



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

April 25, 2022

- Six working groups set up to suggest ways to improve functioning of PSBs to submit report by Dec L Six working groups created to suggest ways to improve digitisation in the state-owned banks and strengthen their balance sheets have been asked to submit their respective reports by December, according to a senior banker. Participating in the meeting, Financial Services Secretary Sanjay Malhotra recently asked the banks to explore strategies for long-term profitability and adopt a more customer-centric approach. The senior banker, who participated in the recently concluded Manthan 2022 - a meeting of the top PSU bankers, said the six working groups would look into functioning the public sector banks (PSBs) and suggest ways to improve customer service, digitisation, HR incentives, corporate governance and collaboration. The working groups are expected to submit their respective reports by the end of the year, the banker said.
<https://economictimes.indiatimes.com/industry/banking/finance/banking/six-working-groups-set-up-to-suggest-ways-to-improve-functioning-of-psbs-to-submit-report-by-dec/articleshow/91046963.cms>
- **HDFC Bank announces highest dividend in more than a decade!**: HDFC Bank announced a dividend of Rs 15.50 per equity share on Saturday, the highest in rupee terms in the last 11 years. According to the bank's regulatory filing, the board has recommended a dividend of Rs 15.50 or 1,550 per cent per equity share with a face value of Re 1 each for the financial year 2021-22. The largest private bank in India announced a dividend of Rs 16.5 per equity share in June 2011. In fact, it is the second-highest dividend by HDFC Bank since April 20, 2001. HDFC Bank has declared 22 dividends since April 20, 2001. Out of these, the company had declared 21 final dividends, and the remaining one was a special dividend.
<https://economictimes.indiatimes.com/markets/stocks/news/hdfc-bank-announces-highest-dividend-in-more-than-a-decade/articleshow/91047126.cms>
- **ICICI Bank's Vishakha Mulye to join Aditya Birla Capital as CEO**: ICICI Bank executive director Vishakha Mulye will be the new chief executive of Aditya Birla Capital, the holding company for the financial services businesses of the Aditya Birla Group. Mulye, a career banker with three decades of experience behind her, will join her new role on June 1 as CEO designate, Aditya Birla Group announced late Saturday. After a month of her joining, she will take charge as CEO when the current incumbent Ajay Srivinasan moves out and takes up another role within the financial services group. The one-month overlap is planned to ensure smooth transition of leadership, the group said.
<https://economictimes.indiatimes.com/industry/banking/finance/banking/icici-banks-vishakha-mulye-to-join-aditya-birla-capital-as-ceo/articleshow/91037927.cms>
- **Yes Bank-DHFL case: Rana Kapoor, Kapil and Dheeraj Wadhawans laundered money worth Rs 5,050 crore, says ED**: The Enforcement Directorate (ED) has alleged that Yes Bank co-founder Rana Kapoor and Dewan Housing Finance Limited (DHFL) promoters Kapil and Dheeraj Wadhawan siphoned off funds worth Rs 5,050 crore through suspicious transactions. The ED said this in its second supplementary (third overall) charge sheet filed in special court here recently against Rana Kapoor, his family, Wadhawans and others in a money laundering case. During the investigation, it came to light that a big part of the proceeds of crime (POC) generated in this case has been siphoned off overseas by Rana Kapoor and hence they are not available for attachment directly under the provisions of Prevention of Money Laundering Act (PMLA), it said.
<https://economictimes.indiatimes.com/news/india/yes-bank-dhfl-case-rana-kapoor-kapil-and-dheeraj-wadhawans-laundered-money-worth-rs-5050-crore-says-ed/articleshow/91026224.cms>



