



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

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- **FinMin reviews public sector banks performance in FY22:** The Finance Ministry on Monday reviewed the operating and financial performance of public sector banks (PSBs) for 2021-22 while taking a deep look at the status of implementation of various government sponsored financial inclusion, MSME and agricultural support schemes. The day-long meeting was chaired by Bhagwat Karad, Minister of State for Finance. "Today's meeting was a general performance review and no specific directions came from the DFS Secretary or the minister," said a chief executive of a PSB who did not want to be quoted. The PSB performance on government schemes also covered the first two months of the current fiscal.
<https://www.thehindubusinessline.com/money-and-banking/finmin-reviews-public-sector-banks-performance-in-fy22/article65546192.ece>
- **Finance Ministry looks to bring major changes at Banks Board Bureau:** The Ministry of Finance is planning to bring more representatives from the insurance sector into the Banks Board Bureau (BBB), in a bid to expand and relaunch the body, a news report in Mint said. With this move, the ministry aims to empower the body to recommend people for public sector insurers and fasten hiring at the top level of state-owned financial institutions. The union finance ministry, over the next couple of months, is planning to identify new members, restructure the bureau, and recommend new names to the Appointments Committee of the Cabinet (ACC), Mint reported quoting people aware of the matter.
https://www.business-standard.com/article/finance/finance-ministry-looks-to-bring-major-changes-at-banks-board-bureau-122062000353_1.html
- **Bank of India's insolvency petition against Future Retail 'malicious,' says Amazon:** US online retailer Amazon on June 20 alleged that Bank of India's petition to initiate insolvency proceedings against debt-laden Future Retail was 'malicious.' At a hearing in the Mumbai bench of the National Company Law Tribunal (NCLT), the counsel for Amazon, Zal Andhyarujina, alleged that lenders to Future Retail, including Bank of India, were colluding with Future Retail. "This is a malicious intent with which Bank of India has filed the petition," Andhyarujina argued before the bench, led by Justice Pradeep Narhari Deshmukh. "Our humble submission is for the bench to dispose of this petition and impose a penalty."The court adjourned the matter for further hearing to tomorrow.
<https://www.moneycontrol.com/news/business/bank-of-indias-insolvency-petition-against-future-retail-malicious-says-amazon-8711771.html>
- **RBI spent more to print ₹20, ₹50, ₹100, ₹200 notes in FY22:** Selling price of bank notes in the denomination of ₹20, ₹50, ₹100 and ₹200 has gone up in FY22. However, for notes in the denomination of ₹500, the prices have remained unchanged. Selling price for 1,000 pieces of ₹50 recorded a maximum increase of around 23 per cent in FY22 over FY21, while that of ₹20 registered the lowest increase of a little over 1 per cent, according to information sourced through RTI from the Bharatiya Reserve Bank Note Mudran Ltd (BRBNML). Although notes of ₹500 denomination are the highest in terms of volume (34.9 per cent of all denomination) among all the paper notes in circulation, and also in terms of value (73.3 per cent of value of all denomination), their selling price has not seen any change in FY22 and FY21.
<https://www.thehindubusinessline.com/money-and-banking/rbi-spent-more-to-buy-20-50-100-200-notes-in-fy22/article65545515.ece>



