



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

May 27, 2022

- **RBI reduces net-worth requirement for non-bank Bharat Bill Payment units to Rs 25 crore:** The RBI on Thursday eased norms for non-bank entities to set up Bharat Bill Payment operating units by reducing the net-worth requirement to Rs 25 crore, with a view to encourage more players in the segment. At present, a net worth of Rs 100 crore is required to obtain authorisation for a non-bank BBPOU (Bharat Bill Payment Operating Units). Bharat Bill Payment System (BBPS) is an interoperable platform for bill payments and the scope and coverage of BBPS extends to all categories of billers who raise recurring bills. "...the minimum net-worth requirement for non-bank Bharat Bill Payment Operating Units (BBPOUs) stands reduced to Rs 25 crore," the Reserve Bank of India said in a circular. Users of BBPS enjoy benefits like standardised bill payment experience, centralised customer grievance redressal mechanism and prescribed customer convenience fee.
<https://www.hindustantimes.com/business/rbi-reduces-net-worth-requirement-for-non-bank-bharat-bill-payment-units-to-25-crore-101653617915560.html>
- **SBI offers up to ₹35-lakh personal loan via YONO:** State Bank of India or SBI, the country's largest lender, has introduced Real-Time Xpress Credit (RTXC) on YONO. SBI said that eligible customers will now be able to get personal loans up to ₹35 lakh via YONO app, without any paperwork. The move is aimed at offering convenience to bank customers and empower them digitally so that they don't have to visit SBI branches to apply for a personal loan. The SBI Real Time Xpress Credit (RTXC) personal loan feature will be available to salaried customers with a salary account with the lender, which will be available digitally.
<https://www.livemint.com/industry/banking/sbi-offers-up-to-rs-35-lakh-personal-loan-via-yono-who-can-apply-11653556584229.html>
- **Union Bank of India gets board approval to raise up to Rs 8,100 cr:** State-owned Union Bank of India (UBI) on Thursday said its board of directors has approved raising up to Rs 8,100 crore by issuing equity shares through various modes. The board of directors, in its meeting held on May 26, considered and approved raising of equity capital not exceeding Rs 3,800 crore, within the overall limit of Rs 8,100 crore, the bank said in a regulatory filing. Besides, the lender got the approval for raising of additional tier I (AT I) and/or tier II bonds not exceeding Rs 4,300 crore within the overall limit of Rs 8,100 crore, it said.
https://www.business-standard.com/article/finance/union-bank-of-india-gets-board-approval-to-raise-up-to-rs-8-100-cr-122052601458_1.html
- **NBFC Northern Arc Capital ties up with Indian Bank:** Northern Arc Capital, a non-banking finance company (NBFC) focussed on under-served households and businesses, has entered into a strategic partnership with Indian Bank. In a press statement on Thursday, Northern Arc Capital said the partnership would enable the two financial institutions to collaborate, co-operate, co-lend loans, and widen their respective markets and customer base. Indian Bank would get access to Northern Arc's n-POS platform, which helps NBFCs, fintech, digital lenders, and investors co-lend to retail borrowers. The platform offers fully integrated systems for partners and investors with real-time KYC validation and instant disbursement features.
<https://www.thehindubusinessline.com/money-and-banking/nbfc-northern-arc-capital-ties-up-with-indian-bank/article65463327.ece>



