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DAILY NEWS DIGEST BY BFSI BOARD, ICAI

March 18, 2022

- **Bank privatisation to be kickstarted soon:** The finance ministry is expected to soon seek cabinet approval for amendments to the Banking Regulation Act, 1949, and possibly other legislation as it kickstarts the process to privatise two state-run lenders. The proposed changes could include the removal of the 20% foreign investment cap applicable to public sector banks in these two cases, a senior government official told ET. A more attractive voluntary retirement scheme (VRS) for employees of these two banks may also be proposed to the cabinet. Inter-ministerial consultations have been completed on a draft cabinet note on the proposed amendments. "We have incorporated the relevant suggestions and a final proposal will soon be put for final consideration and approval of the cabinet," the official said.
<https://economictimes.indiatimes.com/industry/banking/finance/banking/bank-privatisation-to-be-kickstarted-soon/articleshow/90301803.cms>
- **Bank privatisation Bill unlikely in Budget session :** The government is unlikely to introduce a Bill in the ongoing Budget session of Parliament to facilitate the privatisation of two public-sector banks (PSBs), official sources told FE. The Niti Aayog has reportedly suggested that Indian Overseas Bank and Central Bank of India be privatised. But a key panel that is to endorse the names is yet to take a final call. The Cabinet, too, has to ratify the draft Bill before it is introduced in Parliament. The Budget session will continue until April 8. The Banking Laws (Amendment) Bill, 2021, was listed as part of the legislative business for the winter session of Parliament that concluded on December 23, 2021. However, the government deferred the bold plan amid fierce protests by bank unions.
<https://www.financialexpress.com/industry/banking-finance/bank-privatisation-bill-unlikely-in-budget-session/2463460/>
- **Yes Bank Scam: HC directs special CBI court to defer framing of charges until April 1:** The Bombay High Court (HC) Thursday has asked the special Central Bureau of Investigation (CBI) court to defer framing of charges in the Yes Bank-DHFL case until April 1. This, after jailed banker and Yes Bank cofounder, Rana Kapoor through his counsel Vijay Aggarwal, moved a petition claiming that the federal agency did not secure the requisite approval under the amended provisions of Prevention of Corruption (PC) Act. Kapoor is deemed to be a public servant in terms of Section.46A of the Banking Regulation Act and thus, his acts are covered under the PC Act.
<https://economictimes.indiatimes.com/industry/banking/finance/banking/yes-bank-scam-hc-directs-special-cbi-court-to-differ-framing-of-charges-until-april-1/articleshow/90298605.cms>
- **Public sector banks' net written-off loans to large borrowers plunge:** The net written-off loans of state-run banks involving large borrowers, who owed at least Rs 100 crore each, have sharply dropped from Rs 1.17 trillion in FY20 to Rs 63,869 crore in FY21 and just Rs 18,537 crore in the first half of the current fiscal, the government has told Parliament. This suggests a steady improvement in the



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financial status of public sector banks, who have largely cleaned up their books in recent years following the asset quality review initiated by the central bank in December 2015.

<https://www.financialexpress.com/industry/banking-finance/public-sector-banks-net-written-off-loans-to-large-borrowers-plunge/2463247/>

