



**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 19, 2022

- **Bank of Baroda, Canara Bank announce subscription to IDRCL shares:** Canara Bank has picked up 14.9 per cent in India Debt Resolution Company Limited (IDRCL) while Bank of Baroda bought 12.3 per cent in it. IDRCL is an asset management company set up by the government with an authorized capital of Rs 50 crore. It will work in tandem with the National Asset Reconstruction Company Ltd (NARCL) to clean up the banking sector's bad loans. IDRCL will provide management and resolution of assets acquired by NARCL. Public sector lenders will hold 49 per cent in IDRCL while private sector lenders will hold 51 per cent. Canara Bank has subscribed to 1.2 lakh equity shares of Rs 10 and BoB has subscribed to 99,000 equity shares at par. Canara Bank's stake in IDRCL will be reduced to 5 per cent by the end of the current fiscal while BoB's stake will be reduced to 9.9 per cent, according to regulatory filings by these lenders.
<https://www.thehindubusinessline.com/money-and-banking/sbi-bob-pnb-and-canara-bank-pick-up-stake-in-idrcl/article65063517.ece>
- **RBI approves appointment of Pralay Mondal as CSB Bank's deputy MD:** CSB Bank has appointed Pralay Mondal as its deputy managing director following Reserve Bank of India's approval for the same. His appointment comes into effect from Thursday for a period of three years. Last year in June, the Kerala-headquartered private sector lender had announced Mondal's name as DMD subject to RBI's approval. Mondal, who has three decades of banking experience with several top lenders such as Axis Bank, HDFC Bank and YES Bank, has been with CSB since September 23, 2020 as president (retail, SME, operations and IT).
<https://economictimes.indiatimes.com/industry/banking/finance/banking/rbi-approves-appointment-of-pralay-mondal-as-csb-banks-dmd/articleshow/89667081.cms>
- **Forex reserves down by \$1.763 bn to \$630.19 bn:** The country's foreign exchange reserves declined by USD 1.763 billion to USD 630.19 billion in the week ended on February 11, the RBI data showed. In the previous week ended February 4, the reserves had risen by USD 2.198 billion to USD 631.953 billion. It touched a lifetime high of USD 642.453 billion in the week ended on September 3, 2021. During the reporting week, the fall in the reserves was on account of a decline in the foreign currency assets (FCA), a major component of the overall reserves.
<https://www.livemint.com/news/india/indias-forex-reserves-decline-by-1-76-billion-to-630-19-billion-11645255864107.html>



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- **Govt should consider offering “livelihood loans” to support rural economy: SBI’s Ecowrap:** The government should consider offering “livelihood loans”, say up to ₹50,000, to rural poor as the lingering pandemic appears to be taking a toll on the nascently recovering rural economy, which has seen tepid growth in nominal wages, according to State Bank of India’s economic research report “Ecowrap”. This loan may be given on the premise that interest-servicing alone will keep the loan standard with subsequent loan renewal linked to successful repayment record, according to the report put together by the economic research department (ERD) of India’s largest bank.
<https://www.thehindubusinessline.com/economy/govt-should-consider-offering-livelihood-loans-to-support-rural-economy-sbis-ecowrap/article65061700.ece>
- **Eois sought for resolution plans of Reliance Capital :** Taking forward the resolution process of Reliance Capital, the RBI-appointed administrator has invited expressions of interest for the resolution of the non-banking finance company. “...the administrator, hereby, invites Expressions of Interest from interested resolution applicants for submission of resolution plans in respect of the corporate debtor,” it said. All prospective resolution applicants will have two options for submitting their plans – either for Reliance Capital as a going concern with all assets or for the company along with one or more business clusters.
<https://www.thehindubusinessline.com/money-and-banking/eois-sought-for-resolution-plans-of-reliance-capital/article65062431.ece>
- **RBI’s Regulations Review Authority recommends withdrawal of additional 100 circulars:** The Regulations Review Authority (RRA 2.0) has recommended withdrawal of additional 100 circulars in the second tranche of recommendations even as it suggested elimination of paper-based returns. The authority, which was set up in April 2021 with an objective to reduce the compliance burden on Regulated Entities (REs), has identified 65 regulatory returns that would either be discontinued/ merged with other returns or be converted into online returns. The RRA had recommended withdrawal of 150 circulars in the first tranche of recommendations made in November 2021.
<https://www.thehindubusinessline.com/money-and-banking/rbis-regulations-review-authority-recommends-withdrawal-of-additional-100-circulars/article65062725.ece>
- **SC judge highlights need to provide efficient access to financial services to poor:** Justice S Abdul Nazeer, Judge of Supreme Court of India, has said that providing efficient access to credit and other financial services to the poor is important for many reasons. Speaking on the topic ‘Constitutional Philosophy and Banking’ at the 98th Founders’ Day celebrations of Karnataka Bank on Friday, he said, “Efficient provision of savings, credit and insurance facility can enable the poor to smoothen their consumption, manage risk better, gradually build assets, develop micro enterprises, enhance income earning capacity, and generally enjoy



