



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

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- **Govt to provide bulk of Rs 15,000 cr capital support to weak PSU banks:** Weak public sector lenders like Central Bank of India and Punjab & Sind Bank will get the lion's share of the Rs 15,000 crore earmarked for capital infusion in state-owned banks for the current fiscal. This will help these public sector banks (PSBs) meet regulatory requirements. The capital infusion of Rs 15,000 crore would go mostly to banks which had got money through non-interest-bearing bonds in the previous year as the RBI had raised some concerns on the fair valuation of these instruments, sources said. As per the RBI, the net present value of infusion made last year through zero-coupon bonds is much lower than face value as they were issued at discount, the sources added. These special securities with tenure of 10-15 years are non-interest bearing and valued at par. Such bonds usually are non-interest bearing and issued at a deep discount to the face value. So, the effective Tier 1 capital levels for the banks could be lower than the regulatory requirement.
<https://www.telegraphindia.com/business/government-to-provide-bulk-of-rs-15000-cr-capital-support-to-weak-psu-banks/cid/1853793>
- **FM asks banks to come up with possible solutions for tourism and hospitality industry:** The Union Finance Minister, Nirmala Sitharaman, has reportedly directed banks to come up with possible solutions for the tourism and hospitality sector by Friday. Banks have also been asked to take cognizance of various demands of the sector and report back on them, say sources. The closed door meeting, held on Friday, was attended by representatives of the tourism and hospitality industry and heads of banks that include the State Bank of India, Bank of Baroda, Punjab National Bank, Central Bank and Canara Bank. Also present were representatives of the Reserve Bank of India (RBI), the Finance and Revenue secretaries and other officials of the Department of Financial Services.
<https://www.thehindubusinessline.com/economy/policy/fm-asks-banks-to-come-up-with-possible-solutions-for-tourism-and-hospitality-industry/article65089758.ece#:~:text=The%20Union%20Finance%20Minister%2C%20Nirmala,back%20on%20them%2C%20say%20sources.>
- **Bank of Baroda hikes deposit rates:** Bank of Baroda (BoB) has upped deposits rates, including for domestic and non-resident ordinary (NRO) term deposits, by 10-45 basis points on select maturities with effect from February 25, 2022. In the case of domestic and NRO term deposits below Rs 2 crore, the interest rate has been increased by 10 basis points -- one year (5 per cent against 4.90 per cent earlier); and above one year and up to 2 years (5.10 per cent against 5 per cent).
<https://www.thehindubusinessline.com/money-and-banking/bank-of-baroda-hikes-deposit-rates/article65087487.ece>
- **NPCI focusing on new customers to expand RuPay credit card base:** The National Payments Corporation of India (NPCI) is focussing on gaining new customers to expand the indigenous RuPay-enabled credit card base, as the retail payments umbrella body is still a new entrant in this space, a top official of the company said. "If you look at the credit cards, we moved into the market recently and we look at the market share of new customers. In the past 18 months, around 12-15 per cent of the new issuances (credit card) is happening on RuPay," NPCI Chief Operating Officer Praveena Rai told PTI in an interaction.
<https://economictimes.indiatimes.com/industry/banking/finance/banking/npci-focusing-on-new-customers-to-expand-rupay-credit-card-base/articleshow/89867466.cms>



