



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

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- **As credit growth picks up, banks hike deposit rates:** Some large banks have raised their retail deposit rates by 10-25 basis points (bps) over the last two weeks in an environment where the pace of credit growth has quickened. Bankers said the rate adjustments are also somewhat technical in nature, as lenders need to adjust their asset liability management (ALM) positions in keeping with regulatory norms. State Bank of India (SBI) has raised its interest rate on one-year deposits of under Rs 2 crore by 10 basis points to 5.1% per annum, effective January 15. HDFC Bank will pay 5-10 basis points more than earlier on retail deposits with maturities of over two years. Yes Bank has raised rates by up to 75 bps in some buckets. One-year deposits of under Rs 2 crore with Yes Bank now yield 5.75%, up from 5.5% in December.
<https://www.financialexpress.com/industry/banking-finance/as-credit-growth-picks-up-banks-hike-deposit-rates/2409010/>
- **IndusInd Bank sells Rs 4,050 crore distressed retail and corporate loans to ARC in last nine months:** Private lender IndusInd Bank sold more than Rs 4,050 crore of distressed loans to asset reconstruction companies (ARC) in the last three quarters to clean its books, said two people aware of the matter. The bank sold Rs 2,552 crore loans to Edelweiss ARC and Rs 1,500 crore to Omkara ARC in separate pools comprising retail and corporate loans, people said. IndusInd Bank's aim to maintain its net non-performing assets below 1% could have prompted the lender to sell the distressed loans, a third person said. IndusInd Bank, Omkara ARC and Edelweiss Arc declined to comment.
<https://economictimes.indiatimes.com/industry/banking/finance/banking/indusind-bank-sells-rs-4050-crore-distressed-retail-and-corporate-loans-to-arc-in-last-nine-months/articleshow/88977782.cms>
- **India Post Payments Bank customer base crosses 5-crore mark:** India Post Payments Bank (IPPB) on Tuesday said it has crossed 5-crore customer mark which makes it third largest entity in the segment after Paytm and Airtel Payments Bank. IPPB opened these five crore accounts in digital and paperless mode by leveraging 1.36 lakh post offices, out of which 1.20 lakh are in rural areas, with the help of about 1.47 lakh doorstep banking service providers. "At India Post, we are committed towards becoming one of the largest financial inclusion networks in India, covering both urban and rural India. Reaching to five crore customers in a short span of 3 years speaks of the success of this model of providing cost - effective, simple, easy and secure digital ecosystem, particularly to rural India," Department of Posts Secretary Vineet Pandey said in a statement.
<https://economictimes.indiatimes.com/industry/banking/finance/banking/india-post-payments-bank-customer-base-crosses-5-crore-mark/articleshow/88978866.cms>
- **SIDBI sanctions ₹650 cr to AU and Jana Small Finance Banks:** Small Industries Development Bank of India (SIDBI) has sanctioned funds aggregating ₹650 crore to two small finance banks (SFBs) — AU SFB and Jana SFB — so that they can support small-sized non-banking financial companies (NBFCs) and micro finance institutions (MFIs) which, in turn, can provide financial assistance to small businesses and micro entrepreneurs. SIDBI, in a statement, said it has already released ₹530 crore to the aforementioned SFBs.
<https://www.thehindubusinessline.com/money-and-banking/sidbi-sanctions-rs-650-cr-to-au-sfb-and-jana-sfb-for-on-lending-to-nbfc-mfis/article64907566.ece>



