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DAILY NEWS DIGEST BY BFSI BOARD, ICAI

February 25, 2022

- **Sarfaesi overrides all laws: Banks' dues priority over state taxes, says Supreme Court:** In a judgment that will cheer lenders, the Supreme Court on Thursday held that the dues to secured creditors (banks) will have priority over the central or state dues like excise and tax dues. While settling the law, a Bench comprising Justices L Nageshwara Rao and Vineet Saran accepted the stand of the consortium of banks led by Punjab National Bank that Section 35 of the Sarfaesi Act, 2002, provides that its provisions will have overriding effect on all other laws.
<https://www.financialexpress.com/industry/banking-finance/sarfaesi-overrides-all-laws-banks-dues-priority-over-state-taxes-says-supreme-court/2444064/>
- **Financial institutions need to be more people-centric for next 25 years: FM Sitharaman:** Finance Minister Nirmala Sitharaman on Thursday exhorted financial institutions like Sidbi to be more people-centric in the next 25 years so that the economy moves to a higher growth path. The government has termed the next 25 years leading to the 100th anniversary of India's independence as 'Amrit Kaal'. "So for the next 25 years, we (financial institutions) have to be a lot more people-centric. Try to see what they want... "It will attract people belonging to that (backward) region to be drawn back and if we can give them a perspective, which is good enough, I think we will be addressing a major problem related to human resource and also awaken those capacities which are lying dormant in the regions," she said while addressing the 3rd National Microfinance Congress here.
https://www.business-standard.com/article/economy-policy/financial-institutions-need-to-be-more-people-centric-for-next-25-years-fm-122022401499_1.html#:~:text=Finance%20Minister%20Nirmala%20Sitharaman%20on,independence%20as%20'Amrit%20Kaal'
- **Continued policy support crucial for sustained economic recovery from coronavirus pandemic: RBI's Shaktikanta Das:** Amid prolonged uncertainty, continued policy support will be crucial for sustained economic recovery from the coronavirus pandemic, Reserve Bank Governor Shaktikanta Das said at the recent meeting of the Monetary Policy Committee. "In this period of prolonged uncertainty, it would be wise to remain agile and respond in a gradual, calibrated and well telegraphed manner to the emerging challenges," opined Das, according to the minutes of the MPC meeting released by the Reserve Bank on Thursday. Observing that economic recovery from the pandemic remains incomplete and uneven, he said, "continued support from various policies remains crucial for a sustained recovery." The governor said the renewed surge in international crude oil prices, however, requires close monitoring.
<https://zeenews.india.com/economy/continued-policy-support-crucial-for-sustained-economic-recovery-rbi-governor-2439529.html>



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- **Russia-Ukraine tensions: Banks see minimal impact on biz, trade financing:** Indian banks expect a minimal impact on their business as well as trade financing due to the geopolitical issues involving Russia. However, defence imports from Russia, India's largest supplier, could be hit if countries led by the US impose restrictions, bankers said. The Commercial Indo Bank, a joint venture between public-sector State Bank of India (SBI) and Canara Bank, is the only Indian bank with a presence in Russia with a small balance sheet of \$100 million. Trade between India and Russia is also miniscule at just above \$8 billion. All these factors are helping bankers relax even as the crisis in Ukraine has turned worse.
<https://economictimes.indiatimes.com/industry/banking/finance/banking/russia-ukraine-tensions-banks-see-minimal-impact-on-biz-trade-financing/articleshow/89810913.cms>
- **Special dispensation on voting rights not likely for IDBI Bank buyer:** The government is unlikely to grant any special dispensation to the new buyer of IDBI Bank by capping its voting rights at 26 per cent, even if an investor picks up 50 per cent or more stake in the lender, officials in the know said. The Reserve Bank of India (RBI) has been of the view that the voting rights of a buyer should be capped at 26 per cent, irrespective of the quantum of stake it buys in a bank. This has been agreed upon by the Centre, an official said. The issue has been part of deliberations between the government and the RBI as the former is finalising conditions for the strategic divestment of IDBI Bank, and will soon float an expression of interest.
https://www.business-standard.com/article/finance/special-dispensation-on-voting-rights-not-likely-for-idbi-bank-buyer-122022400028_1.html#:~:text=Special%20dispensation%20on%20voting%20rights%20not%20likely%20for%20IDBI%20Bank%20buyer,-Nikunj%20Ohri%20%7C%20New&text=The%20government%20is%20unlikely%20to,officials%20in%20the%20know%20said.
- **Bank credit grows by 7.86%; deposits by 9.11%: RBI data:** Bank credit grew by 7.86 per cent to Rs 115.45 lakh crore and deposits rose by 9.11 per cent to Rs 161.28 lakh crore in the fortnight ended February 11, RBI data showed. In the fortnight ended February 12, 2021, bank advances stood at Rs 107.03 lakh crore and deposits at Rs 147.81 lakh crore, according to the RBI's Scheduled Banks' Statement of Position in India as on February 11, released on Thursday. In the previous fortnight ended January 28, bank credit grew by 8.21 per cent and deposits by 8.31 per cent. In FY2020-21, bank credit had risen by 5.56 per cent and deposits by 11.4 per cent.
https://www.business-standard.com/article/finance/bank-credit-grows-by-7-86-deposits-by-9-11-rbi-data-122022401418_1.html#:~:text=Bank%20credit%20grew%20by%207.86,February%2011%2C%20RBI%20data%20showed.
- **RBI cancels registration certificate of P C Financial Services operating 'Cashbean' app:** The Reserve Bank of India (RBI) on Thursday said it has cancelled the certificate of registration (CoR) of P C Financial Services primarily engaged in mobile app-based lending operations through an app 'Cashbean' on account of supervisory concerns. With cancellation of CoR, the RBI said New Delhi-based P C Financial Services Pvt Ltd will not transact the business of a non-banking financial institution (NBFI). The NBFI was primarily engaged in mobile app-based lending operations through an app called



