



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

May 26, 2022

- **Bank of Maharashtra to pay 5% dividend from net worth on govt nudge:** Following the government missive, the board of Bank of Maharashtra has recommended a five per cent dividend (Rs 337 crore) for the financial year ended March 31 2022. Officials said the money, following government nudge, is being paid out of net worth. The revised net-worth would be Rs 10,175 crore, down from Rs 10,512 crore. The dividend payout will make a small dent in capital adequacy ratio (CAR) to 16.48 per cent from 16.85 per cent, according to filing with BSE. BoM stock closed 3.73 per cent lower at Rs 15.5 Per share on BSE. It touched 52-low of Rs 15 per share in intra-day trading.
https://www.business-standard.com/article/finance/bank-of-maharashtra-to-pay-5-dividend-from-net-worth-on-govt-nudge-122052501470_1.html#:~:text=Following%20the%20government%20missive%2C%20the,paid%20out%20of%20net%20worth.
- **India's economy seen growing 9.2% in FY22 on upbeat rural sector, uptick in credit demand: BoB:** India's economy is expected to have grown at 9.2 percent in the fiscal year ending March 2022, after having contracted by 7.3 percent in the previous financial year, aided by resilience in the rural economy, uptick in bank credit and rising GST collections, a note by Bank of Baroda said. As per government's advance estimates, the gross domestic product (GDP) in FY22 is projected to grow by 8.9 per cent.
<https://www.moneycontrol.com/news/business/indias-economy-seen-growing-9-2-in-fy22-on-upbeat-rural-sector-uptick-in-credit-demand-bob-8576631.html>
- **RBI cancels registration of 5 NBFCs due to irregular lending practices:** The Reserve Bank on Wednesday said it has cancelled Certificate of Registration (CoR) of five NBFCs for violation of norms related to outsourcing and fair practices code in their digital lending operations. Non-Banking Financial Companies (NBFCs) whose CoR stands cancelled are: UMB Securities Ltd, Anashri Finvest, Chadha Finance, Alexcy Tracon, and Jhuria Financial Services. "The CoR of the (five) NBFCs have been cancelled on account of violation of RBI guidelines on outsourcing and Fair Practices Code in their digital lending operations undertaken through third party apps which was considered detrimental to public interest," the RBI said.
<https://economictimes.indiatimes.com/industry/banking/finance/banking/rbi-cancels-registration-of-5-nbfc-due-to-irregular-lending-practices/articleshow/91793748.cms>
- **PSBs to pay ₹8,000cr dividend to Centre:** State-run banks have paid substantial dividends to their shareholders, many of them after a gap of nearly six years, as credit growth accelerated and asset quality improved. The government stands to be the biggest beneficiary of the generous payouts by the banks and is expected to net nearly ₹8,000 crore. State-run banks, barring Central Bank of India, which is still under the Reserve Bank of India's (RBI's) restrictive prompt corrective action framework (PCA) for weak banks, reported improved performance in the year ended 31 March.
<https://www.livemint.com/industry/banking/psbs-to-pay-8-000-cr-dividend-to-centre-11653418778321.html>
- **Govt committed to privatisation of two public sector banks: Report:** The government is on course with the privatisation of two public sector banks (PSBs) and will take appropriate steps in the coming months, sources said. In the Union Budget for 2021-22, the government announced its intent to take up the privatisation of two PSBs in the year and approved a policy of strategic disinvestment of public sector enterprises. According to



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sources, the government is committed to the privatisation of two public sector banks and it is on course. Besides, sources also said the divestment of BPCL is also on the card and fresh bids will be invited. The government had to cancel the sale as only a single bidder was left in the fray, sources said.

https://www.business-standard.com/article/finance/govt-committed-to-privatisation-of-two-public-sector-banks-report-122052501538_1.html

