



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

April 27, 2022

- **Union Bank rolls out automated solution to monitor stressed loans:** Union Bank of India (UBI) expects to speed up recovery of bad loans by using a first-of-its-kind stressed asset recovery automated solution (SARAS) that will help the bank enforce securities, track recoveries and enhance monitoring of stressed assets. Chief general manager Ashok Chandra said the automation will eliminate errors and cut time taken to initiate recovery from months to a few days. "Over the years, we had noticed that the time taken to file cases for recovery, initiate the process and then monitor the cases wasted precious man hours and eroded value of assets. In 2020, after the amalgamation of Andhra and Corporation Bank with us, it was felt that a system to track all these accounts will help a great deal. We have now developed an automated model for wilful defaulters, track cases with advocates, enforce collateral securities and check valuations," Chandra said.
<https://economictimes.indiatimes.com/industry/banking/finance/banking/union-bank-rolls-out-automated-solution-to-monitor-stressed-loans/articleshow/91083064.cms>
- **IOB, Central Bank divestment on the fast-track:** The Centre plans to accelerate the process of privatisation of the Indian Overseas Bank (IOB) and Central Bank of India after the two banks posted good quarterly results, finance ministry sources said. The government's public policy think tank Niti Aayog has already proposed the names of these two PSBs to the core group of Secretaries on Disinvestment (CGD) for privatisation. "We had to put a halt to the privatisation process in between because of the protests by bank associations and State elections. But now, after the banks registered positive results in the December quarter, it will gather steam. CGD is assessing the proposal submitted by Niti Aayog, which will then go to the Cabinet committee for final approval," an official told this newspaper. Another official pointed out that there is no provision for privatisation of banks in the Bank Nationalization Act. So, an amendment is needed in the Act to privatise the state-owned lenders. "A few amendments have been proposed to the Banking Regulation Act and Bank Nationalisation Act to facilitate the privatisation."
<https://www.newindianexpress.com/business/2022/apr/26/job-central-bank-divestment-on-the-fast-track-2446502.html>
- **Auto-debit bounce rates for loan EMIs inch up in March:** In an indication of rising stress in retail loans, auto-debits tracked by the National Automated Clearing House (NACH) platform of the National Payments Corporation of India (NPCI) inched up 40 basis points month-on-month in March. A basis point is 0.01 percentage point. In March, the bounce rates by value were at 22.8%, better than the pre-Covid range of 24.5%-25.0%, arresting the downward trajectory reflected all through FY22. Similarly, bounce rates by volumes, too, rose sequentially to 29.6% much better than the pre-Covid average of 30.5-31.5%. A few banks which reported March-quarter earnings have shown increasing stress on the retail book. "As per market feedback, asset quality woes have waned and now the focus is shifting back to growth," said Kunal Shah, senior vice-president, ICICI Securities. "Also, given that geopolitical uncertainties have not been disruptive, slippages and credit costs are likely to descend



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going forward. However, given the marginal uptick in March 2022 and sequential rise in retail NPAs in one of the leading banks that has reported earnings thus far, we will watch out for the extent of the decline in asset quality."

<https://economictimes.indiatimes.com/industry/banking/finance/banking/auto-debit-bounce-rates-for-loan-emis-inch-up-in-march/articleshow/91083058.cms>

- **Credit push: State-run banks told to collaborate with startups, fintech cos:** The government has asked state-run banks to explore collaboration with startups and fintechs to give a credit push to the economy and come out with innovative products to bring more people in the formal credit cycle. "Lenders can co-create products and further expand reach like giving customised loan offers to those availing direct benefit transfer," said an official aware of the developments, adding that banks can also partner with Account Aggregators (AA) as Financial Information User (FIU) and Financial Information Provider (FIP) in line with their board-approved roadmap. "Some of these issues were discussed in the PSB Manthan and accordingly working groups have been set up to look at the possible options," the above quoted official said.
<https://economictimes.indiatimes.com/industry/banking/finance/banking/credit-push-state-run-banks-told-to-collaborate-with-startups-fintechs/articleshow/91082395.cms>
- **LIC IPO price band likely at Rs 902-949/share:** Life Insurance Corporation (LIC) has reportedly set its price band for the initial public offer (IPO) that is likely to open for public bidding on May 4 in Rs 902-949 range. The IPO will close on May 9. LIC would offer a Rs 60 discount for policyholders and Rs 40 for retail investors and employees. ET Now on Tuesday reported the price band, citing sources. Meanwhile, the company is set to officially announce the same in a press conference on Wednesday in Mumbai.
<https://economictimes.indiatimes.com/markets/ipos/fpos/lic-ipo-price-band-set-at-rs-902-949/share/articleshow/91103370.cms>
- **Atal Pension Yojana: KYC process using Aadhaar for eAPY registration:** The Atal Pension Yojana (APY) was created with the goal of creating a pension-inclusive society in which every Indian citizen who works in the unorganised sector can ensure their retirement income. The PFRDA announced last week that total enrolments under the Atal Pension Yojana, which is aimed at workers in the unorganised sector, had surpassed 4 crore by the end of 2021-22. According to the Pension Fund Regulatory and Development Authority (PFRDA), more than 99 lakh APY accounts were opened in FY2021-22, bringing the total number of subscribers to 4.01 crore at the end of March 2022.
<https://economictimes.indiatimes.com/wealth/invest/atal-pension-yojana-kyc-process-using-aadhaar-for-eapy-registration/articleshow/91094063.cms>
- **Policy needed to mandatorily recruit at least 30 per cent of workforce as women BCs: SBI report:** There is a need for a policy framework to mandatorily recruit at least 30 per cent of the total workforce as women Business Correspondents (BCs), particularly in locations where access and usage of Pradhan Mantri Jan Dhan Yojana (PMJDY) accounts by women is low, according to an economic research report by State Bank of India (SBI). Referring to the findings of the Global Findex report 2017, which revealed that majority of women PMJDY accounts remain inoperative, the report



