business-standard.com/article/finance/dfs-secretary-sanjay-malhotra-nominated-as-a-director-on-sbi-board-122021701093_1.html#:~:text=%22(T)he%20central%20government,said%20in%20a%20regulatory%20filing.)
- **Bank loans to industries get momentum after 21 months:** Bank loans to industries crossed the Rs 29 lakh crore mark for the first time in 21 months and settled at Rs 29.85 lakh crore at the end of December, with an improvement in consumer and business confidence that laid the pitch for sustained economic revival. Top bankers expect the momentum to continue, with an increase in demand and the government placing its thrust on infrastructure spending and capacity expansion. The outstanding amount previously topped Rs 29 lakh crore at the end of March 2020, after which credit disbursement to companies slowed amid economic uncertainties caused by the pandemic. The outstanding bank loans at Rs 29.85 lakh crore was 3% more than what they were at the end of March 2021, and 7.6% higher from a year earlier, data from the Reserve Bank of India showed. The expansion was largely on account of increased disbursements to micro, small and medium enterprises.
<https://economictimes.indiatimes.com/industry/banking/finance/banking/bank-loans-to-industries-gets-momentum-after-21-months/articleshow/89644675.cms>
- **Kotak Mahindra Bank ties up with Ezetap for integrated PoS solutions:** Kotak Mahindra Bank has tied up with Ezetap to provide integrated Point of Sale (PoS) solutions across 4,000 locations in India. "The initiative will strengthen the bank's presence in the digital payments market space," Kotak Mahindra Bank said in a statement on Thursday, adding that the partnership will enable it to scale up its PoS product base across merchant segments, including retail enterprises and government customers. "With customers mostly preferring to pay through card or digitally through their apps over cash, Ezetap's integrated solution will enable our merchants to avail various value-added services through our PoS product," said Thakur Bhaskar, Senior Executive Vice President and Head - Liability Products and Merchant Acquiring, Kotak Mahindra Bank.
<https://www.thehindubusinessline.com/money-and-banking/kotak-mahindra-bank-ties-up-with-ezetap-for-integrated-pos-solutions/article65058430.ece>



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- **Karnataka Bank bags three banking tech awards:** Karnataka Bank has bagged three awards at the 17th Annual Banking Technology Conference and Awards: 2020-21 Next Gen Banking, instituted by Indian Banks' Association (IBA). The bank has won the awards under categories: Best Technology Bank of the Year; Best Fintech Adoption; and Best Use of AI/ML & Data Analytics — all runner-ups. Mahabaleshwara MS, Managing Director and Chief Executive Officer of the bank in a statement said, "It is a proud moment for the bank as we find ourselves in the league of leading financial institutions pioneering the new age banking technology. The awards are testimony to the in-house capabilities of the Bank's Digital Centre of Excellence (DCoE) in Bengaluru. "We remain committed to innovate, build best in class products and processes using agile methodologies, partnering with FinTechs, focusing on UI/UX and increasing AI/ML by complying to regulatory guidelines. "With this focus on technology and digital transformation, the bank endeavours to emerge as 'Digital Bank of Future' all the while retaining its core values and identity built on more than 98 years of purposeful banking history. I am happy to dedicate these awards to the IT team and staff members of the bank for their zeal and enthusiasm in fostering the IT dream of the bank".
<https://www.thehindubusinessline.com/money-and-banking/karnataka-bank-bags-three-banking-tech-awards/article65058233.ece>
- **Banking sector outlook revised to 'improving' for FY23; credit growth seen at 10 pc: Ind-Ra:** India Ratings and Research (Ind-Ra) has revised its outlook on the banking sector to 'improving' from 'stable' for 2022-23, helped by better credit demand and strong balance sheet of lenders. For next fiscal year, the agency expects credit growth to pick up to 10 per cent and sees gross non-performing asset (GNPA) ratio at 6.1 per cent. "We have revised the outlook on the overall banking sector to improving for FY23 from stable, as the banking system's health is at its best in decades. The improving health trend that began in FY20 is likely to continue into FY23," the agency said.
<https://economictimes.indiatimes.com/industry/banking/finance/banking/banking-sector-outlook-revised-to-improving-for-fy23-credit-growth-seen-at-10-pc-ind-ra/articleshow/89637594.cms>
- **NACH bounce rates fall to lowest in Q3 since start of Covid 19:** In yet another marker that the third Covid wave had minimal impact on bank books, January bounce rates tracked by the NACH platform of the National Payments Corporation of India (NPCI) fell 100 bps month-on-month in January. Debit bounce rates for January 2022 at 23.4% by value were the lowest since the pandemic began in March 2020 and lowest since August 2019, analysis by Macquarie Capital showed. "With the December quarter being the best in terms of recovery, banks have seen a considerable improvement in asset quality with slippages declining substantially QoQ," said Suresh Ganapathy, associate director, Macquarie Capital. "We believe as retail and SME non-performing loans decline further driven by improved credit discipline and higher recoveries, banks are expected to push for higher growth in the unsecured portfolio, which would result in increased margins."
<https://economictimes.indiatimes.com/industry/banking/finance/banking/nach-bounce-rates-fall-to-lowest-in-q3-since-start-of-covid-19/articleshow/89625270.cms>
- **Banks told to raise UPI per-transaction cap for LIC IPO applications:** The government has asked public and private sector banks to raise per transaction limit for UPI payments to Rs 2 lakh to ensure applications by retail investors for Life Insurance Corporation of India's (LIC) initial public offering (IPO)