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- **RBI proposes to assess impact of its financial literacy campaigns:** The Reserve Bank of India (RBI) is proposing to assess the impact of the multi-media awareness campaigns launched by it to promote financial literacy and also safe banking practices. The RBI runs the 'RBI Kehta Hai' campaign to educate and empower the public about banking regulations, and also to make them aware of good and safe banking practices. It was a multi-media multi-lingual campaign using SMSes, print, television channels, radio, hoardings, websites and social media. Inviting the request for proposal (RFP) from certain shortlisted entities, the RBI said they would be required to undertake outcome and impact assessment of its multilingual, pan-India public awareness campaigns. The RBI campaigns are in 14 languages -- Assamese, Bengali, English, Gujarati, Hindi, Kannada, Malayalam, Marathi, Odia, Punjabi, Sindhi, Tamil, Telugu and Urdu with more focus on regional languages.
<https://economictimes.indiatimes.com/news/india/rbi-proposes-to-assess-impact-of-its-financial-literacy-campaigns-invites-request-for-proposal/articleshow/89869125.cms>
- **RBI may conduct VRR auctions in March:** The Reserve Bank of India (RBI) may conduct a series of variable rate repo (VRR) auctions for the better part of March, to deal with possible liquidity outflows from the banking system arising from banks participating in a scheduled forex swap, reversal of a forex swap conducted three years back, and enhanced Treasury Bill auctions, among others. That liquidity could come under pressure is underscored by the fact that RBI is scheduled to conduct a two-year forex swap auction on March 8, 2022, whereby it will sell \$5 billion and suck out the equivalent amount of Rupee liquidity amid volatility in the forex market.
<https://www.thehindubusinessline.com/money-and-banking/rbi-may-conduct-vrr-auctions-in-march/article65090514.ece#:~:text=The%20Reserve%20Bank%20of%20India,years%20back%2C%20and%20enhanced%20Treasury>
- **Review of legacy infra loans underway at RBI:** The Reserve Bank of India is in the process of reviewing the status of loans lent to the infrastructure sector between 2010 and 2015. A specified format has been issued by the central bank wherein banks with exposure to infra loans have been asked to furnish borrower-wise data on the loan. High importance is being ascribed to the total loan amount sanctioned, terms of sanction, project details, deviations or exceptions from the sanction terms and why they had to be done. It is also being seen if project milestones are being met according to the terms of the loan and whether the cash flows generated are in-sync with the projections at the time of sanction.
<https://www.thehindubusinessline.com/money-and-banking/review-of-legacy-infra-loans-underway-at-rbi/article65089943.ece>
- **Home loan demand expected to hit pre-covid levels this year:** With interest rates at historic lows, demand for home loans is set to overtake pre-pandemic levels this year. The banking industry expects demand to pick up even if the interest rates are increased later this year as demand for housing continue to be robust. "There is a strong demand for homes, which started during the pandemic as people realised the need for bigger homes. It is expected to continue and is also a good growth opportunity for more lenders. With interest rates expected to go up, there will be a marginal impact on rates," said a banker. HDFC Ltd Chairman Deepak Parekh too had recently pointed out that interest rates are still at historic lows, so a minor increase would not have an impact on the demand for home loans.
<https://www.thehindubusinessline.com/money-and-banking/home-loan-demand-expected-to-hit-pre-covid-levels-this-year/article65089780.ece>
- **IDBI Bank launches liquidity management solution for institutional clients:** IDBI Bank has launched Corporate Liquidity Management Solution (C-LMS) and Government Liquidity Management Solution (G-LMS) to meet the liquidity management needs of institutional customers. "LMS and G-LMS provide real-time, web-based and formula driven liquidity management solution," said the private sector in a statement. These solutions provide



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tools to institutions for enhanced visibility of liquidity position across the organisation, helping them in forecasting and projecting the cash positions at a glance, the bank said. Additionally, C-LMS helps corporate customers to automate the transfer of funds across various accounts of the entity. “It also helps corporate customers to manage liquidity efficiently, thereby helping in efficient working capital management,” the statement added.

<https://www.thehindubusinessline.com/money-and-banking/idbi-bank-launches-liquidity-management-solution-for-institutional-clients/article65086796.ece>