- **Tata Group may abandon plans to enter banking:** The Tata Group is understood to have done a rethink on its banking business plans and may now not go ahead with it, said executives close to the development. The group had considered getting into banking through Tata Capital, its financial services arm, after a working group of the Reserve Bank of India (RBI) in November 2020 recommended granting banking licences to industrial houses. However, the executives said the restrictions and regulations that come with a banking licence would lead to operational issues for the conglomerate and also the costs would far outweigh the benefits of having a bank as part of the group.
<https://economictimes.indiatimes.com/industry/banking/finance/banking/tata-group-may-abandon-plans-to-enter-banking/articleshow/91774359.cms>
- **Banks may not cut lending to steel sector despite export duty hike, say rating agencies:** Indian banks are unlikely to cut back lending to steel companies despite the likely near-term pressure on their balance sheets due to the government's recent export duty hike, according to rating agencies. Banks, however, said that they are examining the impact and are yet to form a view on the same. The government, on May 21, increased the duty on exports of iron ore to 50 percent from 30 percent and imposed 45 percent duty on pellets. It also imposed a 15 percent export duty on hot-rolled and cold-rolled steel products from nil earlier. The measures aim to shore up domestic availability of iron ore and in turn cool off rising price pressures in the economy. According to analysts, the move will disincentivise steel producers to export and would force players in the industry to review their capital expenditure plans.
<https://www.moneycontrol.com/news/business/banks-may-not-cut-lending-to-steel-sector-despite-export-duty-hike-say-rating-agencies-8573541.html>
- **Primary co-op banks can lend up to Rs 10 lakh for repair of dwelling units: RBI:** Reserve Bank of India (RBI) on Tuesday said primary cooperative banks can now extend loans of up to Rs 10 lakh to individuals for repair or alterations of their dwelling units in metropolitan centres. The ceiling on loans by such banks to individuals for carrying out repairs/additions/alterations to their dwelling units was revised upwards to Rs 2 lakh in rural and semi-urban areas and Rs 5 lakh in urban areas in September 2013. "The ceiling on such loans is now revised to Rs 10 lakh in metropolitan centres (those centres with population of 10 lakh and above) and Rs 6 lakh in other centres," RBI said in a circular addressed to primary (urban) co-operative banks.
<https://bfsi.economictimes.indiatimes.com/news/policy/primary-co-op-banks-can-lend-up-to-rs-10-lakh-for-repair-of-dwelling-units-rbi/91777321#:~:text=Exclusive-Primary%20co%20op%20banks%20can%20lend%20up%20to%20Rs%2010,dwelling%20units%20in%20metro%20politan%20centres.>
- **Credit growth vaults in metros to 9.7% in FY22 despite second wave:** Metropolitan centres, which have a dominant share in bank loans, posted a sharp year-on-year rise in credit offtake at 9.7 per cent in FY22 as against 1.7 per cent in FY21. The YoY growth in credit at metropolitan centres was 4.8 per cent in FY20, the pre-pandemic year. The credit growth in urban, semi-urban and rural centres remained in double digits in all quarters of 2021-22, RBI said in a statement. Despite facing a second wave of Covid-19, FY22 marked an upturn in the economic and business cycle. This came after demand destruction caused by the first wave in FY21. RBI said private sector banks maintained double digit growth in credit (y-o-y) which accelerated in successive



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quarters to reach 15.1 per cent in March 2022 (9.1 per cent in March 2021). Growth in lending by public sector banks improved significantly to 7.8 per cent in March 2022 from 3.6 per cent a year ago.

https://www.business-standard.com/article/finance/credit-growth-vaults-in-metros-to-9-7-in-fy22-despite-second-wave-122052501539_1.html