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improved quality of life which is a constitutional goal that we as a nation are bound to strive towards.”

<https://www.thehindubusinessline.com/money-and-banking/sc-judge-highlights-need-to-provide-efficient-access-to-financial-services-to-poor/article65062641.ece>

- **LIC’s weak debt portfolio stands at ₹2.67-lakh crore:** At 7.74 per cent gross non-performing assets (NPA) in FY21, India’s largest life insurance company – Life Insurance Corporation of India (LIC) – has the highest share of bad loans. Top three private insurers in comparison posted near zero per cent bad loans last fiscal. Even when seen against asset quality of the country’s top seven banks, LIC’s gross NPAs remain the highest (see table). While LIC does not directly lend to Indian companies like how banks do, it invests in their debt instruments, which have the potential to turn bad. Jet Airways, Bhushan Steel and Dewan Housing Finance Corporation are some of the recent high-profile instances where LIC has exposure to debt instruments. That said, even historically, LIC’s NPAs have been the highest among life insurers.

<https://www.thehindubusinessline.com/markets/lics-weak-debt-portfolio-stands-at-267-lakh-crore/article65062570.ece>

- **Dhani app loans: Many customers wait for resolution:** The fraudulent use of PAN data by third parties to obtain loans from the Dhani app has impacted a large number of people across the country. Taking to social media, a number of customers have blamed KYC and questioned if there were procedural lapses at the company that led to the problem. Actor Sunny Leone also took to Twitter to report a similar complaint, but while her problem was resolved speedily, many others are still waiting for resolution of their problem. “When I visited the company office today after having lodged my complaint previously, I was told that Dhani has escalated it to the fraud-detecting team. It will take another 15 days now,” said Vishv Garg, an impacted customer, adding that he is worried that collection agents may start calling him for the loan amount in the meantime.

<https://www.thehindubusinessline.com/money-and-banking/dhani-app-loans-many-customers-wait-for-resolution/article65062996.ece>

- **Srikanth Nadhamuni resigns as non-executive director of HDFC Bank:** HDFC Bank informed the stock exchanges that Srikanth Nadhamuni has resigned as non-executive director of the company, effective today. Nadhamuni cited potential future transactions which may materialise between the Bank and a company in which Nadhamuni may be interested.

<https://www.5paisa.com/newsfeed/srikanth-nadhamuni-resigns-as-non-executive-director-of-hdfc-bank/MTQyMTg=#:~:text=HDFC%20Bank%20informed%20the%20stock,which%20Nadhamuni%20may%20be%20interested.>



