



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

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- **Central Bank likely to be out of PCA framework in some three months:** Central Bank of India, the only remaining state-owned lender under the Reserve Bank of India's prompt corrective action (PCA) framework, may see the restrictions dropped in some three months—a step likely to pave the way for its privatisation. Central Bank meets all the parameters for exiting the PCA framework and the Reserve Bank of India (RBI) may do at the end of this fiscal year, said an official. The RBI is examining its performance, he added. The lender came under the PCA framework in June 2017 on the back of high soured loan ratio and negative return on assets. Its non-performing assets (NPA) were at 10.2 per cent and RoA was minus 0.8 per cent for the year ended March 2017.
https://www.business-standard.com/article/finance/central-bank-likely-to-be-out-of-pca-framework-in-some-three-months-121122401049_1.html
- **Canara Bank raises Rs 2,500 crore through Basel-III compliant bonds:** Canara Bank on Friday said it has raised Rs 2,500 crore by issuing Basel-III compliant bonds to a total of 10 allottees. The bank has successfully raised Basel-III compliant tier-II series I bonds, Canara Bank said in a regulatory filing. "Our bank came out with the issuance of Rs 2,500 crore of tier-II bonds on December 12, 2021. The bank received a total bid amount of Rs 9,374 crore, out of which full issuance of Rs 2,500 crore was accepted at a coupon rate of 7.09 per cent per annum," the bank said. The issue opened on December 23, 2021 and closed on the same day. The bonds were allotted to a total of 10 allottees on December 24, 2021.
<https://economictimes.indiatimes.com/markets/bonds/canara-bank-raises-rs-2500-crore-through-bonds/articleshow/88476349.cms>
- **Banks, NBFCs need to build co-lending focused products for model to succeed, says Union Bank MD:** Banks and non-banking finance companies (NBFCs) need to evolve co-lending specific loan products for the share of such assets to meaningfully increase in size, Union Bank of India managing director and chief executive officer (MD & CEO) Rajkiran Rai G said on Thursday. Speaking at the virtual FICCI-IBA banking conference, Rai said the co-lending model enables lenders to reach the unserved, NBFCs to tap banks' high capital base at lower costs and at the same time serves customers' interest. However, different practices adopted by banks and NBFCs for underwriting loans, collection, valuation, and margins are a challenge in the present co-lending model.
<https://www.financialexpress.com/industry/banking-finance/banks-nbfc-need-to-build-co-lending-focused-products-for-model-to-succeed-says-union-bank-md/2388404/>
- **Paytm Lending CEO Bhavesh Gupta gets additional role to lead offline payments vertical:** Paytm on Friday said it has elevated Bhavesh Gupta, CEO of Paytm Lending, to take on the leadership for the offline payments vertical in addition to his existing responsibilities. The company said it also plans to hire 30 senior leaders for product, technology and business roles across payments and financial services. "One97 Communications Limited that owns the brand Paytm, India's leading digital



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ecosystem for consumers and merchants, further strengthens its focus on offline payments and financial services," a regulatory filing said.

<https://www.moneycontrol.com/news/business/paytm-lending-ceo-bhavesh-gupta-gets-additional-role-to-lead-offline-payments-vertical-7864271.html>

- **Rural credit demand picking up but challenges remain:** The credit demand from the rural economy is picking up, but challenges still exist in terms of last-mile connectivity, linguistic issues and limited structured financial information of consumers living in these areas, bankers said at the virtual FICCI-IBA banking conference held on Thursday. "From quarter 1 to quarter 2 (April-September), we have seen a huge jump in growth in home loans as far as tier-II and beyond cities are concerned...There is a 26% increase in the number of projects that are coming up for real estate in tier-II and beyond cities. The growth of home loans is more than 11%, which is better than the metro average. As far as State Bank of India is concerned, 60% of our home loan book of Rs 5.40 lakh crore comes from the tier-II and beyond cities, we are seeing a lot of traction there," said Saloni Narayan, deputy managing director of retail business at State Bank of India (SBI).
<https://www.financialexpress.com/industry/banking-finance/rural-credit-demand-picking-up-but-challenges-remain/2388334/>
- **RBI announces another 3-Day VRRR auction for Rs 2 lakh crore:** The Reserve Bank of India will conduct another three-day Variable Rate Reverse Repo (VRRR) auction on Monday when it will aim to suck out up to Rs 2,00,000 crore. The move is in line with the central bank's stated policy as the RBI governor earlier hinted at unwinding excess cash through auctions. Earlier in the week in a surprise move, it conducted a similar auction through which it removed Rs 81,160 crore liquidity from the system on December 20.
<https://economictimes.indiatimes.com/news/economy/finance/rbi-announces-another-3-day-vrrr-auction-for-rs-2-lakh-crore/articleshow/88476095.cms>
- **YES Bank set to vote in Dish TV AGM:** Private sector lender YES Bank is set to vote in the upcoming Annual General Meeting of Dish TV on December 30. The Mumbai Bench of the National Company Law Tribunal (NCLT) refused to grant any stay to the petition filed by a group of shareholders who were seeking to restrain YES Bank from voting in the AGM. The petition was heard on Friday. The NCLT has adjourned the case to January 4, however, in their oral order, members Suchitra Kanuparthi and Anuradha Bhatia said that the Bench is "not inclined to stay" on the AGM.
<https://www.thehindubusinessline.com/companies/yes-bank-set-to-vote-in-dish-tv-agm/article38029409.ece>
- **Centre appoints Finmin senior official Vandita Kaul to PFRDA Board:** The Finance Ministry has appointed Vandita Kaul, Additional Secretary in the Department of Financial Services (DFS), as part-time member of the Pension Fund Regulatory and Development Authority (PFRDA). Kaul is a 1989 batch officer of the Indian postal service. At PFRDA, she has come in the place of Madnesh Kumar Mishra, who had recently moved out of DFS, official sources said. Besides the Chairperson, the PFRDA Board has three whole time members and three part-time members.



