



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

April 30, 2022

- **IDBI Bank privatisation process on; decision on quantum of dilution after roadshow: DIPAM Secy:** IDBI Bank's privatisation process is on and the quantum of stake sale will be decided after the roadshow is complete, Department of Investment and Public Asset Management (DIPAM) Secretary Tuhin Kanta Pandey said on Friday. The preparation for privatisation of IDBI Bank is going on, he said during a media interaction at the LIC IPO briefing. "The quantum of exit will be known post roadshow and then the structure of EoI will be finalised. One thing is very sure that management control will be passed on. Currently, it is with LIC. But, management control at what level of equity will have to be decided when we have decided the structure of EoI," he said. The government may decide to sell its entire stake in one go or in tranches, depending on the investors' response. The government holds a 45.48 per cent stake in the bank, while LIC holds a 49.24 per cent stake.  
<https://economictimes.indiatimes.com/industry/banking/finance/idbi-bank-privatisation-process-on-decision-on-quantum-of-dilution-after-roadshow-dipam-secy/articleshow/91182036.cms>
- **IndusInd Bank Q4 net profit rises 55.4 per cent:** IndusInd Bank reported a 55.4 per cent jump in its standalone net profit in the fourth quarter of the fiscal, led by strong growth in net interest income and lower provisions. The private sector lender had a standalone net profit of ₹1,361.37 crore in the quarter ended March 31, 2022, against ₹875.95 crore in the same period in the previous fiscal. For the full financial year 2021-22, its standalone net profit surged by 62.6 per cent to ₹4,611.12 crore from ₹2,836.39 crore in 2020-21.  
<https://www.thehindubusinessline.com/money-and-banking/indusind-bank-q4-net-profit-rises-554-per-cent/article65367335.ece>
- **RBI moots priority access to capital for PSBs with better asset quality:** The Reserve Bank of India (RBI) on Friday suggested setting up of a mechanism that incentivizes public sector banks with better asset quality performance by allowing them priority access to capital. "To avoid the moral hazard problem of government recapitalization of public sector banks (PSBs), an incentive mechanism should be established and banks with better performance in terms of loan recovery and asset quality improvement should be given priority in terms of access to fresh capital," it said in its Report on Currency and Finance (RCF) for 2021-22.  
<https://www.livemint.com/industry/banking/rbi-moots-priority-access-to-capital-for-psbs-with-better-asset-quality-11651232375349.html>
- **Forex reserves down \$3.271 bn to \$600.423 bn:** The country's foreign exchange reserves decreased by USD 3.271 billion to USD 600.423 billion in the week ended April 22, RBI data showed. In the previous week, the reserves had declined by USD 311 million to USD 603.694 billion. During the reporting week, the fall in the reserves was on the account of a decline in the Foreign Currency Assets (FCA), a major component of the overall reserves, and gold reserves, Reserve Bank of India's (RBI) weekly data released on Friday showed. FCA dropped by USD 2.835 billion to USD 533.933 billion in the week ended April 22.  
<https://economictimes.indiatimes.com/news/economy/finance/forex-reserves-down-3-271-bn-to-600-423-bn/articleshow/91182229.cms>
- **Merger with private bank, NBFC proposed at IDBI Bank roadshows:** A merger with an existing private sector bank or a non-bank finance company was among options proposed for IDBI Bank at recent roadshows held to assess interest for the privatisation of the lender, according to people aware of the matter. The option was proposed by some of the participants at the roadshows who were of the view that an all-cash offer for the bank



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would work out to be too costly. As many as 18 participants attended the investor meetings, or roadshows, organised by the advisers to IDBI Bank's sale process. They included private banks, non-bank finance companies and some local private equity funds.

<https://economictimes.indiatimes.com/industry/banking/finance/banking/merger-with-private-bank-nbfc-proposed-at-idbi-bank-roadshows/articleshow/91165054.cms>