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- **NBFCs seek priority sector tag for 2-wheeler loans financed by bank credit:** Finance companies have sought priority sector lending status for the money they get from banks to give loans for buying two wheelers (TW). This would help them get cheaper funds from banks and increase lending, especially in rural areas, according to the Finance Industry Development Council (FIDC). The industry lobby group said in a plea to the Reserve Bank of India that two-wheelers play a crucial role in the rural economy as they help improve the standard of living, and bring about convenient and safer movement at affordable price. They also help increase earnings. “Considering the value and usage, we request the respected authority to consider the financial assistance to purchase two-wheelers in the rural economy as priority sector lending, as this will enable lenders to provide timely funds at cheaper cost,” FIDC.
https://www.business-standard.com/article/finance/nbfc-seek-priority-sector-tag-for-2-wheeler-loans-financed-by-bank-credit-122021801185_1.html
- **Nepal to become first country to deploy India's UPI platform:** The international arm of National Payments Corporation of India (NPCI), NPCI International Payments, is set to deploy India's flagship payment platform Unified Payments Interface (UPI) in Nepal to bolster interoperable real-time person-to-person (P2P) and merchant payment transactions in the country. Also, it will enable real-time cross-border P2P remittances between Nepal and India. Nepal becomes the first country outside India to adopt UPI. NPIL has joined hands with Gateway Payments Service, the authorised payment system operators in Nepal, and Manam Infotech to deploy UPI in Nepal.
<https://www.hindustantimes.com/world-news/nepal-to-become-first-country-to-deploy-india-s-upi-platform-101645148414811.html>
- **Rate cycle turns as commercial banks hike fixed deposit rates:** Commercial banks in India, including State Bank of India and HDFC Bank, have revised their deposit rates upward by 5-15 bps in an indication that the interest rate cycle has turned amid uptick in loan demand. Since the Reserve Bank of India's monetary policy on February 10, four banks have revised their deposit rates — UCO Bank and Central Bank of India — apart from SBI and HDFC Bank. While banks have hiked deposit rates, any increase in lending rates is unlikely to happen anytime soon, which could depend on the monetary policy stance, bankers said.
https://www.business-standard.com/article/finance/rate-cycle-turns-as-commercial-banks-hike-fixed-deposit-rates-122021800008_1.html#:~:text=Commercial%20banks%20in%20India%2C%20including,amid%20uptick%20in%20loan%20demand.
- **Banks to see 10% credit growth in FY23: Ind-Ra:** After witnessing single-digit growth in recent years, the banking sector is likely to witness a 10% credit growth in FY23 on the back of a pick-up in economic activity, higher government spending in infrastructure sector and revival in retail demand, India Ratings and Research said in its banking sector outlook for the next fiscal.



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The rating agency, however, revised downwards its banking sector credit growth estimate for the current fiscal to 8.4% from 8.9%.

<https://www.financialexpress.com/industry/banking-finance/banks-to-see-10-credit-growth-in-fy23-ind-ra/2437560/>

- **LIC likely to float \$8-billion public issue on March 11:** A public offering of shares by India's state-run Life Insurance Corp (LIC), set to be the country's biggest ever at \$8 billion, is expected to open for anchor investors on March 11, three sources with direct knowledge of the matter told Reuters. The book will open for bidding by other investors a couple of days later, the sources said.
<https://www.moneycontrol.com/news/business/ipo/indias-state-run-insurer-lic-likely-to-launch-8-billion-ipo-on-march-11-report-8132581.html>
- **Sensex down 59 points at close; Nifty ends below 17,300:** The BSE Sensex closed at 57,832.97, down 59.04 points or 0.10 per cent. It recorded an intraday high of 58,175.35 and a low of 57,488.39. The Nifty 50 closed at 17,276.30, down 28.30 points or 0.16 per cent. It recorded an intraday high of 17,380.80 and a low of 17,219.20. Coal India, SBI Life, Bajaj Auto, HDFC and L&T were the top gainers on the Nifty 50, while ONGC, Divi's Lab, Cipla, Ultratech Cement and M&M were the top losers.
<https://www.thehindubusinessline.com/markets/sensex-down-59-points-at-close-nifty-ends-below-17300/article65062190.ece>
- **Rupee strengthens 40 paise to close at 2-week high:** The rupee gained against the US Dollar (USD) on Friday to touch a two-week high, as some foreign banks sold dollars on behalf of foreign investors planning to invest in the forthcoming initial public offering of Life Insurance Corporation of India (LIC) The Indian unit (INR) closed 40 paise stronger at 74.66 per USD against the previous close of 75.06.
<https://www.thehindubusinessline.com/markets/forex/rupee-strengthens-40-paise-to-close-at-2-week-high/article65063139.ece>
- **Gold prices today fall, a day after jumping nearly ₹1,000:** Gold and silver prices today fell in Indian markets, a day after witnessing big gains. On MCX, gold rates fell 0.3% to ₹50230 per 10 gram while silver edged 0.06% lower to ₹63825 per kg. Gold rates had jumped about ₹900 on Thursday amid Ukraine tensions. In global markets, gold rates slipped today after US-Russia agreed for talks over the Ukraine standoff, easing some geopolitical concerns that had fuelled demand for the haven asset. Spot gold fell 0.4% to \$1,890.91.
<https://www.livemint.com/market/commodities/gold-prices-today-fall-a-day-after-jumping-nearly-rs-1000-11645154788322.html>



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