



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

February 24, 2022

- **Public sector banks to get ₹15,000 crore via zero-coupon bonds in FY22:** The government will provide the budgeted ₹15,000 crore capital allocation for state-run banks this fiscal through non-interest-bearing zero-coupon bonds. This comes even as some banks had reached out to the government seeking clarity given that the Reserve Bank of India has asked them to account for these bonds at fair value. Zero-coupon bonds or non-interest-bearing bonds sell at a discount as they offer no interest. The return to investors come via capital gains when they are redeemed at face value. Accounting for these bonds at the discounted market would depress banks' capital that hold these bonds. "The government is committed to capitalise banks as per regulatory requirements. We do not see any divergence towards that with the issuance of non-interest-bearing bonds," said an official confirming that any capital infusion this fiscal will be done through the same instrument.
<https://economictimes.indiatimes.com/industry/banking/finance/banking/psbs-to-get-15000-crore-via-zero-coupon-bonds-in-fy22/articleshow/89757686.cms>
- **Reserve Bank asks NBFCs to implement core financial services solution by Sep 2025:** Reserve Bank on Wednesday asked certain class of Non-Banking Financial Companies (NBFC) to mandatorily implement 'Core Financial Services Solution (CFSS)' by September 30, 2025 in order to provide seamless customer interface as well as have a centralised data base. In a circular, Reserve Bank of India (RBI) said it has been decided that NBFCs - Middle Layer and NBFCs - Upper Layer with 10 and more 'fixed point service delivery units' as on October 1, 2022 shall be mandatorily required to implement CFSS. CFSS is akin to the Core Banking Solution (CBS) adopted by banks.
<https://www.thehindu.com/business/reserve-bank-asks-nbfc-to-implement-core-financial-services-solution-by-sept-2025/article65078438.ece>
- **Share of small loans rises, thanks to small finance banks:** Small finance banks that came into existence about four years ago are gaining strength with them getting 8 percent incremental market share while their overall share is still around 1 percent. In the past three-and-a-half years, SFBs have delivered robust 42 per cent compound annual growth rate (CAGR) followed by private banks at 13 per cent and foreign banks 8 per cent while loan growth for public sector banks was the lowest at 2 per cent during the same period. This reflects the demand for small ticket loans in rural and semi urban pockets – typically the focus area for SFBs -- and also shows that big lenders are focusing only on top rated credit. These banks enjoy strong credit market share at over 2 per cent in semi-urban regions. SFBs have created a niche position in small-ticket loans (which account for about 40 per cent of total SFB loans) and are gradually entering into new credit products, ICICI Securities said in a report.
<https://economictimes.indiatimes.com/industry/banking/finance/banking/share-of-small-loans-rises-thanks-to-small-finance-banks/articleshow/89774444.cms>
- **Rs 18,000 crore returned to banks from Vijay Mallya, Nirav Modi, and Mehul Choksi: Centre to Supreme Court :** Solicitor General Tushar Mehta on Wednesday informed the Supreme Court that Rs 18,000 crore have been returned to the banks in the case of Vijay Mallya, Nirav Modi, and Mehul Choksi. Mehta, representing the Centre, submitted before a bench headed by Justice A.M. Khanwilkar that the total proceeds of crimes in the Prevention of Money Laundering Act (PMLA) cases pending before the top court amounts to Rs 67,000 crore. He further added that as on date 4,700 cases are being investigated by the Directorate of Enforcement and the number of the cases taken up for investigation each year in the last 5 years varies from 111 cases in 2015-16 to 981 in 2020-21. Mehta



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submitted before the bench that Rs 18,000 crore have been returned to the banks in the case of Vijay Mallya, Nirav Modi and Mehul Choksi.

[https://indianexpress.com/article/india/rs-18000-crore-returned-to-banks-from-mallya-nirav-modi-choksi-7788185/#:~:text=The%20Centre%20on%20Wednesday%20informed,Act%20\(PMLA\)%2C%202002.](https://indianexpress.com/article/india/rs-18000-crore-returned-to-banks-from-mallya-nirav-modi-choksi-7788185/#:~:text=The%20Centre%20on%20Wednesday%20informed,Act%20(PMLA)%2C%202002.)