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'Cashbean'. "The CoR of the company has been cancelled on account of supervisory concerns such as gross violations of RBI directions on outsourcing and Know Your Customer norms," the central bank said in a statement.

<https://economictimes.indiatimes.com/industry/banking/finance/banking/rbi-cancels-registration-certificate-of-p-c-financial-services-operating-cashbean-app/articleshow/89804359.cms>

- **Chanda Kochhar moves Bombay HC against ICICI Bank, claiming retirement dues:** Former ICICI Bank chief executive Chanda Kochhar has moved the Bombay High Court against her ex-employer seeking specific performance commitments and contractual obligations promised to her after her early retirement in October 2018. Kochhar submitted in the Bombay High Court that ICICI Bank reneged from its contractual commitments and cannot terminate a person who has already retired. As per people in the know, the stock options due to Kochhar could run into over Rs 1,000 crore at current market value. On Thursday, while hearing a petition filed by her, Justice AK Menon allowed ICICI Bank to file its response in two weeks and adjourned the case to March 24.
<https://economictimes.indiatimes.com/industry/banking/finance/banking/chanda-kochhar-moves-bombay-hc-against-icici-bank-claiming-retirement-dues/articleshow/89807274.cms>
- **Srei case: Banks should not merely focus on recovery, but also consider public interest, says counsel for lenders:** Claiming that there were several “damning parts” in the forensic audit report by KPMG on the Srei group companies, the counsel appearing on behalf of the consortium of lenders, on Thursday said while dealing with cases of fraud and embezzlement, banks should not merely look at the expeditious recovery of the amount involved, but also be motivated by public interest. In a recent application, founder and erstwhile director of Srei, Hemant Kanoria, sought the setting aside of KPMG’s audit into the company, citing the issue of possible parallel auditing as it is currently undergoing a corporate insolvency resolution process (CIRP). It should be mentioned that the resolution professional (RP) for Srei has appointed BDO India LLP as the transaction auditor under the Insolvency and Bankruptcy Code (IBC).
<https://www.thehindubusinessline.com/money-and-banking/srei-case-banks-should-not-merely-focus-on-recovery-but-also-consider-public-interest-says-counsel-for-lenders/article65080872.ece>
- **Banking sector’s near-term financial performance to improve gradually: Fitch:** Fitch Ratings expects the Indian banking sector’s near-term financial performance to improve gradually amid the economic momentum and regulatory forbearance on pandemic-led stress. The global rating agency assessed that private banks would lead the recovery with faster loan growth than state banks, which may find it difficult to remain competitive without adequate growth capital. The agency noted that a stronger economy and extended government relief should also boost Indian non-bank financial institutions’ (NBFIs) performance. Still, asset-quality risks persist, while higher interest rates will pressure net interest margins. “India’s economy is rapidly recovering from the Covid-19 pandemic and financial-sector pressure appears to be easing. “However, the Negative Outlook on the sovereign’s ‘BBB-’ rating reflects lingering uncertainty over the medium-term debt trajectory, particularly in light of India’s limited fiscal headroom relative to rating peers,” Fitch said.



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<https://www.thehindubusinessline.com/money-and-banking/banking-sectors-near-term-financial-performance-to-improve-gradually-fitch/article65080141.ece>