- **Two government nominee directors join board of IDBI Bank:** IDBI Bank on Friday said its board has approved the appointment of two government nominee directors with effect from April 28. The government nominee directors are Manoj Sahay, Joint Secretary and Financial Advisor, and Sushil Kumar Singh, Director, Department of Financial Services, Ministry of Finance, according to a regulatory filing. Sahay and Singh are not related to any other director or key managerial personnel on the board of the bank, the lender said.  
<https://economictimes.indiatimes.com/industry/banking/finance/banking/two-government-nominee-directors-join-board-of-idbi-bank/articleshow/91178386.cms>
- **Bank credit likely to grow at 4-year high of 11-12% in FY23: Report:** Bank credit is likely to grow at a four-year high of 11-12 per cent in fiscal 2023, on the back of better economic growth and budgetary support from the government, according to a report. In the fiscal ended March 2022, bank advances have likely grown at 9-10 per cent. "Healthy economic growth and budgetary support from the government should lift bank credit growth by 200-300 basis points to 11-12 per cent this fiscal," Crisil Ratings said in the report. The higher credit growth expectation is also supported by the improved resilience of the banking system, it added.  
<https://economictimes.indiatimes.com/industry/banking/finance/banking/bank-credit-likely-to-grow-at-4-year-high-of-11-12-in-fy23-report/articleshow/91178763.cms>
- **Non-food bank credit grew 9.7% in March: RBI data:** Non-food bank credit grew 9.7 per cent in March 2022 as compared to a rise of 4.5 per cent reported a year ago, according to RBI. Loans to agriculture and allied activities continued to perform well, registering a growth of 9.9 per cent in the reporting month. It was 10.5 per cent in the year-ago period, according to the RBI's Sectoral Deployment of Bank Credit - March 2022 data released on Friday. Growth in credit to industry picked up to 7.1 per cent in March 2022 from a contraction of 0.4 per cent in March 2021. Size-wise, credit to medium industries registered a robust growth of 71.4 per cent in March 2022, which was 34.5 per cent last year.  
<https://economictimes.indiatimes.com/industry/banking/finance/banking/non-food-bank-credit-grew-9-7-in-march-rbi-data/articleshow/91187083.cms>
- **IRDAI hikes exposure limit for insurers in BFSI sector to 30 per cent:** The Insurance Regulatory and Development Authority of India (IRDAI) has permitted insurers to have exposure to financial and insurance activities up to 30 per cent of their investment assets. "Accordingly, the limit of 25 per cent of investment assets mentioned in Note No 8 to Reg 9 of IRDAI (Investment) Regulations 2016 stands revised to a limit of 30 per cent of investment assets," said IRDAI in a circular on Friday. The move has cheered insurance companies, who believe it will give them more flexibility to invest and could help improve returns.  
<https://www.thehindubusinessline.com/money-and-banking/irdai-hikes-exposure-limit-for-insurers-to-financial-insurance-activities-to-30/article65367019.ece>
- **Shriram Transport Finance to reduce liquidity buffer over 2-3 quarters:** Shriram Transport Finance Company (STFC) plans to reduce its liquidity buffer from 6 months of maturity requirement to 4 months over the next 2 or 3 quarters, according to Umesh Revankar, Vice-Chairman and Managing Director. The liquidity buffer stood at ₹17,709 crore as of March-end 2022. "We normally used to keep extra liquidity at three months of maturity requirement as a policy. This was increased to 6 months in the last one year due to the uncertainty (Covid-related). "Today, that uncertainty is not there. The sources for resources are quiet comfortable. We were



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looking for reduction in liquidity as excess liquidity has a negative carry and bearing on the margins,” said Revankar.

[https://www.thehindubusinessline.com/money-and-banking/shriram-transport-finance-to-reduce-liquidity-buffer-over-2-3-quarters/article65367959.ece#:~:text=Shriram%20Transport%20Finance%20Company%20\(STFC,as%20of%20March%2Dend%202022.](https://www.thehindubusinessline.com/money-and-banking/shriram-transport-finance-to-reduce-liquidity-buffer-over-2-3-quarters/article65367959.ece#:~:text=Shriram%20Transport%20Finance%20Company%20(STFC,as%20of%20March%2Dend%202022.)