- **ABG Shipyard fraud: Independent directors under scanner now:** Federal agencies investigating the ABG Shipyard fraud case are looking into the role of independent directors on its board, including two who were nominated by one of the banks allegedly duped by the Surat-based shipbuilding company, people in the know told ET. Both Central Bureau of Investigation (CBI) and Enforcement Directorate (ED) have booked ABG Shipyard on charges of cheating, criminal conspiracy, relevant provisions of Prevention of Corruption Act and money laundering for allegedly defrauding a consortium of banks to the tune of ₹22,482 crore.
<https://economictimes.indiatimes.com/industry/transportation/shipping/-transport/abg-shipyards-independent-directors-under-scanner-now/articleshow/89757062.cms>
- **Kotak Mahindra Bank hikes FD interest rates:** Following the big banks such as SBI and HDFC Bank, now Kotak Mahindra Bank has increased its fixed deposit interest rates for tenures from 3-5 years by 5 basis points with effect from February 23, 2022. The bank had last revised FD rates on 27, January 2022. Kotak Mahindra Bank has increased the rates on term deposits maturing in three to five years by five basis points (bps). These deposits will earn 5.45 percent interest from 5.40 percent. The interest rates on the other FD tenors have been kept unchanged. Kotak Mahindra Bank offers interest rates of 2.5 percent, 2.75 percent, and 3 percent for FDs maturing in 7 to 30 days, 31 to 90 days, and 91 to 120 days, respectively.
<https://economictimes.indiatimes.com/wealth/invest/kotak-mahindra-bank-hikes-fd-interest-rates-check-latest-rates/articleshow/89771123.cms>
- **South Indian Bank introduces two new services for customers:** South Indian Bank has introduced two new services to further enhance both “remittances to” and “remittances from” abroad. The bank has enabled online outward remittances through Net Banking and inward remittances through NPCI’s UPI mode, providing an enhanced experience, convenience and safety. SIB online outward remittance facilitates Foreign Outward Remittance through the bank’s Internet Banking platform, “SIBerNet”. Under the Liberalised Remittance Scheme (LRS), RBI permits resident individuals to remit up to \$2,50,000 or equivalent in other currencies in a financial year for permissible purposes.
<https://www.thehindubusinessline.com/money-and-banking/south-indian-bank-introduces-two-new-services-for-customers/article65076473.ece>
- **TripMoney partners with SBM Bank India to launch global credit card:** TripMoney, the fintech arm of MakeMyTrip, and SBM Bank India have partnered to launch a rupee-denominated secure credit card. “The TripMoney Global card offers multiple value-added benefits including zero forex mark-up, lifetime free validity and 100 per cent digital in-app card management,” the two said in a statement on Wednesday. The card is powered by Visa and can be used across over 150 countries. “The card is targeted at international travellers, including the student population, who prefer a combination of lifestyle benefits with advanced digital money management features,” the statement further said. “With the borders opening up, TripMoney Global Card will help travellers open up a world of financial possibilities as well
<https://www.thehindubusinessline.com/money-and-banking/tripmoney-partners-with-sbm-bank-india-to-launch-global-credit-card/article65076486.ece>