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- **3rd Covid wave could slash 200 basis points off estimated AUM growth for HFCs: Crisil:** Crisil Ratings on Tuesday said the third wave of the Covid-19 pandemic could slash as much as 200 basis points (bps) off its base case estimate of 9-11 per cent compound annual growth rate (CAGR) in the assets under management (AUM) of housing finance companies (HFCs) for FY22 and FY23. However, the growth would still be higher than the average of about 2 per cent over FY20 and FY21. Further, HFCs AUM growth for FY22 and FY23 will be slower than the broad-based 24 per cent logged between FY11 and FY19, with a near two-fold increase in the number of HFCs over that decade fuelled by easy availability of equity and debt capital. "Growth this time around will largely stem from players with better credit profiles. Organic consolidation, which started in FY19, will continue," said the credit rating agency's statement.
<https://www.thehindubusinessline.com/money-and-banking/3rd-covid-wave-could-slash-200-basis-points-off-estimate-of-9-11-aum-growth-for-hfcs-in-fy22-fy23-crisil/article64907144.ece>
- **India Inc on an overseas borrowing binge :** Indian corporates are on a borrowing spree overseas. Just two weeks into the current calendar year, India Inc has raised over \$6 billion through offshore bond issuance, aided by surplus liquidity, low interest rates and the growing traction for 'environmental, social and corporate governance' or ESG bond issues in global markets. On January 4, Reliance Industries announced a fundraise of \$4 billion through a multi-tranche long-tenure dollar jumbo bond issuance. The largest ever foreign currency bond issue from India, it was in three tranches of \$1.5 billion, \$1.75 billion and \$750 million spread over a tenure of 10, 30 and 40 years, respectively.
<https://www.thehindubusinessline.com/news/india-inc-on-overseas-borrowing-binge/article64907156.ece>
- **Bajaj Finance Q3 net up 84% on income growth:** Bajaj Finance Ltd (BFL) reported a 84 per cent year-on-year (yoy) jump in third quarter standalone net profit on the back of healthy growth in net interest income, fees and commission income and other operating income. A 20 per cent decline in loan loss provisions also boosted the bottomline. The non-banking finance company recorded a standalone net profit of ₹1,934 crore in the reporting quarter against ₹1,049 crore in the year ago quarter. Net interest income rose 41 per cent yoy to ₹4,363 crore (₹3,103 crore in the year ago quarter). Fees and commission income was up 27 per cent yoy to ₹843 crore (₹665 crore). Other operating income increased seven times to ₹294 crore (₹42 crore). Loan loss provisions were 20 per cent lower at ₹995 crore (₹1,245 crore).
<https://www.thehindubusinessline.com/money-and-banking/bajaj-finance-q3fy22-net-up-84-yoy/article64907814.ece>
- **IBBI bars IIV Registered Valuers Foundation from enrolling members for 6 months:** Insolvency regulator, IBBI, has barred IIV Registered Valuers Foundation, a Registered Valuers Organisation (RVO), from enrolling any new member for a period of six months. The direction follows contravention by the RVO of the norm that only an independent director can be the chairperson of its governing board. In the instant matter, it was found that there were, in all, 15 meetings of the governing board of the RVO, which were chaired by Anjum Amin Shaikh, one of the directors of the RVO and not an independent director.
<https://www.thehindubusinessline.com/money-and-banking/ibbi-bars-iiv-registered-valuers-foundation-from-enrolling-members-for-6-months/article64908122.ece>
- **Cut-off yields on 10-year State borrowings harden 9 bps:** The weighted average cut-off yield of 10-year State Development Loans (SDLs) hardened by 9 basis points (bps) to 7.24 per cent at the auction on Tuesday from 7.15 per cent in the last auction on concerns around inflation and uncertainty as to how much the government will borrow in FY23. The spread between the weighted average 10-year SDL and old 10-year G-sec (coupon rate: 6.10 per cent) yield was 61 bps on Tuesday (58 bps last Tuesday) and that with the new 10-year G-sec (6.54 per cent) was mildly higher at 62 bps, according to ICRA.



