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DAILY NEWS DIGEST BY BFSI BOARD, ICAI

April 23, 2022

- **BoB slashes home loan interest rate to 6.5 pc for limited period:** State-owned Bank of Baroda on Friday said it has reduced interest rate on home loans to 6.50 per cent per annum from 6.75 per annum for a limited period. The new rates, which are linked to the borrower's credit profile, are applicable till June 30, 2022, the bank said in a release. "We have seen a significant pick-up in home sales over the last many months and we are delighted to extend the good times for home buyers with the introduction of a special, limited period interest rate offer of 6.50 per cent along with nil processing charges," its general manager (mortgages and other retail assets) H T Solanki said in a release.
<https://economictimes.indiatimes.com/industry/banking/finance/banking/bob-slashes-home-loan-interest-rate-to-6-5-pc-for-limited-period/articleshow/91005994.cms>
- **RBI imposes monetary penalty on Central Bank of India for non-compliance:** The Reserve Bank of India (RBI) on April 22 said it has imposed a monetary penalty of Rs 36 lakhs on the state-run Central Bank of India for non-compliance of certain directions issued by the regulator. The non-compliance pertains to "certain directions issued by RBI on 'Customer Protection—Limiting Liability of Customers in Unauthorised Electronic Banking Transactions'," the central bank said in a release. "This penalty has been imposed in exercise of powers vested in RBI under the provisions of section 47 A (1) (c) read with section 46 (4) (i) and section 51(1) of the Banking Regulation Act, 1949.
<https://www.moneycontrol.com/news/business/banks/rbi-imposes-monetary-penalty-of-rs-36-lakhs-on-central-bank-of-india-for-non-compliance-8397441.html>
- **RBI launches next round of quarterly survey to assess business sentiment:** The Reserve Bank on Friday said it has launched the next round of the quarterly Industrial Outlook Survey (IOS) to assesses business sentiment for the current quarter and expectations for the ensuing three-month period. The survey assesses business sentiment and expectations based on qualitative responses on a set of indicators pertaining to demand conditions, financial conditions, employment and the price situation. "The survey provides useful insight into the performance of the manufacturing sector," the RBI said in a statement. Owing to continued uncertainty because of the COVID-19 pandemic, an additional block has been included in the survey round for assessing the outlook on key parameters for the third and fourth quarters of the 2022-23 financial year.
<https://www.moneycontrol.com/news/business/economy/rbi-launches-next-round-of-quarterly-survey-to-assess-business-sentiment-8396171.html>
- **RBI issues new rules, penalties for credit & debit cards:** The Reserve Bank of India (RBI) has overhauled rules governing debit and credit cards introducing penalties for banks for issuing or upgrading cards of customers without prior consent. It has also opened a window for non banking finance companies (NBFCs) to issue credit cards with the prior approval of the regulator. The regulator



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has asked banks to ensure that the overdue interest is not adjusted to the principal of the loan causing negative amortization. Banks have also been asked to ensure that unpaid charges, levies and taxes are not capitalised for compounding of interest. The new directions are effective from July 01, 2022 and will apply to all scheduled banks and NBFCs.

<https://economictimes.indiatimes.com/industry/banking/finance/banking/rbi-issues-new-rules-penalties-for-credit-debit-cards/articleshow/90986317.cms>