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<https://www.thehindubusinessline.com/money-and-banking/centre-appoints-finmin-senior-official-vandita-kaul-to-pfrda-board/article38026046.ece>

- **RBI imposes ₹30 lakh penalty on MUFG Bank:** The Reserve Bank of India has imposed a monetary penalty of ₹30 Lakh on MUFG Bank Ltd for non-compliance with its directions on ‘Loans and Advances – Statutory and Other Restrictions’. MUFG Bank has the largest network amongst Japanese banks in India, with a presence in five locations. RBI, in a statement, said its inspection of the bank (with reference to its financial position as on March 31, 2019) revealed, inter alia, non-compliance with the aforesaid direction to the extent that it had sanctioned loans and advances to companies whose board of directors included person(s) who were director(s) on boards of other banks, without such sanctions being accorded at the level of its management committee.
<https://www.thehindubusinessline.com/money-and-banking/rbi-imposes-30-lakh-penalty-on-mufg-bank/article38029948.ece>
- **Financial inclusion fosters societal intolerance to inflation: RBI Deputy Guv Patra:** Financial inclusion enhances the potency of interest-rate based monetary policy by causing an increasing number of people to become responsive to interest rate cycles, according to Reserve Bank of India Deputy Governor MD Patra. “This, in turn, prompts appropriate smoothing behaviour. There is also some evidence to suggest that as interest rate sensitivity of the population increases, central banks need to move interest rates less to achieve their objectives,” Patra said.
<https://www.thehindubusinessline.com/money-and-banking/financial-inclusion-fosters-societal-intolerance-to-inflation-rbi-deputy-guv-patra/article38031598.ece>
- **Retail credit demand outlasts festival season: TransUnion CIBIL COO:** Retail credit demand, which witnessed strong recovery after the second wave of the Covid-19 pandemic, continues to sustain even after the festive season, according to Harshala Chandorkar, COO of TransUnion CIBIL. “What we have typically seen is that the retail volume has gone up almost to pre-Covid levels. It was primarily driven by demand for personal loans, credit cards and consumer durable loans,” she said.
<https://www.thehindubusinessline.com/money-and-banking/retail-credit-demand-outlasts-festival-season-transunion-cibil-coo/article38031640.ece>
- **DHFL case: Yes Bank's former business head Rajiv Anand gets bail:** A special CBI court here on Thursday granted bail to Rajiv Anand, a former business head of Yes Bank, in a cheating and corruption case involving the private sector lender DHFL. Anand's bail plea was allowed by special judge for CBI cases S U Wadgaonkar. The detailed order was not available yet. The bank's co-founder Rana Kapoor and his family are co-accused in the case. Rana Kapoor is in judicial custody in a related case being probed by the Enforcement Directorate. He was arrested in March 2020. As per the CBI, Yes Bank invested Rs 3,700 crore in debentures of DHFL, which, in return, allegedly paid kickbacks of Rs 600 crore to DoIT Urban Ventures, a firm controlled by Kapoor's wife and daughters.
<http://www.businessworld.in/article/DHFL-Case-Yes-Bank-s-Former-Business-Head-Rajiv-Anand-Gets-Bail/24-12-2021-415784/>



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- **Financial inclusion shaping rate-setting decisions now: RBI's Michael Patra:** Financial inclusion is increasingly influence monetary policy and a formal system to gauge it helps, said Michael Patra, deputy governor at the Reserve Bank of India (RBI), on Friday. The RBI launched a national financial inclusion index (FI-Index) in September, using 97 indicators to gauge financial inclusion. According to it, the country has achieved just about half of its goal in financial inclusion. “Furthermore, a measurable indicator of financial inclusion can be incorporated into monetary policy rules and reaction functions to examine its correlation with output and inflation and their volatility. For the first time, the influence of financial inclusion on the size and timing of policy rate changes can be gauged,” Patra said in his address at a financial inclusion seminar organised by the Indian Institute of Management, Ahmedabad.
https://www.business-standard.com/article/finance/financial-inclusion-shaping-rate-setting-decisions-now-rbi-s-michael-patra-121122400546_1.html
- **Sensex down 191 points; Nifty ends below 17,100 amid volatility:** The BSE Sensex closed at 57,124.31, down 190.97 points or 0.33 per cent. It recorded an intraday high of 57,623.69 and a low of 56,813.42. The Nifty 50 closed at 17,003.75, down 68.85 points or 0.4 per cent. It recorded an intraday high of 17,155.60 and a low of 16,909.60. HCL Tech, Tech Mahindra, SBI Life, Asian Paints and Wipro were the top gainers on the Nifty 50, while Grasim, NTPC, Eicher Motors, ONGC and M&M were the top laggards.
<https://www.thehindubusinessline.com/markets/sensex-down-191-points-nifty-ends-below-17100-amid-volatility/article38028490.ece>

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