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<https://www.thehindubusinessline.com/money-and-banking/cut-off-yields-on-10-yr-state-borrowings-harden-9-bps/article64908149.ece>

- **Citigroup hires 5,500 young staff in Asia, ahead of 2023 target:** Citigroup Inc. said it has hired 5,500 young employees for its Asia businesses over the last two years, ahead of its target to recruit 6,000 by 2023, after stepping up efforts to help cushion the region from soaring youth unemployment amid the pandemic. Consumer banking operation has taken up 48% of the overall hires, followed by 31% for the institutional businesses with the remainder in support functions, according to a Hong Kong-based spokesman. About 58% of the hires were female.
https://www.business-standard.com/article/finance/citigroup-hires-5-500-young-staff-in-asia-ahead-of-2023-target-122011800607_1.html
- **Insurers seek hike in tax exemption for higher adoption of pure risk plans:** Ahead of the Union Budget 2022-2023, which is less than a fortnight away, insurers are asking for various tax sops from the central government to incentivise the Indian population to buy more pure risk products. Traditionally, tax exemptions have acted as a catalyst for people to buy insurance products. But, since the pandemic, there has been an organic demand for insurance products, especially pure risk products and guaranteed income products, given the uncertainty associated with pandemic. However, the insurance industry still wants the government to continue with tax exemptions so that enough people get insurance coverage because India still remains a highly under-penetrated market when it comes to insurance.
<https://business-journal.in/finance/insurers-seek-hike-in-tax-exemption-for-higher-adoption-of-pure-risk-plans-business-journal/>
- **Kotak Pre-IPO Opportunities Fund raises Rs 2,000 cr, closes maiden offering:** Kotak Pre-IPO Opportunities Fund, an alternative investment fund (AIF) that invests in late-stage new-age businesses with a strong moat of technology, has raised Rs 2,000 crore and closed its maiden offering. The fund has already made investments worth Rs 653 crore in five deals and has another Rs 405 crore worth deals are in various stages of execution. Some of the investments made so far by the fund include API Holdings, the parent company of PharmEasy, Pine Labs, Mobile Premier League, PB Fintech (Policy Bazaar) and FSN Ecommerce (Nykaa).
https://www.business-standard.com/article/pf/kotak-pre-ipo-opportunities-fund-raises-rs-2-000-cr-closes-maiden-offering-122011801055_1.html
- **Banks need to be cautious about frauds in loans to small and medium biz: report:** Loans disbursed to small and medium businesses during the pandemic could pose a higher risk of fraud as banks do not continuously monitor them, said Deloitte India's latest banking survey. The survey captured the views of 72 senior management executives responsible for compliance and fraud risk management from various financial institutions. The survey participants included private, public, foreign, co-operative and regional rural banks in India.
<https://www.livemint.com/industry/banking/banks-need-to-be-cautious-about-frauds-in-loans-to-small-and-medium-biz-report-11642445026474.html>
- **Late-hour selling drags Sensex down 554 points, Nifty ends below 18,200:** The BSE Sensex closed at 60,754.86, down 554.05 points or 0.90 per cent, near the day's low of 60,662.57. It recorded an intraday high of 61,475.15. The Nifty 50 closed at 18,113.05, down 195.05 points or 1.07 per cent. It recorded an intraday high of 18,350.95 and a low of 18,085.90. HDFC Bank, Dr Reddy and Nestle India were the top gainers on the Nifty 50, while Maruti, Tata Consumer, Ultratech Cement, Eicher Motor and Grasim were the top laggards.
<https://www.thehindubusinessline.com/markets/late-hour-selling-drags-sensex-down-554-pts-nifty-ends-below-18200/article64907435.ece>



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- **Indian rupee falls 18 paise to 74.43 against US dollar in early trade:** The rupee declined by 18 paise to 74.43 against the US dollar in opening trade on Tuesday, as strong American currency and elevated crude oil prices weighed on investor sentiments. Forex traders said muted domestic equities and dollar buying by banks on behalf of importers also dragged the local unit down. At the interbank foreign exchange, the rupee opened weak at 74.36 against the US dollar, then fell further to 74.43 against the greenback in early deals, registering a decline of 18 paise from the last close.
<https://www.moneycontrol.com/news/business/markets/indian-rupee-falls-18-paise-to-74-43-against-us-dollar-in-early-trade-7950801.html>

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