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through UPI are successfully processed. A working group--overseen by Department of Investment and Public Asset Management (DIPAM)--created to check technological readiness of back-end systems for IPOs, had found that processing of many applications failed if UPI was selected as a mode of payment by retail investors due to per transaction caps imposed by banks, an official said. Retail investors can invest up to Rs 2 lakhs in an IPO.

https://www.business-standard.com/article/finance/banks-told-to-raise-upi-per-transaction-cap-for-lic-ipo-applications-122021701178_1.html

- **Banks explore option of setting up panel to advise them on loan recast:** Banks are exploring the possibility of setting up an 'expert committee' to advise them on restructuring of loans for providing additional comfort to the sanctioning authorities while making decisions, concerned over recent allegations of mismanagement in restructuring of non-performing loan accounts. "The proposed mechanism could cover the cases for restructuring both under standard and non performing account categories," said an executive aware of the development adding that the committee can vet the restructuring proposals above a threshold limit and provide opinion on other cases.
<https://economictimes.indiatimes.com/industry/banking/finance/banking/banks-explore-option-of-setting-up-panel-to-advise-them-on-loan-recast/articleshow/89625115.cms>
- **Loan fraud: CBI grills ABG Shipyards Chairman Rishi Kamlesh Aggarwal:** In the latest development in the Rs 22,842 crore bank loan fraud, allegedly committed by ABG Shipyard, the CBI has interrogated its Chairman and main promoter Rishi Kamlesh Aggarwal at length, sources said. Sources privy to the investigation said that Aggarwal was asked to join the investigation and record his statement. "He responded to our summons and joined the probe. Our team questioned him for hours in connection with the case," a source told IANS.
<https://economictimes.indiatimes.com/news/india/loan-fraud-cbi-grills-abg-shipyards-chairman-rishi-kamlesh-aggarwal/articleshow/89645640.cms>
- **No switch auctions in February and March 2022: RBI:** The Reserve Bank of India (RBI), in consultation with the Government of India, has decided not to conduct the Government Security (G-Sec) switch auctions scheduled to be held in February and March 2022. This decision has been taken as the budgetary provision of switches for the current year has been completed, the central bank said in a statement. Switch/ conversion of Government Securities (G-Secs) entails conversion of G-Secs maturing in the near term to longer dated securities. This is done to ease redemption pressure on the Government.
<https://www.thehindubusinessline.com/money-and-banking/no-switch-auctions-in-february-and-march-2022-rbi/article65059771.ece>
- **Juspay launches OpenPPI for interoperability of prepaid instruments:** Juspay Technologies on Thursday announced the launch of its OpenPPI offering that aims to help Prepaid Instruments (PPI) like digital wallets implement and comply with RBI's PPI interoperability regulation. "With the launch of Juspay's OpenPPI, existing and prospective PPI players can comply with the new regulation using an end-to-end secure cloud solution. The OpenPPI solution will enable interoperability through UPI for



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PPIs,” it said in a statement. According to Reserve Bank of India norms, all prepaid cards and wallets that are full-KYC-compliant, have to be fully interoperable by March 31, 2022, it further noted.

