



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

May 21, 2022

- **Indian Overseas Bank MD says no communication from Centre on privatisation, 'not even a hint':** Indian Overseas Bank Managing Director and Chief Executive Officer Partha Pratim Sengupta says the government has not approached the lender with a privatisation proposal although occasional media reports speculate about its sale. It has only been from such reports that Sengupta has got to know about the proposal, he said. In fact, the government has not even hinted that the bank will be privatized, Sengupta told Moneycontrol in an interview on May 20. Sengupta said the bank is aiming to grow its advances by 12% in the current financial year with secular growth across retail, micro, small and medium enterprise (MSME), corporate and agricultural loans.
<https://www.moneycontrol.com/news/business/banks/indian-overseas-md-sengupta-says-no-communication-from-centre-on-privatisation-not-even-a-hint-8547351.html>
- **RBI govt transfer falls sharply to Rs 30,307 crore, may impact budget math:** The Reserve Bank of India (RBI) will transfer Rs 30,307 crore as surplus to the government for fiscal ended March 2022 down 69% from the Rs 99,126 crore in the year ended March 2021 and lower than the Rs 74,000 crore budgeted by the government for the current fiscal. The transfer amount was finalised at the central bank board meeting which approved the annual report for last fiscal, RBI said in a release. Economists said the fall in the transferable surplus is because of the increased interest the RBI had to pay banks which parked their surplus liquidity in the reverse repo window. "In FY22 due to heavy investment of RBI in reverse repo auctions which at an average of Rs 6 to 7 lakh crore a day at an average cost of even 3.5% would mean a cost of Rs 21000-24500 cr. This would have accrued to the government as surplus would have been higher," Madan Sabnavis, chief economist at Bank of Baroda said in a note.
<https://economictimes.indiatimes.com/news/economy/finance/rbi-govt-transfer-falls-sharply-to-rs-30307-crore-may-impact-budget-math/articleshow/91691330.cms>
- **Merger of govt-owned lenders weakening banking system, says study:** A study has found that the government's consolidation of public sector banks (PSBs) cannot be explained on efficiency grounds and that the merger of these banks was actually weakening the banking system. "Our empirical analysis shows that the merger decisions were not necessarily on efficiency grounds," the Economic & Political Weekly said in a May 14 article. "The results show limited evidence that mergers improve cost efficiency. In most cases, merger is leading to worsening of performance of the good bank and hence weakening the banking system further," the article added.
<https://www.moneycontrol.com/news/business/merger-of-govt-owned-lenders-weakening-banking-system-says-study-8546081.html>
- **Karnataka Bank raises interest rates on term deposits:** Mangaluru-headquartered private sector lender Karnataka Bank has increased interest rates on its domestic and NRE rupee term deposits (1 to 2-year term) by 15 basis points to 5.25% per annum from 5.10% per annum for deposits up to Rs.10 crore. The revised rate is effective from May 21. Bank's MD & CEO Mahabaleshwara MS said "This upward revision in deposit interest rate is in line with the market trend and is expected to encourage the public to invest more in our bank's various term deposit schemes."
<https://economictimes.indiatimes.com/industry/banking/finance/banking/karnataka-bank-raises-interest-rates-on-term-deposits/articleshow/91692126.cms>