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“Ecowrap” noted that while of the total 45.2 crore PMJDY accounts opened till date, a whopping 55 per cent of the account holders are women, women agents consist of less than 10 per cent of the total BC work force today.

<https://www.thehindubusinessline.com/money-and-banking/policy-needed-to-mandatorily-recruit-at-least-30-per-cent-of-workforce-as-women-bcs-sbi-report/article65356202.ece>

- **Extend banks on-lending to NBFCs as priority sector by a year: FIDC:** The Finance Industry Development Council has requested the Reserve Bank of India to extend the dispensation of bank lending to registered NBFCs (other than MFIs) for on-lending to be eligible for classification as priority sector by another year. The dispensation expired at the end of March this year. “Renewal of the dispensation will provide much desired boost to credit to the needy segment of borrowers as NBFCs form the last mile link in delivery of credit to small and medium businesses for financing of equipment, business expansion, working capital and for similar business purposes,” said FIDC in a letter to RBI Governor Shaktikanta Das.
<https://www.thehindubusinessline.com/money-and-banking/fidc-seeks-extension-for-banks-for-on-lending-to-nbfc/article65356400.ece>
- **VFS Capital foresees over 200% growth in loan disbursements:** VFS Capital Ltd (formerly Village Financial Services) is expecting over 200 per cent growth in disbursements in FY-23 owing to a steady pick-up in demand and improved collections. The Kolkata-based microfinance institution (MFI) is looking to disburse close to ₹2,000 crore during the current fiscal, as compared to ₹500-600 crore in FY-22. According to Kuldip Maity, MD and CEO, VFS Capital, the company’s loan book is likely to double to ₹1,500 crore during the current financial year, as compared with ₹800-820 crore in FY-22. “Our disbursements had come down to near zero in 2020 as the Covid-induced lockdown had impacted demand and affected collections. So our focus was on recovery and collections. In 2021-22, the situation improved slightly and we disbursed close to ₹600 crore. This year we are seeing very good demand and we expect to disburse fresh loans to the tune of ₹2,000 crore,” Maity told BusinessLine.
<https://www.thehindubusinessline.com/money-and-banking/vfs-capital-foresees-over-200-growth-in-loan-disbursements/article65356427.ece>
- **AU SFB net profit up 105 per cent at Rs 346 cr in Q4:** AU Small Finance Bank reported a 105 per cent surge in its net profit in the fourth quarter of the fiscal year to Rs 346.07 crore from Rs 168.97 crore a year ago. However, for the full fiscal 2021-22, the bank’s net profit declined by 3.5 per cent to Rs 1,129.83 crore from Rs 1,170.68 crore in 2020-21. For the quarter ended March 31, 2022, its net interest income increased 43 per cent to Rs 937 crore as against Rs 656 crore in the fourth quarter of 2020-21. The net interest margin was 6.3 per cent in the fourth quarter of last fiscal, as against 5.7 per cent in the previous fiscal. Other income increased by nearly 26 per cent year-on-year to Rs 311.37 crore in the fourth quarter of 2021-22.
<https://www.thehindubusinessline.com/money-and-banking/au-sfb-net-profit-up-105-per-cent-at-rs-346-cr-in-q4/article65357111.ece>