<https://www.thehindubusinessline.com/money-and-banking/juspay-launches-openppi-for-interoperability-of-prepaid-instruments/article65059344.ece>

- **GyanDhan eyes ₹2,300-crore loan disbursements in FY23:** GyanDhan, an education financing platform that recently got an NBFC licence, is looking at a disbursement of ₹2,300 crore over the next one year. While ₹2,000 crore would be facilitated through its network of banks and other non-banking financial institutions, another ₹300 crore is expected to be disbursed through its NBFC arm. Most of the disbursement are expected in the study abroad category. Nearly 90 per cent of GyanDhan’s loans are in the PG and Master’s programs; while the remaining 10 per cent is for the under-graduate level courses.
<https://www.thehindubusinessline.com/news/education/gyandhan-eyes-2300-crore-loan-disbursements-in-fy23/article65058619.ece#:~:text=Most%20of%20the%20loans%20are,over%20the%20next%20one%20year.>
- **Confident the real estate sector will see even better days ahead: Deepak Parekh:** Noting that the country’s housing and real estate sector has demonstrated remarkable resilience in the pandemic, Deepak Parekh, Chairman, HDFC Ltd on Thursday expressed confidence that it will see even better days in the future. “...the Indian real estate market is on an upward cycle, which bodes well for us,” Parekh said at the 4th CII Real Estate Confluence 2022. He noted that in India, the demand for housing has come from genuine homebuyers and not speculators. The real estate sector has already self-corrected and recovered from its previous down-cycle, Parekh further said. “Residential housing remains the real star of real estate with demand for housing coming from both first time homebuyers as well as those moving up the ladder to bigger homes,” he said.
<https://www.thehindubusinessline.com/money-and-banking/confident-the-real-estate-sector-will-see-even-better-days-ahead-deepak-parekh/article65058968.ece#:~:text=Minor%20increase%20in%20interest%20rates,better%20days%20in%20the%20future.>
- **Bajaj Housing Finance extends festive home loan rate till Feb 28:** Bajaj Housing Finance has extended the validity of its festive home loan interest rate, starting at 6.65 per cent per annum, till month end. “In an industry-first initiative, the HFC also offers a provision that allows applicants to link their home loan interest rate to an external benchmark, such as the RBI repo rate. Borrowers who avail this feature stand to benefit from possible rate reductions in the future, as well as complete transparency in the rate setting mechanism,” it said in a statement on Thursday.
<https://www.thehindubusinessline.com/money-and-banking/bajaj-housing-finance-extends-festive-home-loan-rate-till-feb-28/article65058569.ece>
- **HFCs' bad loans jump by 70 bps following new asset quality norms: Report:** Since the introduction of new asset quality norms last November that brought in shadow banks and housing financiers on par with banks, housing finance companies' gross bad loans have gone up by 70 basis points (bps) even as their portfolio quality has improved, according to a report. The bad loan pile is expected to stabilise by



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the end of this quarter, Crisil Ratings said in the report. The Reserve Bank of India (RBI) had on November 12, 2021, introduced tighter asset quality reporting norms for all lenders, which brought in housing financiers and non-banking financial companies (NBFCs) on par with commercial banks.

https://www.business-standard.com/article/finance/hfcs-bad-loans-jump-by-70-bps-following-new-asset-quality-norms-report-122021700766_1.html#:~:text=The%20Reserve%20Bank%20of%20India,on%20par%20with%20commercial%20banks.