- **Fewer EMI bounces point to drop in loan defaults:** Debit bounce rates on bank accounts hit their lowest level since May 2019, indicating an improvement in the asset quality of banks. Debit bounce rates are released by the National Payments Corporation of India and reflect the standing instructions for payments that have failed for lack of adequate balance. In February 2022, the bounce rates were 22.4% of transactions by value and 29.2% by volume. In value terms, bounce rates for February 2022 are just around 100bps and are higher than the average levels of around 21.5% seen during Feb 2018-Feb 2020. In volume, terms bounce rates for February on an average have been around 25.8% average in the pre-Covid period (June 2019 to February 2020).
<https://timesofindia.indiatimes.com/business/india-business/fewer-emi-bounces-point-to-drop-in-loan-defaults/articleshow/90278900.cms>
- **RBI gives 3-month extension to RBL Bank's interim MD & CEO:** Private sector RBL Bank on Thursday said the Reserve Bank has granted an extension of three months to its interim MD and CEO Rajeev Ahuja. "We wish to further inform that on request of the Bank, RBI vide its letter dated March 17, 2022, has approved the extension of term of Rajeev Ahuja, interim Managing Director & CEO of the Bank for a further period of three months with effect from March 25, 2022 or till the appointment of a regular MD & CEO, whichever is earlier," RBL Bank said in a regulatory filing.
<https://timesofindia.indiatimes.com/business/india-business/rbi-gives-3-month-extension-to-rbl-banks-interim-md-ceo/articleshow/90298997.cms>
- **NPCI set to launch UPI Lite for small value transactions in offline mode:** In what could potentially give a further boost to digital payments, the National Payments Corporation of India (NPCI) is set to launch UPI Lite, which would enable small value transactions in an offline mode. "At present, it will be near offline but will require a smartphone. It is set to go live with pilots in the next one week or 10 days," said an official source, noting that nearly half the UPI transactions are low ticket payments. "NPCI has designed the UPI Lite – on-device wallet functionality for UPI user," it said in a circular to all member banks. In the first phase, UPI Lite will process transactions in near offline mode that is debit offline and credit online, and at a later point, UPI Lite will process the transactions in complete offline mode that is debit and credit both offline, it further said.
<https://www.thehindubusinessline.com/money-and-banking/npci-set-to-launch-upi-lite-for-small-value-transactions-in-offline-mode/article65233679.ece>
- **Pension regulator mulls allowing mobile-based NPS onboarding:** Pension regulator PFRDA is looking to allow mobile onboarding for NPS subscribers, its Chairman Supratim Bandyopadhyay has said. "Onboarding through mobile app has been pending for sometime. That we will be definitely doing," Bandyopadhyay said when asked as to what one can expect on the NPS front from PFRDA over next 12 months. He was speaking at a virtual event to mark the launch of Computer Age Management



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Services Ltd (CAMS) as third Central Record Keeping Agency (CRA) for NPS. CAMS had received the certification of registration on March 30 last year to act as CRA.

<https://www.thehindubusinessline.com/money-and-banking/national-pension-system-pfrda-looking-to-allow-mobile-based-onboarding-says-chairman-supratim-bandyopadhyay/article65233932.ece>

- **BBB extends deadline to apply for NaBFID Deputy MD posts to April 8:** The Banks Board Bureau (BBB) has on Thursday extended the deadline to apply for the position of three deputy managing directors at government-owned development finance institution National Bank for Infrastructure Financing and Development (NaBFID). The BBB -- the headhunter for filing top-level posts at public sector financial institutions -- had invited applications for the position of three DMDs for its lending and project finance vertical and a chief risk officer and chief financial officer. The application deadline for the three posts has been extended to April 8 from March 21, earlier. The salaries payable to the DMD will be market driven, and will be entitled for annual increments based on the performance and the guidelines of the institution, the BBB clarified Thursday.
https://www.business-standard.com/article/finance/bbb-extends-deadline-to-apply-for-nabfid-deputy-md-posts-to-april-8-122031701171_1.html
- **Indian fintech payment firms have no data advantage over banks: Moody's:** As the Reserve Bank of India (RBI) barred Paytm from taking on new customers for its Payments Bank, a new report on Thursday said that fintech platforms' dominance in digital payments may not result in a significant data advantage over banks. According to Moody's Investors Service, the introduction of the Unified Payment Interface (UPI) in 2017, which allows funds to be transferred instantaneously, has been a key catalyst to the development of digital payments due to the ease of use of apps running on the system. "However, their dominance may not lead to significant advantages over banks, because the UPI's open architecture means that a large user base does not necessarily make a particular service provider more competitive than others on the system," said Srikanth Vadlamani, Moody's Vice President and Senior Credit Officer.
<https://www.moneylife.in/article/payment-fin-techs-have-no-data-advantage-over-indian-banks-moodys/66672.html#:~:text=Payment%20fintechs%20have%20no%20data%20advantage%20over%20Indian%20banks%3A%20Moody's&text=As%20the%20Reserve%20Bank%20of,significant%20data%20advantage%20over%20banks.>
- **NARCL to make binding offers to lenders by March 31, say bankers:** National Asset Reconstruction Company — India's bad bank — will make binding offers in 14 cases to lenders to buy out big-ticket stressed assets before the end of March. Only four/five cases may see transfer before the end of 2021-22 (FY22), said bankers. "Whether we will have enough time to push them through is something we will have to see. Lenders are trying if a few accounts can be migrated. Things should gather pace from April onwards," they added. While the non-binding offers have been given by NARCL, financial and legal due diligence are under way. After this, binding offers will be made. NARCL is a public sector entity and will have to follow a competitive bidding process for these assets using the Swiss Challenge method.
<https://www.business-standard.com/article/finance/narcl-to-make-binding-offers-to-lenders-by-march-31-say-bankers->