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- **RBI may mandate domestic processing of payment transactions:** The Reserve Bank of India is looking to mandate domestic processing of payment transactions. Presently guidelines are in place for domestic storage of payment data, but banks and nonbanks are allowed to process payment transactions abroad subject to certain conditions. "Keeping in view the emerging geo-political risks, options are being explored to ring-fence domestic payment systems," RBI said in its Payment Vision 2025 document.
<https://www.thehindubusinessline.com/money-and-banking/rbi-looks-to-mandate-domestic-processing-of-payment-transactions/article65542783.ece>
- **DBS Bank India acquires 9.9% in NBFC Svakarma Finance :** Singaporean lender DBS Bank's local unit on Monday said it has acquired a 9.9 per cent stake in the micro businesses-focused non-bank finance company Svakarma Finance for an undisclosed sum. DBS Bank India said the stake buy in Svakarma will help in delivering relevant financial solutions to the micro-enterprises through a combination of direct lending and co-lending. Earlier, DBS Bank had taken over domestic private sector lender Lakshmi Vilas Bank (LVB) in 2020 at the request of the Reserve Bank to add heft to its network. LVB was grappling with a high quantum of non-performing assets (NPAs) and was unable to bolster its capital buffers as multiple attempts fell through.
https://www.business-standard.com/article/companies/dbs-bank-india-acquires-9-9-in-nbfc-svakarma-finance-for-undisclosed-sum-122062000888_1.html
- **Contactless payments grew 6x in last 3 years:** The percentage of contactless transactions in total F2F transactions grew by more than 6x, from <2.5% in December 2018 to 16% in December 2021, as per a whitepaper by Worldline-Visa. Quick Service Restaurants (QSRs), other restaurants, food and grocery, and drugstores and pharmacies are the market segments with the most contactless transactions by volume across both debit and credit cards. According to Worldline, while 25% of all transactions at supermarkets were contactless in January 2020, these transactions rose to 31% by January 2022.
<https://economictimes.indiatimes.com/industry/banking/finance/banking/contactless-payments-grew-6x-in-last-3-years/articleshow/92337834.cms>
- **Indian banks may join hands with Russia lenders not hit by sanctions:** Indian banks including Canara Bank, Bank of Maharashtra and UCO Bank are likely to join hands with Russian banks that are not under Western sanctions to facilitate bilateral payments, said people familiar with the matter. These Indian banks will likely open accounts at their Russian counterparts and vice versa, as decided last week in meetings held in New Delhi to ensure smooth trade flows without violating the economic sanctions on Russia over the Ukraine war. The Reserve Bank of India is expected to come out with an operational circular, paving the way for this. Such accounts, held by one bank in another in a foreign country are known as Loro, Vostro and Nostro.
<https://economictimes.indiatimes.com/industry/banking/finance/banking/indian-banks-may-join-hands-with-russia-lenders-not-hit-by-sanctions/articleshow/92324935.cms>
- **LIC Housing Finance hikes lending rate by 60 bps:** Mortgage player LIC Housing Finance (LIC HFL) on Monday said it has raised its prime lending rate (LHPLR) by 60 basis points. With this increase, the new interest rates, effective from June 20, on home loans will now start from 7.50 per cent, the company said in a release. "The interest rate hike is in line with the market scenario. If compared historically, the rates are still at a very competitive level. Therefore, we will see sustenance in demand for home loans," its Managing Director and Chief Executive Officer Y Viswanatha Gowd said.
<https://economictimes.indiatimes.com/industry/banking/finance/banking/lic-housing-finance-hikes-lending-rate-by-60-bps/articleshow/92342580.cms>