- **HDFC-HDFC Bank merger to be EPS-accretive from day 1: Keki Mistry:** Shares of Housing Development Finance Corporation (HDFC), India's largest mortgage lender, and HDFC Bank have slumped close to 15 percent each after the initial euphoria over their merger announcement on April 4. HDFC vice-chairman and managing director Keki Mistry spoke with CNBC-TV18 on what the merger means for customers, about concerns emerging over post-merger synergies, particularly in the distribution of housing loans, and also on cross-selling opportunities for HDFC Bank. The recent selling of shares by investors is due to a lack of communication between management and investors. The deal will be EPS (earnings per share)- accretive from day 1, Mistry said.
<https://www.moneycontrol.com/news/business/banks/hdfc-hdfc-bank-merger-to-be-eps-accretive-from-day-1-keki-mistry-8396011.html>
- **Bank credit grows by 10.09 pc; deposits by 10.06 pc:** Bank credit grew by 10.09 per cent to Rs 119.88 lakh crore and deposits by 10.06 per cent to Rs 167.42 lakh crore in the fortnight ended on April 8, the RBI data showed. In the fortnight ended on April 9, 2021, bank advances stood at Rs 108.88 lakh crore and deposits at Rs 152.11 lakh crore, according to the RBI's Scheduled Banks' Statement of Position in India as of April 8, released on Thursday. In FY 2021-22, bank credit rose by 8.59 per cent and deposit by 8.94 per cent.
<https://economictimes.indiatimes.com/industry/banking/finance/banking/bank-credit-grows-by-10-09-pc-deposits-by-10-06-pc/articleshow/90986533.cms>
- **Govt may cut LIC IPO size by 40% on Ukraine war woes:** India is looking to raise Rs 30,000 crore (\$3.9 billion) through an initial public offering of state-owned Life Insurance Corp., according to people with knowledge of the matter, about 40% lower than previous estimates as the war in Ukraine dents valuations. Officials want to complete the listing -- which will still be India's biggest -- in the next two weeks, the people said, asking not to be identified as the deliberations aren't public. LIC will probably be valued at some Rs 6 lakh crore, the people said. As recently as April, Prime Minister Narendra Modi's administration was looking to raise Rs 50,000 crore by selling as much as 7% of LIC, Bloomberg News had reported. The stake sale now could be a little over 5% on muted demand from investors, the people said. Current approvals, including the draft prospectus, lapse on May 12.
<https://economictimes.indiatimes.com/markets/ipos/fpos/govt-may-cut-lic-ipo-size-by-40-on-ukraine-war-woes/articleshow/90997460.cms>
- **Forex reserves down USD 311 mn to USD 603.694 bn:** The country's foreign exchange reserves declined by USD 311 million to reach USD 603.694 billion in the week ended April 15, RBI data showed on Friday. In the previous week ended April 8, the reserves had declined by USD 2.471 billion to stand at USD 604.004 billion. During the reporting week, the fall in the forex kitty was on account of a



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decline in the foreign currency assets (FCA), a major component of the overall reserves, as per weekly data by the Reserve Bank of India (RBI). FCAs dropped by USD 877 million to USD 536.768 billion. Expressed in dollar terms, the foreign currency assets include the effect of appreciation or depreciation of non-US units like the euro, pound and yen held in the foreign exchange reserves.

<https://economictimes.indiatimes.com/news/economy/indicators/forex-reserves-down-usd-311-mn-to-usd-603-694-bn/articleshow/91009730.cms>

- **RBI, Bank of Russia officials discuss payment options** : Officials of the Reserve Bank of India (RBI) and the Russian central bank met at a Mumbai hotel on Wednesday to discuss payment options for trade between the two nations, including paying for goods and services in rupees and roubles, three people familiar with the matter told ET. The Russian central bank officials had been expected to meet their counterparts to create a regulatory framework that will help sustain bilateral trade and banking operations despite the sanctions imposed on Russia for invading Ukraine, ET had reported on March 30. "Both are still in the process of finding the right way out," said one of the persons cited above. "It needs some more time to conclude."
<https://economictimes.indiatimes.com/industry/banking/finance/banking/rbi-bank-of-russia-officials-discuss-payment-options/articleshow/90991347.cms>
- **DFS Secretary asks banks to soar up balancesheet; raise capital from market**: The Finance Ministry on Friday exhorted public sector banks (PSBs) to strengthen their balance sheets by raising capital from the market. The enhanced capital would help banks expand their business and push credit growth in the productive sectors. During the meeting with top executives of PSBs at Manthan 2022, Financial Services Secretary Sanjay Malhotra exuded confidence that public sector banks will continue to strive and perform better on all metrics, including profitability. RBI Governor Shaktikanta Das had also asked banks to take proactive measures to strengthen their resilience and lending capacity by raising capital. Malhotra urged banks to further strengthen balance sheets and raise capital from the markets.
<https://economictimes.indiatimes.com/industry/banking/finance/banking/dfs-secretary-asks-banks-to-soar-up-balancesheet-raise-capital-from-market/articleshow/91007379.cms>
- **'Microfinance sector needs to adapt RBI's revised guidelines'** : The self-regulatory organisation (SRO) will have to reworked and the Code for Responsible Lending will have to be revised to adapt to the recently revised guidelines by the Reserve Bank of India for the microfinance sector. According to Vinay Singh, Head, Self Regulation and Compliance Officer, MFIN (Microfinance Institutions Network), the role of SROs such as MFIN is set to become more important, evolved, and diverse in the light of the recent guidelines.
<https://www.thehindubusinessline.com/money-and-banking/microfinances-self-regulatory-organisation-role-and-responsible-lending-code-have-to-revised/article65342034.ece>
- **Muthoot FinCorp launches 'Mera Gold Loan, Mera Interest' TV commercial campaign** : Muthoot FinCorp, a leading non-banking financial company, has launched the 'Mera Gold Loan, Mera Interest' campaign with star cricketer Virat Kohli. Kohli features in the Television Commercial (TVC) along with other players of the IPL team Royal Challengers Bangalore (RCB). Muthoot FinCorp introduced a



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revolutionary concept wherein customers can choose the interest rate on their gold loan. Known for his witty sense of humour on and off the field, batting maestro Kohli once again took fans by storm with his new amusing avatars in the TVC alongside RCB teammates Dinesh Karthik, Mohammed Siraj, Harshal Patel and Finn Allen, all of whom highlighted the importance of the scheme in the life of a common man.