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- **Hackers, fraudulent customers steal Rs 7.38 crore from payment gateway firm Razorpay:** Hackers and fraudulent customers have stolen Rs 7.38 crore by tampering and manipulating the authorisation process of Razorpay Software to authenticate 831 failed transactions, according to a police complaint lodged by the payment gateway company. In his complaint to the South East Cyber Crime Cell lodged on May 16, Razorpay's Head of Legal Disputes and Law Enforcement Abhishek Abhinav Anand said the company was unable to reconcile receipt of Rs 7.38 crore against 831 transactions. On contacting its 'authorisation and authentication partner' Fiserv, a fintech and payments company, it was communicated to Razorpay that these transactions had failed and were not authorised or authenticated, the complainant said.
<https://www.news18.com/news/tech/hackers-steal-rs-7-38-crore-from-payment-gateway-firm-razorpay-5219347.html>
- **IDBI Bank to exit insurance JV by selling entire stake to Ageas for Rs 580 crore:** IDBI Bank on Friday said it has entered into a pact with Ageas Insurance International NV to sell its entire stake in the joint venture Ageas Federal Life Insurance Company Ltd for over Rs 580 crore. "We hereby inform you that IDBI Bank has entered a share purchase agreement with Ageas Insurance International NV (Buyer) on May 19, 2022 to sell IDBI Bank's entire stake of 20,00,00,000 equity shares in Ageas Federal Life Insurance Company Ltd (AFLI) pursuant to exercise of call option by Ageas," IDBI Bank said in a regulatory filing. The transaction would be concluded subject to regulatory approvals, the lender said. As of March 31, 2022, LIC-controlled IDBI Bank holds 25 per cent stake in the AFLI.
<https://economictimes.indiatimes.com/industry/banking/finance/insure/idbi-bank-to-exit-insurance-jv-by-selling-entire-stake-to-ageas-for-rs-580-crore/articleshow/91685979.cms>
- **FDI inflow hits all-time high of USD 83.57 billion in 2021-22:** India has recorded the "highest ever" annual FDI (foreign direct investment) inflow of USD 83.57 billion in 2021-22, the commerce and industry ministry said on Friday. In 2020-21, the inflow stood at USD 81.97 billion, it added. "India is rapidly emerging as a preferred country for foreign investments in the manufacturing sector," the ministry said. "India has recorded highest ever annual FDI inflow of USD 83.57 billion in the Financial Year 2021-22," it noted. FDI equity inflow in manufacturing sectors has increased by 76 per cent in 2021-22 (USD 21.34 billion) compared to 2020-21 (USD 12.09 billion).
<https://economictimes.indiatimes.com/news/economy/finance/fdi-inflow-hits-all-time-high-of-usd-83-57-billion-in-2021-22/articleshow/91688456.cms>
- **India's forex fell by \$2.68 bn aided by drop in gold reserves for week ended May 13:** India's forex reserves fell by 2.68 billion to around \$593.2 billion for the week ended May 13 with a sizable contraction of gold reserves aiding the fall, show latest data from the Reserve Bank of India. While the foreign currency assets fell by 1.3 billion, During the week, the gold reserves dropped by 1.17 billion compared to an uptick of \$135 million in the preceding week. The foreign currency assets fell at a slower pace by \$ 1.3 billion versus nearly \$2 billion reduction a week earlier. This was the ninth consecutive shrinkage of forex reserves, now slipping below the \$600 billion mark, which the central bank is aiming to protect. However, the pace of the fall has been showing signs of reduction in the past two weeks.
<https://economictimes.indiatimes.com/markets/forex/forex-reserves-down-by-usd-2-676-billion-to-usd-593-279-billion/articleshow/91693718.cms?from=mdr>
- **Yes Bank picks JC Flowers ARC as JV partner to offload distressed loans worth Rs 51,000 crore:** Yes Bank has picked JC Flowers Asset Reconstruction Company (ARC) as its joint venture partner to offload nearly Rs 51,000 crore of distressed loans – a move that the private sector bank believes could improve its valuation and help attract equity investors it badly needs, said two people aware of the development. Yes Bank invited bids for its



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distressed loans portfolio, amounting to Rs 51,000 crore, soon after the Reserve Bank of India in March 2021 rejected its plan to set up an ARC as its subsidiary. The transaction, once completed, will be India's largest sale of distressed assets that will result in Yes Bank becoming nearly a zero non-performing asset (NPA) bank, making it easier for the bank to raise capital.