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- **Adverse global events may lead to \$100 billion portfolio outflows, says RBI article:** Portfolio flows in India are the most sensitive to shifts in risk sentiment globally and in an adverse scenario, potential portfolio outflows can average up to 3.2 per cent of GDP or USD 100 billion (Rs 7.8 lakh crore) in a year, an RBI article said. The article, titled 'Capital Flows at Risk: India's Experience' published in the RBI's latest bulletin, further said in a 'black swan' event comprising a combination of shocks, potential portfolio outflows can rise to 7.7 per cent of GDP, highlighting the need for maintaining liquid reserves to quell such potential bouts of instability.
https://www.business-standard.com/article/markets/5-chance-of-covid-like-scenario-causing-100-bn-fpi-outflow-rbi-article-122062000800_1.html
- **Crypto investors face problems with P2P transactions:** Following the government crackdown on unified payments interface (UPI) deposits crypto investors have been struggling to invest as peer-to-peer (P2P) transactions come with a multitude of problems such as transaction delay, lack of support from help desk among others. Most users on exchanges preferred to transact through UPI or Mobikwik wallet. But, recently, most exchanges have suspended taking rupee deposits via UPI after National Payments Corporation of India (NPCI) clarified that it was not aware of any crypto exchange using UPI. Mobikwik wallet too withdrew support for crypto transactions in India. This leaves the investors with either bank transfer or P2P option, However, the payment gateways of major banks are not supported on the exchanges.
<https://www.thehindubusinessline.com/money-and-banking/crypto-investors-face-problems-with-p2p-transactions/article65537708.ece>
- **RBI penalises Jila Sahakari Kendriya Bank, Pragati Mahila Nagrik Sahakari Bank for rule violations:** The Reserve Bank of India (RBI), on June 20, penalised Madhya Pradesh-based Jila Sahakari Kendriya Bank and Chhattisgarh-based Pragati Mahila Nagrik Sahakari Bank Maryadit for non-compliance of certain norms. The banking regulator has imposed a monetary penalty of Rs 75,000 on Jila Sahakari Kendriya Bank for a delayed submission of statutory or off-site surveillance to the RBI and NABARD, according to a release.
<https://www.moneycontrol.com/news/business/rbi-penalises-jila-sahakari-kendriya-bank-pragati-mahila-nagrik-sahakari-bank-for-rule-violations-8712681.html>
- **Non-banks cannot load credit lines into prepaid payment instruments: RBI to fintechs:** In a clarification on Prepaid Payment Instruments (PPIs) such as wallets and prepaid cards, the Reserve Bank of India (RBI) said that non-bank institutions cannot load credit lines into these instruments, according to sources. The notification was addressed to "All Authorised Non-bank Prepaid Payment Instrument (PPI) Issuers." According to multiple sources, the notification was sent to non-bank PPI issuers, including fintech players. RBI's official notification on its website is awaited.
<https://economictimes.indiatimes.com/tech/technology/non-banks-cant-load-credit-lines-on-prepaid-payment-instruments-says-rbi/articleshow/92344067.cms>
- **Banks report higher credit growth in Q4 as economy rebounds post COVID-19; Opex continues upward move :** Bank credit growth rebounded in double digits in the quarter ended March 2022 as businesses gradually returned to normalcy after two years of a lull, aided by lower interest rates, data showed. However, it also revealed that the lower interest rates have adversely impacted the interest earnings of banks. During Q4FY22 (January-March), the spread between banks' weighted average lending rate (WALR) for outstanding loans and weighted average domestic term deposit rate (WADTDR) reduced by 11 basis points (bps) year-on year (y-o-y) and stood at 3.71 percent in March. This was on account of banks reducing interest rates on loans faster than deposits, domestic rating agency CARE said in a report dated June 17.
<https://www.moneycontrol.com/news/business/banks/banks-report-higher-credit-growth-in-q4-as-economy-rebounds-post-covid-19-opex-continues-upward-move-8711341.html>



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- **Inflationary pressure to delay recovery of microfinance sector: Ujjivan Small Finance Bank MD Ittira Davis:** Runaway inflation, which has clouded India's economic growth prospects, could delay recovery in the microfinance sector, which is carrying nearly 11% of the sticky loans that have not been repaid for roughly three months, Ujjivan Small Finance Bank managing director Ittira Davis said. On the sectoral level, Davis said that microfinance lenders are operating with an unsustainable level of portfolio at risk (PAR) and there is a dire need to bring it down to around 1%.
<https://economictimes.indiatimes.com/industry/banking/finance/banking/inflationary-pressure-to-delay-recovery-of-microfinance-sector-ujjivan-small-finance-bank-md-ittira-davis/articleshow/92343357.cms>
- **Markets get a lift on declining crude oil price:** The BSE Sensex closed at 51,597.84, up 237.42 points or 0.46 per cent. It recorded an intraday high of 51,714.61 and a low of 51,062.93. The Nifty 50 closed near the day's high of 15,382.50 at 15,350.15, up 56.65 points or 0.37 per cent. It recorded an intraday low of 15,191.10.
<https://www.thehindubusinessline.com/markets/over-2700-stocks-decline-even-as-sensex-nifty-end-losing-streak-to-close-in-green/article65545282.ece>
- **Rupee rises 12 paise to 77.93 against US dollar in early trade:** The rupee strengthened by 12 paise to 77.93 against the US dollar in opening trade on Monday as easing crude oil prices supported the local unit. However, unabated foreign fund outflows, a lacklustre trend in domestic equities and strong American dollar overseas restricted the gain, forex dealers said. At the interbank foreign exchange, the rupee opened strong at 77.98 against the US dollar, then inched higher to quote 77.93, registering a rise of 12 paise over the last close.
<https://www.thehindubusinessline.com/markets/forex/rupee-rises-12-paise-to-7793-against-us-dollar-in-early-trade/article65544856.ece#:~:text=The%20rupee%20strengthened%20by%2012,the%20gain%2C%20forex%20dealers%20said.>

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