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- **Fino Payments Bank in no hurry to convert into small finance bank:** There is no tearing hurry for Fino Payments Bank (FPB) to convert into a small finance bank (SFB) as the full-year profit for the second straight fiscal reiterates the robustness and sustainability of the payments bank business model, according to Rishi Gupta, MD & CEO. Payments banks can apply to the Reserve Bank of India for conversion into a SFB after five years of operations. FPB will complete five years of operations as a payments bank on June 30. In an interaction with BusinessLine, Gupta emphasised that right now the payments business is evolving quiet well. In FY23, FPB plans to introduce a fixed deposit product for its customers, in association with a SFB. Besides, it will launch consumer and merchant loans in partnership with non-banking finance companies.
<https://www.thehindubusinessline.com/money-and-banking/fino-payments-bank-in-no-hurry-to-convert-into-small-finance-bank/article65463272.ece#:~:text=There%20is%20no%20tearing%20hurry,Rishi%20Gupta%2C%20MD%20%26%20CEO.>
- **HDFC divests 10 pc stake in HCAL to Abu Dhabi Investment Authority for Rs 184 cr:** The country's largest mortgage lender HDFC Ltd on Thursday said it has sold 10 per cent of its stake in HDFC Capital Advisors Ltd (HCAL) to Abu Dhabi Investment Authority for Rs 184 crore. With this, HCAL ceases to be a wholly-owned subsidiary of HDFC. In April, Housing Development Finance Corporation (HDFC) had entered into a share purchase agreement for sale of 2,35,019 equity shares of HCAL, representing 10 per cent of paid-up share capital, to a wholly-owned subsidiary of Abu Dhabi Investment Authority. "We wish to inform you that the corporation has on May 25, 2022 concluded the sale, at a price of Rs 7,841.49 per equity share, aggregating to a consideration of Rs 184.29 crore," HDFC said in a regulatory filing.
<https://www.moneycontrol.com/news/business/hdfc-divests-10-stake-in-hcal-to-abu-dhabi-investment-authority-for-rs-184-crore-8583851.html>
- **RBI to hike repo rate by 50 basis points, lower FY23 growth to 7 pc in June review: Barclays:** The Reserve Bank will opt for a larger, 0.50 per cent, hike in key rates at its next monetary policy review in June to protect medium term economic stability in face of the uncomfortable inflation situation, a British brokerage said on Thursday. The central bank will likely revise its inflation estimate to 6.2-6.5 per cent, which is way above the upper end of its tolerance band of 2-6 per cent, the economists at Barclays said. On the growth front, it said the RBI will do a downward review of its FY23 GDP expansion to 7 per cent from the earlier 7.2 per cent. "We expect the RBI to deliver another large interest rate hike in June, as above-target inflation could undermine medium-term economic stability," its chief economist Rahul Bajoria said, adding that the quantum of rate hike can be 0.50 per cent.
<https://economictimes.indiatimes.com/news/economy/policy/rbi-to-hike-repo-rate-by-50-basis-points-lower-fy23-growth-to-7-pc-in-june-review-barclays/articleshow/91816368.cms>
- **Yes bank scam: CBI arrests Pune-based builder:** The Central Bureau of Investigation (CBI) probing the Yes Bank scam Thursday arrested Avinash Bhosale, a Pune-based businessman and promoter of ABIL group of companies. Last month, the agency had raided the borrowers of DHFL and has even arrested Mumbai-based builder Sanjay Chhabria of the Radius group in the said matter. While seeking Chhabria's remand, CBI told a special court here that he had alleged misappropriated more than Rs 3,000 crore in the said case. Radius Group was one of the biggest borrowers on the erstwhile DHFL with an outstanding loan with interest of around Rs 3,000 crores for a residential project in suburban Mumbai. The project is a joint venture between Radius and Sumer Group.
<https://economictimes.indiatimes.com/news/india/yes-bank-scam-cbi-arrests-pune-based-builder/articleshow/91818731.cms>