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- **DHFL Resolution: CoC in a spot after NCLAT’s ruling on “illegal” stipulation:** Bankers are now in a quandary after the NCLAT recently ruled that the Committee of Creditors (CoC) decision to approve the resolution plan of the beleaguered DHFL was “illegal” and the plan containing an “illegal” stipulation on recovery of avoidance transactions is not sustainable. The core committee of the CoC, which looked into the recent NCLAT directive, is now caught in a dilemma as their legal advisors are urging the CoC to appeal to the Supreme Court. At the same time, the debenture trustee (representing NCD holders and part of CoC) is opposed to any such move, sources privy to the developments said. The ball is now in CoC’s court as it has to take the difficult decision of which way to move — either adhere to NCLAT directive or file an appeal before Supreme Court, they added.
<https://www.thehindubusinessline.com/money-and-banking/dhfl-resolution-coc-in-a-spot-after-nclats-ruling-on-illegal-stipulation/article65076671.ece#:~:text=Bankers%20are%20now%20in%20a,avoidance%20transactions%20is%20not%20sustainable.>
- **RBI reserves the right to chose its timing to normalise the monetary policy: Dy Guv Patra:** The Reserve Bank of India reserves the right to chose its timing to normalise the monetary policy, Deputy Governor Michael Patra said even as he emphasised that the perception that the central bank is behind the curve is unfair. “I think the perception (that India has fallen behind the curve by retaining an accommodative monetary policy when other economies are either tightening monetary policy or announcing normalisation) is unfair because every judgment must be based on facts. “So, if you look at the facts, remember, India had the deepest recession in the world....So, we have dug out of the deepest recession in the world,” Patra said at the Asia Economic Dialogue 2022.
<https://www.thehindubusinessline.com/money-and-banking/rbi-reserves-the-right-to-chose-its-timing-to-normalise-the-monetary-policy-dy-guv-patra/article65077877.ece>
- **PSB recap bonds fair valuing to dent Tier-1 capital up to 1.75%: Ind-Ra:** The fair valuation of the equity infused in five public sector banks (PSBs) through zero coupon bonds could lower the Tier-1 capital levels by 50-175 basis points than reported, according to India Ratings and Research. The rating agency said it understands that the five recipient PSBs may need to value zero-interest bonds (recapitalisation bonds) at fair value instead of par value. The government of India had infused capital in them by issuing bonds in the first half of previous financial year (H1FY21). The intrinsic net worth of these instruments could be lower at FY22-end at the outset than similar maturity government papers in the market, given they do not carry any interest.
https://www.business-standard.com/article/finance/psb-recap-bonds-fair-valuing-to-dent-tier-1-capital-up-to-1-75-ind-ra-122022301305_1.html#:~:text=Covid-,PSB%20recap%20bonds%20fair%20valuing%20to%20dent%20Tier%2D1%20capital,to%201.75%25%3A%20In%20d%2DRa&text=The%20fair%20valuation%20of%20the,to%20India%20Ratings%20and%20Research.
- **MFI Spandana Sphoorty expects to disburse Rs 1,000 cr in Q4 of FY22:** After a long “pause” on lending in the third quarter, troubled microfinance institution Spandana Sphoorty Ltd has resumed disbursements and expects to lend Rs 1,000 crore in the fourth quarter (Q4FY22). The company had put disbursements on hold in the October-December 2021 period (Q3FY22) after its managing director Padmaja Reddy resigned abruptly in November 2021. The MFI, backed by private equity investor Kedaara Capital, said in a statement that it has already resumed its regular disbursal activity in January 2022. It has disbursed Rs 30 crore of new loans in the month of February so far.
[https://www.business-standard.com/article/finance/mfi-spandana-sphoorty-expects-to-disburse-rs-1-000-cr-in-q4-of-fy22-122022301110_1.html#:~:text=After%20a%20long%20%E2%80%9Cpause%E2%80%9D%20on,the%20fourth%20Quarter%20\(Q4FY22\).&text=The%20cash%20collection%20in%20December,Rs%20445%20crore%20per%20month.](https://www.business-standard.com/article/finance/mfi-spandana-sphoorty-expects-to-disburse-rs-1-000-cr-in-q4-of-fy22-122022301110_1.html#:~:text=After%20a%20long%20%E2%80%9Cpause%E2%80%9D%20on,the%20fourth%20Quarter%20(Q4FY22).&text=The%20cash%20collection%20in%20December,Rs%20445%20crore%20per%20month.)