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- **Bajaj Finance Q4 net profit up 80 per cent:** Bajaj Finance has registered an 80 per cent jump in consolidated net profit for the fourth quarter of the fiscal. For the quarter ended March 31, 2022, net profit increased by 79.7 per cent to Rs 2,419.51 crore from Rs 1,346.64 crore a year ago. Net interest income increased by 30 per cent to Rs 6,068 crore, as against Rs 4,659 crore in the quarter under review. For the full fiscal 2021-22, net profit increased by 59 per cent to Rs 7,028.23 crore from Rs 4,419.82 crore in 2020-21. The company booked 62.8 lakh new loans in the fourth quarter of 2021-22, as against 54.7 lakh loans in the same previous period.
<https://www.thehindubusinessline.com/money-and-banking/bajaj-finance-q4-net-profit-up-80-per-cent/article65357264.ece>
- **AU Small Finance Bank reports 105 pc jump in Q4 net profit:** AU Small Finance Bank reported a 105 per cent year-on-year (yoy) jump in fourth quarter net profit on the back of robust growth in net interest income and other income, and a decline in loan loss provisions. The Jaipur-headquartered bank's board recommended a bonus issue of 1 equity share for every 1 equity share held to mark completion of five years of banking operations. The bank's board also recommended a dividend of ₹1 per share (pre-bonus issue) for FY22. In the reporting quarter ended March 31, 2022, AU SFB's net profit soared to ₹346 crore (₹169 crore in the year ago period).
<https://www.thehindubusinessline.com/money-and-banking/au-small-finance-bank-reports-105-pc-jump-in-q4-net-profit/article65357235.ece>
- **HDFC Life Insurance Q4 net profit up 12.4 per cent:** HDFC Life Insurance reported a 12.4 per cent increase in its net profit to Rs 357.52 crore in the fourth quarter of fiscal 2021-22 compared to Rs 317.94 crore in the same period in the previous fiscal. The private sector life insurer's net premium income grew by 11.4 per cent to Rs 14,289.66 crore in the quarter ended March 31, 2022, from Rs 12,868.01 crore a year ago. The net benefits paid was up 9.1 per cent year-on-year at Rs 9,643.46 crore in the fourth quarter of the fiscal. The insurer settled close to 3.9 lakh claims last fiscal.
<https://www.thehindubusinessline.com/money-and-banking/hdfc-life-insurance-q4-net-profit-up-124-per-cent/article65356689.ece>
- **Airtel Payments Bank, IndusInd Bank tie up to offer FDs with up to 6.5% interest:** Airtel Payments Bank on Tuesday announced its partnership with IndusInd Bank to offer fixed deposits for its customers. The payments bank's customers can open FDs starting from ₹500 up to ₹1.9 lakh in few minutes through a digital process on the Airtel Thanks mobile application. Airtel Payments Bank said the savings account customers will get a yearly interest rate of up to 6.5% and senior citizens will get an additional 0.5% on all fixed deposits. "A key ask from our customers was the need for a fixed deposit solution to go with our convenient payments bank proposition," said Ganesh Ananthanarayanan, chief operating officer, Airtel Payments Bank.
<https://www.livemint.com/industry/banking/airtel-payments-bank-indusind-bank-tie-up-to-offer-fds-with-up-to-6-5-interest-rate-11650959509952.html>



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- **Challenge to RBI regulation of cooperatives: Supreme Court refuses to stay proceedings in high courts:** The Reserve Bank of India (RBI) on Monday moved to the Supreme Court seeking the transfer of around two dozen petitions pending before various high courts challenging the legality and validity of the Banking Regulation (Amendment) Act 2020 and the consequential circular that brought all cooperative banks under the banking regulator's supervision. A Bench led by Chief Justice NV Ramana while seeking a response from all the petitioners refused to stay the proceedings pending before various high courts of Bombay, Madras, Kerala, Karnataka, Chhatisgarh, Rajasthan, Uttrakhand, Punjab and Haryana, Allahabad, Andhra Pradesh, Madhya Pradesh, etc.
<https://www.financialexpress.com/industry/banking-finance/challenge-to-rbi-regulation-of-cooperatives-supreme-court-refuses-to-stay-proceedings-in-high-courts/2503251/>
- **Sensex up 342 points intraday, Nifty above 17,000:** At 1 pm, the BSE Sensex was trading at 56,921.65, up 341.76 points or 0.60 per cent. It recorded an intraday high of 57,333.49 and a low of 56,904.51. The Nifty 50 was trading at 17,069.30, up 115.35 points or 0.68 per cent. It recorded an intraday high of 17,181.85 and a low of 17,068.50. Hero Motocorp, M&M, Bajaj Auto, Adani Ports and Tata Consumer were the top gainers on the Nifty 50 while ONGC, Hindalco, Maruti, Apollo Hospitals and Asian Paints were the top losers. The volatility index softened 6.65 per cent to 19.84.
<https://www.thehindubusinessline.com/markets/sensex-up-342-points-intraday-nifty-above-17000/article65356336.ece>
- **Rupee surges 19 paise to 76.45 against US dollar in early trade:** The rupee appreciated 19 paise to 76.45 against the US dollar in opening trade on Tuesday, tracking positive trends among Asian and emerging market currencies. At the interbank foreign exchange, the rupee opened at 76.48 against the American dollar, then gained further ground to quote at 76.45, registering a rise of 19 paise from the last close.
<https://www.hindustantimes.com/business/rupee-surges-19-paise-to-76-45-against-us-dollar-in-early-trade-101650953079735.html#:~:text=The%20Indian%20rupee%20opened%20stronger,Research%20Analysis%20at%20Reliance%20Securities.>

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