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[122031700047_1.html#:~:text=National%20Asset%20Reconstruction%20Company%20%E2%80%94%20India's,\(FY22\)%2C%20said%20bankers.](#)

- **Kotak Mahindra Bank signs MoU with Business France:** Kotak Mahindra Bank Ltd on Thursday said it has entered into a memorandum of understanding (MoU) with Business France, the French national agency in charge of the development of exports and international investments in France, to support companies in the Indo-French corridor. "Business France fosters export growth by French businesses, facilitating international investment in France. It also promotes French companies (mainly mid-sized), business image and nationwide attractiveness as an investment location," it said.
<https://www.livemint.com/industry/banking/kotak-mahindra-bank-signs-mou-with-business-france-11647523892273.html>
- **RBI directs checks on small Russian banks for payments:** The Reserve Bank of India (RBI) has told Indian lenders to conduct due diligence on smaller Russian banks that have been spared Western sanctions before it allows them to participate in the domestic fund clearing system and resume bilateral payments, said a person aware of the development. Indian lenders have identified six small Russian banks, including Bank Zenit, which have been spared from the sanctions and can therefore be used to make and receive payments. However, for conducting Swift transactions, the transacting Indian and Russian banks will need to work through Swift's Relationship Management Application (RMA) system.
<https://www.livemint.com/industry/banking/rbi-directs-checks-on-small-russian-banks-for-payments-11647460541821.html>
- **Rupee rallies 41 paise to close at 75.80 against US dollar:** The rupee spurted by 41 paise to close at 75.80 (provisional) against the US dollar on Thursday, supported by positive domestic equities and broad dollar weakness. At the interbank forex market, the local unit opened at 75.96 against the greenback and witnessed an intra-day high of 75.77 and a low of 75.97. The rupee settled at 75.80, registering a rise of 41 paise over its previous close of 76.21. Meanwhile, the dollar index, which measures the greenback's strength against a basket of six currencies, fell 0.39 per cent to 98.23.
<https://www.thehindubusinessline.com/markets/forex/rupee-rallies-41-paise-to-close-at-7580-against-us-dollar/article65234540.ece>
- **Markets ignore hawkish Fed hike; Sensex jumps over 1000 pts, Nifty ends over 17,200:** The BSE Sensex closed at 57,863.93, up 1,047.28 points or 1.84 per cent. It recorded an intraday high of 58,095.84 and a low of 57,518.0. The Nifty 50 closed at 17,287.05, up 311.70 points or 1.84 per cent. It recorded an intraday high of 17,344.60 and a low of 17,175.75. HDFC, Titan, JSW Steel, SBI Life and Reliance were the top gainers on the Nifty 50 while only four scrips- Infosys, Cipla, IOC and HCL Tech closed in the red.
<https://www.thehindubusinessline.com/markets/sensex-up-over-1000-pts-tracking-strong-global-markets-nifty-ends-over-17200/article65233982.ece>



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