- **Reliance General Insurance participates in PMFBY’s policy distribution drive:** Reliance General Insurance has announced its participation in the Pradhan Mantri Fasal Bima Yojana’s (PMFBY’s) nationwide doorstep crop insurance policy distribution mega drive. “The company fully supports the initiative and is committed towards playing its part in building a better financial ecosystem for the farmers,” the insurance company said in a statement on Saturday. The insurer has set up special camps at gram panchayat and village levels to educate farmers, who are enrolled with Reliance General Insurance under the PMFBY, about their existing crop insurance policies, it further said. Through this initiative, the farmer will receive first-hand information and details of their crop insurance such as sum insured amount, types of crops insured and the premium amount.
<https://www.thehindubusinessline.com/money-and-banking/reliance-general-insurance-participates-in-pmfby-policy-distribution-drive/article65086715.ece>
- **India may set up rupee trade accounts with Russia to soften sanctions blow:** India is exploring ways to set up a rupee payment mechanism for trade with Russia to soften the blow on New Delhi of Western sanctions imposed on Russia after its invasion of Ukraine, government and banking sources said. Indian officials are concerned that vital supplies of fertilizer from Russia could be disrupted as sanctions intensify, threatening India’s vast farm sector. India has called for an end to violence in Ukraine but refrained from outright condemnation of Russia, with which it has long-standing political and security ties.
<https://economictimes.indiatimes.com/industry/banking/finance/banking/india-may-set-up-rupee-trade-accounts-with-russia-to-soften-sanctions-blow/articleshow/89840625.cms>
- **Cabinet allows up to 20% FDI in IPO-bound LIC under automatic route:** The Union Cabinet, chaired by Prime Minister Narendra Modi, on Saturday approved a proposal to allow foreign direct investment (FDI) up to 20 per cent in Life Insurance Corporation through the automatic route. The decision is expected to open doors for foreign investors who are keen to participate in the upcoming initial public offering (IPO) of LIC scheduled for next month, considered to be India’s largest public offering. “Other minor enhancements in the existing FDI Policy have also been carried out in order to provide an updated, consistent and easily comprehensible FDI framework. The FDI policy reform will further enhance Ease of Doing Business in the country, leading to larger FDI inflows and thereby contributing to growth of investment, income and employment,” a government official said under condition of anonymity.
https://www.business-standard.com/article/economy-policy/cabinet-allows-up-to-20-fdi-in-ipo-bound-lic-under-automatic-route-122022600672_1.html
- Pension regulator Pension Fund Regulatory & Development Authority (PFRDA) has appointed EY Actuarial Services LLP as a consultant to help design a Minimum Assured Return Scheme (MARS) under the National Pension System (NPS). The whole idea behind having MARS is to have a separate scheme that can offer a guaranteed minimum rate of return to NPS subscribers, especially those who are risk averse. Currently, the NPS gives returns annually, based on prevailing market conditions.
<https://www.thehindubusinessline.com/money-and-banking/minimum-assured-return-scheme-pfrda-appoints-ey-actuarial-services-as-design-consultant/article65083720.ece>



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- **FPIs pull out Rs 35,506 crore in February:** Continuing the selling streak for the fifth consecutive month, foreign portfolio investors (FPIs) pulled out as much as Rs 35,506 crore out of the Indian markets in February. FPIs have been pulling funds out of the Indian markets since October 2021 and the quantum of outflow in February 2022 is highest since March 2020 when overseas investors had pulled out Rs 1,18,203 crore. “The pace of outflows increased sharply after US Fed’s decision to unwind stimulus measure and increase interest rates sooner than later. “In addition to that, brewing tension between Russia and Ukraine, and with fears of war between the two countries looming large, foreign investors adopted a cautious approach and started to stay away from investing in emerging markets like India,” Himanshu Srivastava, associate director (manager research) of Morningstar India, said.
<https://auto.economictimes.indiatimes.com/news/industry/fpis-pull-out-rs-35506-crore-in-february/89885745>
- **Top 10 cos lose over 3.3 lakh crore in m-cap last week; equities value lowest in 7 months in Feb:** Equity market capitalisation dropped to a seven-month low in February, with the top 10 companies losing a whopping Rs 3,33,307.62 crore in market valuation last week. The total equity market capitalisation (m-cap) in February 2022 stood at Rs 2,49,97,053.39 crore. The previous low was in July 2021, when the m-cap of BSE-listed companies was at Rs 2,35,49,748.9 crore. In January, the m-cap stood at Rs 2,64,41,207.18 crore. During the week, equity m-cap was Rs 2,57,39,712.95 crore on Monday and was at its lowest on Thursday, at Rs 2,42,24,179.79 crore, the day Russian President Vladimir Putin announced a military operation in Ukraine.
<https://www.financialexpress.com/market/top-10-cos-lose-over-3-3-lakh-crore-in-m-cap-last-week-equities-value-lowest-in-7-months-in-feb/2445831/>
- *Click the link to join the Banking updates on telegram*
<https://t.me/+TbI2Fh73RNVf8zP7>

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