- **Aegon Life Insurance plans to add 100 partners in 2022:** Digital life insurer Aegon Life Insurance is planning to partner with about 100 companies as it looks to reach out to new customers with a complete revamp of its techstack. “In calendar year 2022, we are focused on adding a lot of partners and they should largely be more tech enabled. We intend to have close to 100 partners by end of this year and this is where we are looking at about ₹300 crore coming in calendar year 2023,” said Sathishwar Balakrishnan, Managing Director and CEO, Aegon Life.
<https://www.thehindubusinessline.com/money-and-banking/aegon-life-insurance-plans-to-add-100-partners-in-2022/article65080302.ece>
- **Tata AIA Life registers 44 per cent growth in premium in Q3 FY22:** Tata AIA Life Insurance reported a 32 per cent increase in total premium in the third quarter of the fiscal to ₹3,652 crore as compared to ₹2,766 crore a year ago. For the quarter ended December 31, 2021, its Individual Weighted New Business Premium (IWNBP) increased by 44 per cent to ₹1,193 crore compared to Rs 831 crore garnered for the third quarter of 2020-21. “Tata AIA Life recently added 100 new digitally enabled branches in 18 Indian states,” it said in a statement, adding that the step is part of the strategy to expand its distribution and customer connect points.
<https://www.thehindubusinessline.com/money-and-banking/tata-aia-life-registers-44-per-cent-growth-in-premium-in-q3-fy22/article65080323.ece>
- **Standard Chartered joins hands with IATA to launch payment platform in India:** Standard Chartered in partnership with the International Air Transport Association (IATA) has launched IATA Pay in India. Already available in several European markets, IATA Pay is an airline industry payment platform that brings optionality, convenience and an enhanced experience to consumers when purchasing tickets directly from participating airlines. The service leverages the Unified Payment Interface (UPI), a domestic real-time payments scheme in India, thereby enabling consumers to instantly pay for airline tickets from their bank accounts.
https://www.business-standard.com/article/companies/standard-chartered-iata-tie-up-forh-payment-platform-for-airline-industry-122022400976_1.html#:~:text=Standard%20Chartered%2C%20IATA%20tie%20up%20forh%20payment%20platform%20for%20airline%20industry,-Press%20Trust%20of&text=Global%20banking%20group%20Standard%20Chartered,for%20airline%20industry%20in%20India.
- **Rakesh Sharma reappointed IDBI Bank chief for 3 years:** IDBI Bank’s Board of Directors has approved the re-appointment of Rakesh Sharma as Managing Director and Chief Executive Officer of the Bank for a period of three years with effect from March 19, 2022. This re-appointment is as per approval of the Reserve Bank of India received in this regard, the Bank said in a regulatory filing. This comes at a time when the Department of Investment and Public Asset Management (DIPAM) is expected to soon kickstart a roadshow, whereby both the Government and the Life Insurance Corporation of India plan to sell their stake in the bank to an investor/ investors.



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https://www.business-standard.com/article/companies/rakesh-sharma-reappointed-as-md-ceo-of-idbi-bank-for-a-period-of-3-years-122022400709_1.html

- **Banks brace for sanctions spiral after Russia invades Ukraine:** Western countries are set to unveil coordinated and tough sanctions on Russia on Thursday - with banks likely to be first in line - after Russia began an invasion of Ukraine. Measures announced earlier this week hit several Russian banks and individuals and targeted Moscow's ability to raise money in international debt markets. But finance industry experts and some Western politicians said these actions were not severe enough. The United States, the European Union, Britain and their allies are now expected to make it more difficult for Russian lenders to operate internationally.
<https://economictimes.indiatimes.com/news/international/business/banks-brace-for-sanctions-spiral-after-russia-invades-ukraine/articleshow/89806027.cms>
- **NBFCs' loan sanctions up 5% YoY in Q3FY22: Data:** Non-banking finance companies reported a modest five per cent growth year on year basis in sanctions driven mostly by consumer segments including personal loans in the third quarter ended December 2021 (Q3FY22), according to FIDC-CRIF data. Loans for commercial purposes, viz., loans against property, commercial equipment loans and business loans have shown modest or negative growth. It signifies that investment demand is yet to pick up among MSMEs and other commercial sectors. The unsecured business loans saw just seven percent rise in sanctions at Rs 17,619 crore and sanctions in equipment financing expanded by eight per cent to Rs 1,293 crore in Q3FY21.
https://www.business-standard.com/article/finance/nbfc-loan-sanctions-up-5-yoy-in-q3fy22-data-122022401055_1.html#:~:text=Non%2Dbanking%20finance%20companies%20reported,according%20to%20FIDC%2DCRIF%20data.
- **Russia-Ukraine conflict: Sensex crashes over 2,700 pts at closing, Nifty ends below 16,300:** The BSE Sensex plunged 2702.15 points or 4.72 per cent to close at 54,529.91. It recorded an intraday high of 55,996.09 and a low of 54,383.20. The Nifty 50 closed at 16,247.95, down 815.30 points or 4.78 per cent, near the day's low of 16,203.25. It recorded an intraday high of 16,705.25. All sectoral indices closed in the red with PSU Bank, Realty and Auto recording the highest losses. Nifty PSU Banks fell over 8 per cent at closing, while Nifty Realty was down over 7 per cent. Nifty Auto closed over 6 per cent lower. Nifty Bank and Nifty Private Bank were down nearly 6 per cent each. Nifty Financial Services, Nifty Metal and Nifty Oil & Gas each closed over 5 per cent lower. Nifty IT was down 4.6 per cent.
<https://www.thehindubusinessline.com/markets/russia-ukraine-conflict-sensex-crashes-over-2700-pts-at-closing-nifty-ends-below-16300/article65080332.ece>
- **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. The rupee was quoted at 74.59 at 1530 hrs,



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registering a gain of 25 paise over its previous close. On Tuesday, the rupee depreciated by 29 paise to close at 74.84 against the US currency.

<https://www.thehindubusinessline.com/markets/forex/rupee-rallies-25-paise-to-7459-against-us-dollar/article65077845.ece>

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