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- **Axis Bank turns down plan to distribute Sintex sale proceeds:** Resolution of bankrupt textile company Sintex Industries is likely to be delayed as Axis Bank has objected to the proposed distribution of proceeds from its sale to Reliance Industries and Assets Care and Reconstruction Company (ACRE), two people in the know said. The RIL-ACRE team had emerged as the top bidder, offering ₹3,651 crore for Sintex Industries. Axis Bank is the sole lender to vote against the resolution plan submitted jointly by the two, the sources said. Axis Bank has ₹159 crore verified claims, according to the disclosures made on the company website. The liquidation value of Sintex Industries was much higher than the offers received from all four bidders in the first two rounds.
<https://economictimes.indiatimes.com/industry/banking/finance/banking/axis-bank-turns-down-plan-to-distribute-sintex-sale-proceeds/articleshow/91013798.cms>
- **Banks putting more of surplus funds in commercial papers as rates rise:** Commercial paper rates have surged by about 15-20 basis points in about ten days, reducing the amount of funds banks park with the central bank and increasing working capital loans from commercial banks. Commercial papers (CPs) are shorter duration debt instruments generally issued by companies with maturities up to one year. One basis point is 0.01 percentage point. While bank funding is still more expensive than the market rates, lesser rated companies are likely to move towards bank funding rather than floating CPs.
<https://economictimes.indiatimes.com/industry/banking/finance/banking/banks-putting-more-of-surplus-funds-in-commercial-papers-as-rates-rise/articleshow/91013694.cms>
- **New tax rule impact: Crypto exchanges could face liquidity crunch:** Top cryptocurrency exchanges in the country may face a liquidity crunch as they have seen a nearly 75 per cent drop in trading volumes between April 1 and 17 amidst the implementation of the new tax rule. Further, the upcoming 1 per cent TDS to be implemented on buying and selling of virtual digital assets starting from July 1 may even discourage 'liquidity providers' of top crypto exchanges to participate in future activities.
<https://www.thehindubusinessline.com/news/new-tax-rule-impact-crypto-exchanges-could-face-liquidity-crunch/article65350995.ece#:~:text=Trading%20volumes%20dip%2075%25%20between%20April%201%20and%20April%2017&text=Top%20cryptocurrency%20exchanges%20in%20the,of%20the%20new%20tax%20rule.>
- **Reliance Cap resolution: All cash bids to get top priority:** All cash bids that ensure high upfront recovery for the financial creditors will get maximum scores during the proposed evaluation of bids for the resolution of Reliance Capital. According to sources close to the development, the evaluation matrix will give the highest marks to all cash bids, followed by the net present value (NPV), including deferred payments and upfront cash value. The evaluation matrix, which will be a part of the Request for Resolution Plan (RFRP) document for Reliance Capital, is being finalised by the Committee of Creditors. The RFRP is likely to be shared with the bidders later this week, latest by around April 28.
<https://www.thehindubusinessline.com/money-and-banking/reliance-cap-resolution-all-cash-bids-to-get-top-priority/article65350867.ece>
- **Mann ki Baat: PM Modi calls for a 'Cashless Day Out':** In his monthly radio broadcast, 'Mann ki Baat', Prime Minister Narendra Modi called for a 'Cashless Day Out' — using only digital payment throughout the day when one is out for tourism or leisure. The Prime Minister also urged the people to work more actively for water conservation. Modi referred to two incidences: one is related to two Delhi girls, Sagarika and Preksha who experimented with the 'Cashless Day Out'. Wherever they went in Delhi, the duo only used digital payments for all their purchases. "Because of the UPI QR code, they did not have to withdraw cash. Even at most of the street food and roadside vendors, they got the facility of online transaction," Modi said.
<https://www.thehindubusinessline.com/news/mann-ki-baat-pm-modi-calls-for-a-cashless-day-out/article65350685.ece>



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- **LIC IPO size trimmed, 3.5 per cent of government holding to be offered against 5 per cent earlier:** The government proposes to scale down the size of the Initial Public Offering (IPO) of Life Insurance Corporation of India (LIC) by 1.5 percentage point or around 9.4 crore shares. The issue is expected to hit the market early next month. Sources told BusinessLine that the board of the insurance behemoth met on Saturday and approved the issue size at 3.5 per cent. In terms of absolute numbers, it comes to around 22.14 crore shares. Earlier, in the Draft Red Herring Prospectus (DRHP), filed with SEBI on February 13, the government had proposed offering 31.62 crore shares which was around 5 per cent of total number of equity shares.
<https://www.thehindubusinessline.com/markets/lic-ipo-size-trimmed-35-per-cent-of-government-holding-to-be-offered-against-5-per-cent-earlier/article65348846.ece>
- **ICICI Bank Q4 net profit up 59.4 per cent at ₹7,019 cr:** ICICI Bank reported a 59.4 per cent jump in its standalone net profit to ₹7,018.71 crore in the fourth quarter of fiscal 2021-22, led by a sharp growth in net interest income and lower provisions. This is its highest ever quarterly net profit. The private sector lender had a net profit of Rs 4,402.61 crore in the fourth quarter of 2020-21. For the full fiscal 2021-22, net profit surged by 44.1 per cent to Rs 23,339.49 crore as compared to Rs 16,192.68 crore in 2020-21.
<https://www.thehindubusinessline.com/money-and-banking/icici-bank-q4-net-profit-up-594-per-cent-at-rs-7019-cr/article65347997.ece>
- **India's employer-sponsored medical benefit costs likely to increase by 15 per cent in 2022: Survey:** Insurers expect costs related to employer-sponsored medical benefits programmes in India will increase by 15 per cent in 2022, according to a report by Mercer Marsh Benefits (MMB). This will be the highest anticipated increase in the Asia region, three times the predicted general inflation rate for India. The report further added that it would mark the third consecutive year of a double-digit increase in the country since the onset of the Covid-19 pandemic.
<https://www.thehindubusinessline.com/money-and-banking/indias-employer-sponsored-medical-benefit-costs-likely-to-increase-by-15-per-cent-in-2022-survey/article65347809.ece>
- **Health insurance premium rise spurs non-life growth, shows data:** Health insurance premiums, which registered a 25.6 per cent growth — almost double that of last year — have been the main driver of the double-digit growth in non-life insurance in FY22. This comes after a horrid FY21, where the industry registered a low single-digit growth. In FY22, health insurance premiums rose to Rs 73,582.13 crore, becoming the main line of business for non-life insurance sector, with a 33.33 per cent market share. This is a jump of 380 basis points (bps) over last year, data from the General Insurance Council showed. Health premiums grew at 13.5 per cent and 13 per cent in FY21 and FY20, respectively. Non-life insurers have reported an 11 per cent growth in premiums in FY22 to Rs 2.2 trillion. This compares with Rs 1.98 trillion worth of premiums collected in FY21, up 5.2 per cent over FY20. The industry had posted a growth of 11.7 per cent in FY20 over year-ago period.
https://www.business-standard.com/article/finance/health-insurance-premium-rise-spurs-non-life-growth-shows-data-122042300007_1.html
- **Finance ministry asks state-run banks to raise capital from markets:** The finance ministry has asked state-run banks to further bolster their balance sheets from markets, which will enable them to reduce reliance on the government to shore up their capital adequacy. At a meeting with top executives of public sector banks (PSBs) on Friday, financial services secretary Sanjay Malhotra expressed optimism that the lenders, having registered good profitability in the first three quarters of FY22, will continue to perform well on relevant metrics in the coming years.
<https://www.financialexpress.com/industry/banking-finance/finance-ministry-asks-state-run-banks-to-raise-capital-from-markets/2501020/>