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- **Term insurance ownership has risen to 43% from 36% in two years: IPQ Survey:** Indians are buying more term plans now as term insurance ownership has gone up to 43 per cent from 39 per cent last year, revealed the India Protection Quotient (IPQ) survey 4. This is despite life insurance ownership remaining unchanged at 78, signifying the fact that consumers are now diversifying their insurance holdings and building a holistic portfolio. The term insurance ownership has gone up from 36 per cent to 43 per cent in two years' time.
[https://www.business-standard.com/article/finance/term-insurance-ownership-has-risen-to-43-from-36-in-two-years-ipq-survey-122022300838_1.html#:~:text=Covid-.Term%20insurance%20ownership%20has%20risen%20to%2043%25%20from%2036,in%20two%20years%3A%20IPQ%20Survey&text=%5CDespite%20life%20insurance%20ownership%20remaining,Quotient%20\(IPQ\)%20Survey%204.](https://www.business-standard.com/article/finance/term-insurance-ownership-has-risen-to-43-from-36-in-two-years-ipq-survey-122022300838_1.html#:~:text=Covid-.Term%20insurance%20ownership%20has%20risen%20to%2043%25%20from%2036,in%20two%20years%3A%20IPQ%20Survey&text=%5CDespite%20life%20insurance%20ownership%20remaining,Quotient%20(IPQ)%20Survey%204.)
- **Aim at rapid expansion of retail loan business in Odisha: ICICI Bank:** ICICI Bank on Wednesday said it would expand its retail loan business at a rapid pace in Odisha during the ongoing fiscal. Home loan disbursement in the state is likely to grow by 30 per cent to Rs 1,250 crore, while the consumer credit segment is expected to rise by over 40 per cent to Rs 1,800 crore, the lender said. The bank is also aiming to grow business loans and overdrafts disbursement by 35 per cent to more than Rs 1,300 crore, Anup Bagchi, Executive Director, ICICI Bank, told reporters here.
<https://www.financialexpress.com/industry/banking-finance/aim-at-rapid-expansion-of-retail-loan-business-in-odisha-icici-bank/2442937/>
- **BharatPe sacks co-founder Ashneer Grover's wife Madhuri Jain over financial irregularities:** BharatPe has sacked its head of controls Madhuri Jain Grover – wife of embattled co-founder Ashneer Grover – for alleged financial irregularities ranging from producing fake invoices to billing the company for personal beauty treatment and trips abroad. While a company spokesperson confirmed the termination, sources with direct knowledge of the matter said BharatPe has cancelled all the 244 unvested and 56 vested employee stock options (ESOPs). Madhuri Grover did not immediately respond to an email sent seeking her comments.
<https://www.financialexpress.com/industry/banking-finance/bharatpe-sacks-ashneer-grover-wife-madhuri-jain-cancels-esops/2442515/>
- **RBI cautions public against PPIs issued by unauthorised entities:** The Reserve Bank of India (RBI) on Tuesday urged the public to exercise utmost caution while using unauthorised prepaid payment instruments (PPIs) saying they must verify beforehand that application or entity that they are dealing with is authorised to carry out the activity it performs or assures to perform. "It has come to the notice of Reserve Bank of India (RBI) that Ride Tech Private Limited...is operating a semi-closed (non-closed) pre-paid instrument (wallet) through its car-pooling app (application) 'sRide' without obtaining the required authorisation from RBI under the provisions of the Payment and Settlement Systems Act, 2007. As such, any person dealing with sRide Tech Private Limited, will be doing so at their own risk," the central bank said.
<https://www.financialexpress.com/industry/banking-finance/rbi-cautions-public-against-ppis-issued-by-unauthorised-entities/2441917/>
- The Govt will soon take a decision on the appointment of SEBI Chairman as the extended tenure of incumbent Ajay Tyagi will be ending this month. Sources said senior bureaucrats and former members of SEBI have applied for the position. The finance ministry had invited applications from eligible candidates in Oct 2021 for the post of SEBI Chairman and the deadline for submission of the applications was Dec 6, 2021.
<https://timesofindia.indiatimes.com/business/india-business/govt-to-soon-decide-on-sebi-chairman-appointment/articleshow/89779578.cms>



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- **Sensex dips nearly 69 points at closing, Nifty ends below 17,100:** The BSE Sensex closed at 57,232.06, down 68.62 points or 0.12 per cent. It recorded an intraday high of 57,733.37 and a low of 57,109.24. The Nifty 50 closed at 17,063.25, down 28.95 points or 0.17 per cent, near the day's low of 17,027.85. It recorded an intraday high of 17,220.70. Kotak Bank, Titan, IndusInd Bank, Tata Consumer and Maruti were the top gainers on the Nifty 50 while ONGC, Hero Motocorp, NTPC, L&T and JSW Steel were the top laggards.
<https://www.thehindubusinessline.com/markets/sensex-slumps-nearly-69-points-at-closing-nifty-ends-below-17100/article65076948.ece#:~:text=The%20BSE%20Sensex%20closed%20at,the%20day's%20low%20of%2017%20C027.85.>
- **Rupee rallies 25 paise to 74.59 against US dollar:** The rupee appreciated by 25 paise to 74.59 against the US dollar on Wednesday due to a pullback in the greenback and crude oil prices after Western countries imposed several sanctions on Russia for sending troops into separatist-held regions in Ukraine. At the interbank forex market, the local unit opened at 74.64 against the greenback and witnessed an intra-day high of 74.54 and a low of 74.73.
<https://www.thehindubusinessline.com/markets/forex/rupee-rallies-25-paise-to-7459-against-us-dollar/article65077845.ece#:~:text=The%20rupee%20appreciated%20by%2025,separatist%20held%20regions%20in%20Ukraine.>

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