- **Muthoot Finance lowers current FY guidance to 10-12%:** NBFC Muthoot Finance has lowered its guidance for the current fiscal year to 10-12% from 15% with active loan base shrinking in the third quarter. In Q3 of FY22, the number of loan accounts shrunk by 3% quarter on quarter (QoQ) while the number of active customers declined by 2% QoQ. Some customers have more than one loan account. New customer acquisition during the quarter stands at 4.2 lakh. “More people took back their gold and closed loan accounts during Q3. Last fiscal year, in Q2 and Q3, there was a huge demand for loans right after the lockdown. Some of them abandoned their gold as the desired cash flow did not materialise and we had to auction some of them,” George Alexander Muthoot, managing director, Muthoot Finance, told FE.
<https://www.financialexpress.com/industry/banking-finance/muthoot-finance-lowers-current-fy-guidance-to-10-12/2436202/>
- **NBFCs to seek exemption of small-value accounts from new NPA norms:** The non-banking financial company (NBFC) industry is planning to continue talks with the Reserve Bank of India (RBI) to seek an exemption of small-value loan accounts from the ambit of the new asset classification norms for the sector. On Tuesday, the RBI acceded to the industry’s requests for an extension and granted an additional six months – up to September 30, 2022 – to NBFCs to comply. Under the guidelines outlined in a circular dated November 12, 2021, NBFCs will be allowed to upgrade a non-performing borrower account to ‘standard’ only if all outstanding dues are cleared. Industry sources told FE they will continue talking to the regulator and seek further exemptions for some specific categories of loan accounts. “We are in constant touch with RBI officials. Now that they have extended the implementation deadline, we will request them to exempt vehicle loans of up to Rs 25 lakh and micro, small and medium enterprises (MSME) loans from the ambit of the circular,” said a person privy to the developments.
<https://www.financialexpress.com/industry/banking-finance/nbfc-to-see-exemption-of-small-value-accounts-from-new-npa-norms/2436136/#:~:text=Citing%20the%20impact%20of%20subsequent,some%20NBFCs%20soaring%20on%20Wednesday.>
- **Sensex, Nifty ends marginally lower amid volatility :** The BSE Sensex closed at 57,892.01, down 104.67 points or 0.18 per cent. It recorded an intraday high of 58,346 and a low of 57,635.43. The Nifty 50 closed at 17,304.60, down 17.60 points or 0.1 per cent. It recorded an intraday high of 17,442.90 and a low of 17,235.85. Tata Consumer, HDFC, ONGC, Reliance and HDFC Life were the top gainers on the Nifty 50 while ICICI Bank, Axis Bank, Ultratech Cement, IndusInd Bank and UPL were the top laggards.



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<https://www.thehindubusinessline.com/markets/sensex-nifty-ends-marginally-lower-amid-volatility/article65058803.ece>

- **Rupee slips 7 paise to close at 75.11 against US dollar:** The rupee declined by 7 paise to close at 75.11 (provisional) against the US currency on Thursday as geopolitical tensions pushed investors towards safe-haven assets. Forex traders said sustained foreign fund outflows and elevated crude oil prices too weakened the rupee. At the interbank foreign exchange, the rupee opened at 74.94 against the American dollar but later dropped to a low of 75.18 against the greenback. The local unit was quoted at 75.11 at close, down 7 paise from the previous close.
<https://economictimes.indiatimes.com/markets/forex/rupee-slips-7-paise-to-close-at-75-11-against-us-dollar/articleshow/89643624.cms?from=mdr>
- **Gold prices today back near one-year highs, silver rates jump:** Gold prices in India were back near one-year highs as the Ukraine concerns lingered on. On MCX, gold futures were up 1.2% to ₹50,250 per 10 gram while silver was down 1% to ₹63,970 per kg. In global markets, spot gold was up about 1% to to \$1,885.65 an ounce. Global equity markets were mixed today as traders weighed geopolitical developments in Ukraine. Supporting the safe-haven demand for gold, Russian-backed separatists in eastern Ukraine today accused government forces of opening fire on their territory.
<https://www.livemint.com/market/commodities/gold-prices-today-back-near-one-year-highs-silver-rates-jump-11645090314179.html>

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