<https://economictimes.indiatimes.com/industry/banking/finance/banking/yes-bank-picks-jc-flowers-arc-as-jv-partner-to-offload-distressed-loans-worth-rs-51000-crore/articleshow/91675542.cms>

- **BRICS bank to open India's regional office in GIFT City in Gujarat:** The New Development Bank (NDB) of the BRICS countries has announced plans to open its regional office of India at the Gujarat International Finance Tec-City (GIFT City) to cater to the infrastructure and sustainable development needs of the country. Working in close coordination with the NDB Headquarters, the Indian Regional Office will focus on project origination including initial project preparation and technical assistance, pipeline development, project implementation and monitoring as well as regional portfolio management, the bank said in a press release.
https://www.business-standard.com/article/finance/brics-bank-to-open-india-s-regional-office-in-gift-city-in-gujarat-122052000366_1.html
- **Karur Vysya Bank Q4 net profit doubles to ₹213 crore:** Karur Vysya Bank's Q4 FY22 net profit more than doubled to ₹213.47 crore against net profit of ₹104.37 crore during the same quarter of the previous fiscal. The bank's interest income grew over 4 per cent year-on-year to ₹1,409.27 crore from ₹1,349.31 crore in Q4 FY21. The asset quality of the bank has also shown good improvement. Karur Vysya Bank's gross non-performing assets (NPAs) as a percentage of gross advances fell to 5.96 per cent in Q4 FY22 from 7.85 per cent a year ago. Net NPA also fell to 2.28 per cent from 3.41 per cent.
<https://www.thehindubusinessline.com/money-and-banking/karur-vysya-bank-q4-net-profit-doubles-to-213-crore/article65439007.ece#:~:text=Karur%20Vysya%20Bank's%20Q4%20FY22,1%2C349.31%20crore%20in%20Q4%20FY21.>
- **HDFC, HDFC Bank disclose foreign shareholding:** The foreign shareholding in mortgage financier HDFC Ltd is 68.56 per cent. "With a view to have a fair and transparent disclosure and in order to avoid selective disclosure, we wish to inform you that as on May 13, 2022, the total foreign shareholding in the Corporation is 68.56 per cent of its total issued and paid-up share capital," HDFC said in a stock exchange filing on Friday. HDFC Bank also disclosed the foreign shareholding in it, which is at 66.55 per cent. "With a view to have a fair and transparent disclosure and in order to avoid selective disclosure, we wish to inform you that as on May 13, 2022, the total foreign shareholding in HDFC Bank is 66.55 per cent (including 20.98 per cent of shareholding held by HDFC Ltd and its subsidiaries - being promoters) of its total issued and paid-up share capital," HDFC Bank said in a separate filing.
<https://www.thehindubusinessline.com/money-and-banking/hdfc-hdfc-bank-disclose-foreign-shareholding/article65439475.ece>
- **Indiabulls Housing Finance Q4 net up 11 per cent on pick up in real estate sector:** Indiabulls Housing Finance reported an 11 per cent increase in net profit for the fourth quarter of 2021-22 at ₹306.75 crore from ₹276.23 crore in the same period in the previous fiscal. "Quarterly earnings have stabilised and is showing steady growth for last five quarters," it said in a statement on Friday. Its net profit however, declined marginally by 3 per cent to ₹1,177.74 crore in 2021-22 from ₹1,220.15 crore in 2020-21.
<https://www.thehindubusinessline.com/money-and-banking/indiabulls-housing-finance-q4-net-up-11-per-cent-on-pick-up-in-real-estate-sector/article65440310.ece>