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- **Equitas Bank loses 28% of market value after founder-MD PN Vasudevan announces plan to step down:** Equitas Small Finance Bank has lost nearly 28% of its value since its founder-cum-managing director PN Vasudevan announced his plan to step down. What could have been hailed as succession planning in some other time has not gone down well as investors feared that Vasudevan's willingness to exit at this juncture could disturb the process of recovery from the pandemic-led stress as well as the imminent reverse merger of its holding company with itself. Vasudevan's current term will come to an end in July this year and the board has decided to seek a one-year extension for him—instead of seeking a three-year extension as decided earlier—so that he can guide the bank till a successor comes on board.
<https://economictimes.indiatimes.com/industry/banking/finance/banking/equitas-bank-loses-28-of-market-value-after-founder-md-pn-vasudevan-announces-plan-to-step-down/articleshow/91813666.cms>
- **Third-party motor insurance premium to go up from June 1:** The Ministry of Road Transport and Highways (MoRTH) on Wednesday increased the third-party (TP) motor insurance premium for various categories of vehicles with effect from June 1, a decision which is likely to jack up the insurance cost of cars and two-wheelers. According to the revised rates notified by the MoRTH, private cars with an engine capacity of 1,000 cc will attract rates of ₹2,094 compared to ₹2,072 in 2019-20. Similarly, private cars with an engine capacity between 1,000 cc and 1,500 cc will attract rates of ₹3,416 compared to ₹3,221, while owners of cars above 1,500 cc will see a drop in premium from ₹7,897 to Rs 7,890.
<https://www.thehindu.com/business/Industry/third-party-motor-insurance-premium-to-go-up-from-june-1/article65461820.ece>
- **HDFC Ltd concludes stake sale in HDFC Capital Advisors:** HDFC Ltd has concluded the divestment of stake in HDFC Capital Advisors. "...the Corporation has on May 25, 2022 concluded the aforementioned sale, at a price of ₹7,841.49 per equity share, aggregating to a consideration of ₹184.29 crore," it said on Thursday. Following the sale, HDFC Capital Advisors has ceased to be a wholly owned subsidiary of HDFC Ltd. It however continues to be a subsidiary of the Corporation. HDFC had in April this year announced the execution of a share purchase agreement for sale of 2.35 lakh equity shares of HDFC Capital Advisors Limited representing 10 per cent of its fully diluted paid-up share capital, to a wholly owned subsidiary of Abu Dhabi Investment Authority.
<https://www.thehindubusinessline.com/money-and-banking/hdfc-ltd-concludes-stake-sale-in-hdfc-capital-advisors/article65463071.ece>
- **IRDAI raises red flag over Piramal's bid for Reliance Capital:** Piramal-led consortium's bid for Reliance Capital may not be considered valid as it could be in breach of regulatory norms. Current norms of the Insurance Regulatory and Development Authority of India (IRDAI) do not permit an entity to be the promoter of more than one insurance company in the same line of business. Following its acquisition of Dewan Housing Finance Corporation Ltd, Piramal Enterprises Ltd (PEL) is the ultimate holding company and promoter of Pramerica Life Insurance Company. PEL holds 50 per cent share capital in the life insurer through its stake in DHFL Investments Ltd. In case the consortium acquires Reliance Capital, PEL would become the promoter of Reliance Nippon Life Insurance as well.
<https://www.thehindubusinessline.com/money-and-banking/irdai-raises-red-flag-over-piramals-bid-for-reliance-capital/article65463523.ece>
- **Mastercard shifts focus to Southeast Asia, Latin America after India ban, Russia exit:** Southeast Asia and Latin America are strong growth regions for Mastercard after its withdrawal from Russia in March and India's 2021 ban on it from issuing new cards, the company's co-president for international markets said. "Southeast Asia is exciting (due to) the right demographics, the adoption of technology and digitisation, and governments' focus on financial inclusion," Ling Hai told the Reuters Global Markets Forum, adding that countries in the region would also benefit as supply chains shift away from China.



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<https://www.moneycontrol.com/news/business/mastercard-shifts-focus-to-southeast-asia-latin-america-after-india-ban-russia-exit-8585301.html>

- **Lenders stare at ₹19,000 cr NPAs:** Banks are facing a fresh spike in bad loans, with close to 9% of the debt restructured under the Reserve Bank of India's pandemic relief plan turning sour in the last six months of 2021-22, data compiled by Mint showed. Although overall bad loan numbers are improving, analysts are cautious about future delinquencies arising out of the restructured book. Over ₹18,500 crore of such loans has slipped into the non-performing asset (NPA) category after borrowers were unable to repay despite an extension of the repayment period and easier payment terms. While some small businesses are yet to find their feet after the covid onslaught, a section of individual borrowers have also failed to repay, showed data from 27 banks who have declared their earnings for the year to March.
<https://www.livemint.com/industry/banking/lenders-stare-at-19-000-cr-npas-11653503553916.html>
- **Markets halt 3-day decline; Sensex closes 503 pts higher, Nifty above 16,100:** The BSE Sensex closed at 54,252.53, up 503.27 points or 0.94 per cent. It recorded an intraday high of 54,346.22 and a low of 53,425.25. The Nifty 50 closed at 16,170.15, up 144.35 points or 0.9 per cent. It recorded an intraday high of 16,204.45 and a low of 15,903.70. Tata Steel, Apollo Hospitals, State Bank of India and HDFC Bank were the top gainers on the Nifty, 50 while UPL, Divi's Labs, Sun Pharma, Reliance and ONGC were the top losers.
<https://www.thehindubusinessline.com/markets/markets-halt-3-day-decline-sensex-closes-503-pts-higher-nifty-above-16100/article65463361.ece>
- **Rupee slips 2 paise to close at 77.57 against US dollar:** The rupee declined 2 paise to close at 77.57 (provisional) against the US dollar on Thursday, as firm crude prices and relentless foreign capital outflows dented investor sentiment. However, a rally in domestic equities and a weak American currency in the overseas market restricted the rupee's fall, traders said. At the interbank foreign exchange market, the rupee opened at 77.54 against the greenback and touched an intra-day low of 77.65 and a high of 77.52.
<https://www.thehindu.com/business/markets/rupee-slips-2-paise-to-close-at-7757-against-us-dollar/article65463343.ece#:~:text=The%20rupee%20declined%20%20paise,capital%20outflows%20dented%20investor%20sentiment.>

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