<https://www.thehindubusinessline.com/money-and-banking/muthoot-fincorp-launches-mera-gold-loan-mera-interest-tv-commercial-campaign/article65344273.ece>

- **Banks bulk up balance sheets in the last fortnight of Q4:** Banks saw a robust growth in credit and deposits in the fortnight beginning March 25 th, in the run up to the closing of their balance sheets. for the last quarter of FY22 Credit extended by all scheduled banks increased by Rs 1,04,026.17 crore during the reporting fortnight. Deposits of these banks rose by Rs 2,85,095.95 crore. Madan Sabnavis, Chief Economist, Bank of Baroda,said Banks’ typically tend to bulk up balance sheets towards the end of a financial year, extending short-term credit and raising wholesale deposits.

<https://www.thehindubusinessline.com/money-and-banking/banks-bulk-up-balance-sheets-in-the-last-fortnight-of-q4/article65342506.ece>

- **Govt notifies 38 entities for Aadhaar KYC user agency license:** Bajaj Finance, Shriram City Union Finance, Shriram Transport Finance, Tata Capital Housing Finance, and Tata Financial Services are among the 38 non-banking finance companies and payment providers permitted by the government for Aadhaar Authentication License - KYC User Agency (KUA) License or sub-KUA License. The Department of Revenue in the Finance Ministry has recently notified these companies. “...the Central Government on being satisfied that the reporting entities mentioned ... comply with the standards of privacy and security under the Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016 (18 of 2016)(hereinafter referred to as the Aadhaar Act), and it is necessary and expedient to do so, and after consultation with the Unique Identification Authority of India established under sub-section (1) of section 11 of the Aadhaar Act and the appropriate regulator namely, the Reserve Bank of India, hereby permits the said reporting entities to perform authentication under the Aadhaar Act for the purposes of section 11A of the Money-laundering Act...,” it said.

<https://www.thehindubusinessline.com/money-and-banking/govt-notifies-38-entities-for-aadhaar-kyc-user-agency-license/article65344324.ece>

- **India committed to fighting money laundering, terror financing: FM Sitharaman :** Finance Minister Nirmala Sitharaman has reaffirmed India’s political commitment to fighting money laundering, terrorist financing and proliferation financing. She was addressing the FATF (Financial Action Task Force) Ministerial Meeting in Washington D.C. on Thursday, conducted alongside the 2022 Spring Meetings of the World Bank Group and the International Monetary Fund (IMF). This meeting focussed on Ministers’ providing strategic direction by endorsing the FATF’s priorities for the years 2022-24 and reinforcing Ministers’ commitment to ensuring suitable funding for the delivery of the strategic priorities which are strengthening the FATF Global Network, FATF systems of mutual evaluations, enhancing international beneficial ownership transparency, increasing capabilities to more effectively



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recover criminal assets, leveraging digital transformation, and ensuring sustainable funding for FATF strategic priorities.

<https://www.thehindubusinessline.com/money-and-banking/india-committed-to-fighting-money-laundering-terror-financing-fm-sitharaman/article65344268.ece>

- **Sensex closes down by 714 points on Fed statement, Nifty ends below 17,200** : The BSE Sensex closed at 57,197.15, down 714.53 points or 1.23 per cent. It recorded an intraday high of 57,689.86 and a low of 57,134.72. The Nifty 50 closed at 17,171.95, down 220.65 points or 1.27 per cent. It recorded an intraday high of 17,315.30 and a low of 17,149.20. Adani Ports, Mahindra & Mahindra, HCL Tech, ITC and Maruti were the top gainers on the Nifty 50 while Hindalco, State Bank of India, Hindustan Unilever, Cipla and Dr Reddy were the top laggards.
<https://www.thehindubusinessline.com/markets/sensex-closes-down-by-714-points-on-fed-statement-nifty-ends-below-17200/article65344857.ece>
- **Rupee declines by 25 paise against dollar**: The rupee declined by 25 paise to close at 76.42 against the US currency on Friday due to forex outflows and a stronger dollar which touched its 25-month high levels on expectations of a 50-basis point rate hike by the US Federal Reserve in May. Losses in domestic equity markets also dented the investor sentiment, forex dealers said.
<https://www.thehindubusinessline.com/markets/forex/rupee-declines-by-25-paise-against-dollar/article65345582.ece#:~:text=The%20rupee%20declined%20by%2025,US%20Federal%20Reserve%20in%20May.>

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