- **Standard Chartered settles case with Sebi in CG Power case; pays Rs 4.97cr:** Standard Chartered Bank has settled with markets regulator Sebi a case pertaining to alleged violations of regulatory norms in the matter of CG Power and Industrial Solutions Ltd after paying Rs 4.97 crore towards settlement charges. The order came after Standard Chartered Bank (SCB) approached Sebi proposing to settle the case pertaining to alleged violations of PFUTP (Prohibition of Fraudulent and Unfair Trade Practices) rules "without admitting or denying the findings of fact and conclusions of law", through a settlement order. "Pending enforcement proceedings for the alleged defaults ... are settled qua the applicant," Sebi said in its settlement order passed on Wednesday.
https://www.business-standard.com/article/finance/standard-chartered-settles-case-with-sebi-in-cg-power-case-pays-rs-4-97cr-122052501396_1.html
- **Credit card spending online nearly Rs 30,000 crore higher than swipes in March: RBI data:** Credit card spending online was nearly Rs 30,000 crore more than the spending done through swipes at points of sale in March, indicating an increased preference among people for e-commerce purchases. Latest data from the Reserve Bank of India (RBI) showed that 7.3 crore credit card holders spent about Rs 68,327 crore for buying online while the amount spent through swipes at Point of Sale (PoS) machines stood at Rs 38,377 crore in March.
<https://economictimes.indiatimes.com/industry/banking/finance/banking/credit-card-spending-online-nearly-rs-30000-crore-higher-than-swipes-in-march-rbi-data/articleshow/91771013.cms>
- **PhonePe launches UPI SIP for gold investments:** Digital payments company, PhonePe has announced the launch of UPI SIP for investing in gold. Users can now invest in 24K gold for a specified amount every month and accumulate their gold in insured bank-grade lockers maintained by PhonePe's partners, MMTC-PAMP and SafeGold. The user has to select the gold provider, mention the monthly investment amount, authenticate with the UPI PIN, and the deposits will be deducted automatically every month.
<https://www.moneycontrol.com/news/business/startup/phonepe-launches-upi-sip-for-gold-investments-8573851.html>
- **Corporate loan growth turns positive in FY22:** The corporate advances by scheduled commercial banks have returned to growth path during financial year 2022. According to Reserve Bank of India data, loans to large industries registered a marginal growth of 0.9 per cent during the financial year ended March 2022. In the previous financial year (FY21), there was a contraction of 2.5 per cent in corporate credit.
<https://www.thehindubusinessline.com/money-and-banking/corporate-loan-growth-turns-positive-in-fy22/article65460141.ece#:~:text=The%20corporate%20advances%20by%20scheduled,financial%20year%20ended%20March%202022.>
- **Sundaram Finance posts double-digit growth in net profit in Q4 & FY22:** Non-Banking Finance Company Sundaram Finance reported a 12 per cent increase in its net profit at ₹903 crore for the full year ended March 31, 2022, as compared to ₹809 crore in FY21, aided by good growth in disbursements, cost control measures and lower provisions. Disbursements for FY22 recorded a growth of 13 per cent to ₹13,275 crore as compared to ₹11,742 crore recorded in FY21. "We regained share across most asset classes and grew our core business by 23% year-on-year, closed the year with best-in-class asset quality levels despite adversity, and delivered double-digit profit growth," said Harsha Viji, Executive Vice Chairman, Sundaram Finance.
<https://www.thehindubusinessline.com/money-and-banking/sundaram-finance-posts-double-digit-growth-in-net-profit-in-q4-fy22/article65460592.ece>



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- **Sale of government's entire stake in Hindustan Zinc Ltd cleared by Cabinet: Sources:** The Cabinet Committee on Economic Affairs (CCEA) on May 25 approved a proposal to sell the government's entire stake in Hindustan Zinc Ltd (HZL), sources told Moneycontrol. The Cabinet has also approved a proposal to close Bharat Gold Mines Ltd, said a source. However, the government has not yet made these decisions by the Cabinet and CCEA official.
<https://www.moneycontrol.com/news/business/sale-of-governments-entire-stake-in-hindustan-zinc-ltd-cleared-by-cabinet-sources-8574901.html>
- **Sensex, Nifty at day's lows: Sensex down 224 points intraday, Nifty below 16,100:** At 1 pm, the BSE Sensex was trading at the day's low of 53,828.88, down 223.73 points or 0.41 per cent. It recorded an intraday high of 54,379.59. The Nifty 50 was trading at 16,050.65, down 74.50 points or 0.46 per cent, near the day's low of 16,050.20. It recorded an intraday high of 16,223.35. SBI Life, HDFC Life, Kotak Bank, NTPC and Nestle India were the top gainers on the Nifty 50 while Asian Paints, Adani Ports, Tech Mahindra, UPL and Wipro were the top laggards.
<https://www.thehindubusinessline.com/markets/sensex-nifty-at-days-lows-sensex-down-224-points-intraday-nifty-below-16100/article65459577.ece>
- **Rupee edges up 3 paise to close at 77.54 against US dollar:** The rupee recovered 3 paise to settle at 77.54 (provisional) against the US currency in a restricted trade on Wednesday as interventions by banks supported the local unit while a stronger dollar in overseas markets restricted the gains. At the interbank forex market, the rupee opened higher at 77.54 against the greenback and moved in a range of 77.44 to 77.57 in the day trade. The rupee finally ended at 77.54, higher by 3 paise over its previous close of 77.57 against the American currency.
<https://economictimes.indiatimes.com/markets/forex/rupee-edges-up-3-paise-to-close-at-77-54-against-us-dollar/articleshow/91790565.cms>

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