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- **Suryoday Small Finance Bank reports ₹48 cr net loss in Q4 on higher provisioning:** Suryoday Small Finance Bank (SSFB) slipped into the red, reporting a net loss of ₹48.12 crore in the fourth quarter of FY22 against a net profit of ₹4.72 crore in the preceding quarter, amid asset quality pressures and increased provisioning. SSFB had reported a net loss of ₹43 crore in the year ago quarter. In the financial year ended March 31, 2022, the bank reported a net loss of ₹93.03 crore against a net profit of ₹11.86 crore in FY21.
[https://www.thehindubusinessline.com/money-and-banking/suryoday-small-finance-bank-reports-48-cr-net-loss-in-q4-on-higher-provisioning/article65431442.ece#:~:text=Suryoday%20Small%20Finance%20Bank%20\(SSFB,in%20the%20year%20ago%20quarter.](https://www.thehindubusinessline.com/money-and-banking/suryoday-small-finance-bank-reports-48-cr-net-loss-in-q4-on-higher-provisioning/article65431442.ece#:~:text=Suryoday%20Small%20Finance%20Bank%20(SSFB,in%20the%20year%20ago%20quarter.)
- **RBL Bank ties up with Amazon Pay to offer UPI payment services:** Private sector lender RBL Bank has tied up with Amazon Web Services (AWS) to offer UPI payments. “The bank has partnered with Amazon Pay to offer peer-to-peer and peer-to-merchant transactions,” it said in a statement on Friday. With this integration, Amazon Pay will issue NPCI’s allocated UPI ID with the handle @rapl to RBL Bank, it further said. “The partnership will allow the bank to tap Amazon Pay’s growing customer base and transaction volumes,” it said, adding that it move will expand the bank’s presence in the UPI segment with its payment processing platform hosted on AWS.
<https://www.thehindubusinessline.com/money-and-banking/rbl-bank-ties-up-with-amazon-pay-to-offer-upi-payment-services/article65438631.ece>
- **Shriram Transport Finance hikes FD rates by 15-25 bps:** Shriram Transport Finance Company Ltd (STFC) has hiked fixed deposit (FD) rates by 15 to 25 basis points for tenures between 30 months and 60 months, effective from May 20, 2022. The new interest rate on a 36-month FD through regular channel is 7.75 per cent (7.50 per cent earlier). A 48-month and 60-month FD will now fetch 7.80 per cent (7.60 per cent) and 7.90 per cent (7.75 per cent) interest, respectively. In the case of FDs placed through the company website (www.stfc.in), a 30-month and 45-month FD will now fetch 7.75 per cent (7.50 per cent) and 7.80 per cent (7.60 per cent) interest, respectively.
<https://www.thehindubusinessline.com/money-and-banking/shriram-transport-finance-hikes-fd-rates-by-15-25-bps/article65438689.ece>
- **Ujjivan SFB revises interest rates on fixed deposits:** Ujjivan Small Finance Bank (SFB) has revised interest rates on fixed deposits of less than ₹2 Cr. The bank announced this on May 19, 2022, and as a result of the modification, the bank is now offering a standard rate of 2.90 per cent to 6.00 per cent, with senior people receiving a 3.4 per cent to 6.5 per cent interest rate on deposits maturing in 7 days to 10 years. The DICGC-insured small finance bank will now provide a maximum interest rate of 7.10 per cent to the general public and 7.60 per cent to senior citizens on term deposits maturing in 990 days.
<https://www.livemint.com/industry/banking/ujjivan-sfb-revises-interest-rates-on-fixed-deposits-details-inside-11653034909353.html>
- **Sensex gains nearly 3%; Nifty ends above 16,200:** The BSE Sensex closed at 54,326.39, up 1534.16 points or 2.91 per cent. It recorded an intraday high of 54,396.43 and a low of 53,403.29. The Nifty 50 closed at 16,266.15, up 456.75 points or 2.89 per cent, near the day’s high of 16,283.05. It recorded an intraday low of 16,003.85. Dr Reddy’s, Reliance, Adani Ports, JSW Steel and Tata Motors were the top gainers on the Nifty 50. Only two stocks- Shree Cement and UPL closed in the red.
<https://www.thehindubusinessline.com/markets/sensex-gains-nearly-3-nifty-ends-above-16200/article65439150.ece>



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- **Rupee inches 3 paise higher to close at 77.53 against dollar:** The rupee inched 3 paise higher to close at 77.53 (provisional) against US dollar on Friday, supported by a rebound in domestic equities. At the interbank forex market, the rupee opened at 77.51 against the greenback and moved in a range of 77.49 to 77.60 in the day's trade. The rupee finally ended at 77.53, higher by 3 paise over its previous close of 77.56.
<https://www.thehindubusinessline.com/markets/forex/rupee-inches-3-paise-higher-to-close-at-7753-against-dollar/article65439963.ece>

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