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- **SIDBI signs MoU with WBSIDCL:** Small Industries Development Bank of India (SIDBI), the leading financial institution for MSME sector, has entered into an MoU with West Bengal Small Industries Development Corporation Limited (WBSIDCL) to develop the eco-system for micro and small enterprises in the state, a spokesman said on Saturday. The MoU was exchanged by Nikhil Nirmal, MD of WBSIDCL, and Sudatta Mandal, deputy managing director, SIDBI, in the presence of H K Dwivedi, chief secretary of the West Bengal, during the MSME sectoral session of Bengal Global Business Summit (BGBS), held in Kolkata on April 21, 2022.
<https://www.moneycontrol.com/news/business/sidbi-signs-mou-with-wbsidcl-8399751.html>
- **UPI server down, users flood Twitter with complaints about failed payments:** The Unified Payments Interface (UPI) server has been down for over an hour, causing disruptions in payments across the country. Users took to Twitter to complain about transactions not being processed through major UPI apps like PhonePe, Google Pay and Paytm. Users were notified of failed payments after long processing times. This is the second time in the year that the UPI server has been down, the last time being January 9. NPCI is yet to issue a formal tweet or statement on the disruption. UPI, a real-time payments system by the National Payments Corporation of India (NPCI), makes up over 60 percent of India's retail transactions.
<https://www.livemint.com/news/india/upi-server-down-complaints-flood-social-media-about-failed-payments-11650816808870.html>
- **FPIs withdraw Rs 12,300 crore from equities in April on US Fed rate hike fears:** Fears of an aggressive rate hike by the US Fed continue to dent investor sentiments with foreign investors pulling out nearly Rs 12,300 crore from the Indian equity market so far this month. Going forward, foreign flows into Indian equities could continue to be under pressure due to an imminent rate hike by the US Fed, uncertainty surrounding the Russia-Ukraine war, volatile crude prices, high domestic inflation numbers and weak quarterly results, experts said.
<https://www.news18.com/news/business/fpis-withdraw-rs-12300-crore-from-equities-in-april-on-us-fed-rate-hike-fears-5044363.html>
- **Mcap of 8 of top-10 most valued firms lose Rs 2.21 lakh crore; Infosys, HDFC Bank biggest drags:** Eight of the top-10 most valued firms together lost Rs 2,21,555.61 crore from their market valuation last week in-line with the weak trend in the broader market, with Infosys and HDFC Bank suffering the biggest hit. The 30-share benchmark index, Sensex, lost 1,141.78 points or 1.95 per cent last week. From the top-10 pack, only Reliance Industries and Adani Green Energy emerged as the gainers. The market valuation of Infosys tumbled Rs 68,548.8 crore to Rs 6,67,062.55 crore. The market capitalisation (mcap) of HDFC Bank dived Rs 60,536.97 crore to reach Rs 7,51,801.60 crore. Bharti Airtel's valuation tanked Rs 30,127.49 crore to Rs 4,05,723.51 crore and that of Tata Consultancy Services plummeted by Rs 18,094.01 crore to Rs 13,21,594.47 crore. The valuation of State Bank of India declined by Rs 15,261.09 crore to Rs 4,46,587.56 crore and that of Bajaj Finance went lower by Rs 13,264.96 crore to Rs 4,30,420.83 crore. The mcap of ICICI Bank dipped Rs 10,376.97 crore to Rs 5,19,362.62 crore and that of Hindustan Unilever Limited slumped Rs 5,345.32 crore to Rs 5,00,392.45 crore.
<https://www.livemint.com/market/stock-market-news/mcap-of-8-of-10-most-valued-firms-bleed-rs-2-21-lakh-cr-last-week-infosys-hdfc-bank-suffer-biggest-hit-11650778790169.html>

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