- **Labour reforms: Unemployment insurance fund, universal access to social security needed, says RBI report:** Companies should consider building an unemployment insurance fund during periods of economic boom, which could be utilised to financially support workers up to a limited period after retrenchment, according to the Reserve Bank of India’s Report on Currency and Finance (RCF). “Labour reform with flexibility to hire and fire workers can allow firms to adjust their workforce according to economic cycles, thereby enabling them to use their resources more efficiently. “This, however, could come only at the cost of lower welfare/social security of the workers. One option here could be to build an unemployment insurance fund...at the firm level...,” said RCF. <https://www.thehindubusinessline.com/economy/labour-reforms-unemployment-insurance-fund-universal-access-to-social-security-needed-says-rbi-report/article65367334.ece>
- **L&T Finance Holdings Q4 net profit rises 28 per cent to ₹342 crore:** L&T Finance Holdings reported a 28.3 per cent rise in its consolidated net profit for the fourth quarter of the fiscal at ₹ 342.24 crore from ₹266.85 crore a year ago. Its net profit for 2021-22 was up 10.21 per cent to ₹1,070.11 crore from ₹970.94 crore in 2020-21. For the quarter ended March 31, 2022, total revenue from operations fell by 11.3 per cent to ₹2,946.78 crore as compared to ₹3,322.55 crore a year ago. Total disbursements in the quarter for retail businesses grew 22 per cent year on year to ₹8,105 crore. <https://www.thehindubusinessline.com/money-and-banking/lt-finance-holdings-q4-net-profit-rises-28-per-cent-to-342-crore/article65367452.ece>
- **Reciprocal cross-holdings regulation may limit banks’ investment in LIC IPO:** Banks will carefully weigh the “capital deduction” impact of cross-holdings before investing in the upcoming initial public offer (IPO) of the Life Insurance Corporation of India (LIC). The reason: the Corporation already has investments in many of the Banks. A clause in the Reserve Bank of India’s Master Circular on Basel-III Capital Regulations relating to “Reciprocal Cross-Holdings in the Capital of Banking, Financial, and Insurance Entities” may prevent banks from going all out and investing in LIC’s IPO. According to the circular, Banks are required to apply a “corresponding deduction approach” to reciprocal cross-holdings in the capital of other banks, other financial institutions, and insurance entities. <https://www.thehindubusinessline.com/money-and-banking/reciprocal-cross-holdings-regulation-may-limit-banks-investment-in-lic-ipo/article65366298.ece>
- **RBI issues guidelines on compensation of key managerial personnel, senior management in NBFCs:** The Reserve Bank of India has come out with guidelines on compensation of key managerial personnel and senior management in non-banking finance companies (NBFCs). This follows the revised Scale Based Regulatory (SBR) framework for NBFCs that was put in place by the RBI in October 2021. The guidelines, which will come into effect from April 1, 2023, will be applicable for fixing the compensation policy of key managerial personnel and members of senior management of all NBFCs under SBR framework, except those categorised under ‘base layer’ and government-owned NBFCs. The boards of all applicable NBFCs will constitute a Nomination and Remuneration Committee (NRC), which will also have the mandate to oversee the framing, review and implementation of compensation policy of the company, which should have the approval of the board, said the RBI



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<https://www.thehindubusinessline.com/money-and-banking/rbi-issues-guidelines-on-compensation-of-key-managerial-personnel-senior-management-in-nbfc/article65367619.ece>

- **RBL Bank to raise up to \$100 mn through dollar denominated bonds:** RBL Bank on Friday said its board has approved to raise up to USD 100 million by issuing US dollar denominated bonds. The board of directors of RBL Bank, at its meeting held on Friday, accorded its approval to raise or borrow monies by issue of USD denominated unsecured Tier II subordinated notes aggregating up to USD 100 million, to identified investors, the bank said in a regulatory filing. At current exchange rate, USD 100 million is around Rs 765 crore. The stock of RBL Bank closed 0.66 per cent down at Rs 120.10 apiece on BSE.  
[https://www.business-standard.com/article/finance/rbl-bank-to-raise-up-to-100-mn-through-dollar-denominated-bonds-122042901105\\_1.html](https://www.business-standard.com/article/finance/rbl-bank-to-raise-up-to-100-mn-through-dollar-denominated-bonds-122042901105_1.html)
- **Kotak Mahindra Bank's chances of FTSE inclusion brighten:** Private sector lender Kotak Mahindra Bank could get added to the FTSE All-World Index during the index rebalancing in September, following an increase in investment legroom for foreign investors. Foreign portfolio investors (FPIs) have pruned their holdings in the bank over the last five quarters. As a result, the legroom for foreign investment in the stock has increased from 11.88 per cent in December 2020 quarter to 19.8 per cent at the end of March 2022 quarter. To be eligible to be part of the FTSE index, the minimum room for overseas investment has to be 20 per cent.  
[https://www.business-standard.com/article/finance/kotak-mahindra-bank-s-chances-of-ftse-inclusion-brighten-122042801491\\_1.html](https://www.business-standard.com/article/finance/kotak-mahindra-bank-s-chances-of-ftse-inclusion-brighten-122042801491_1.html)
- **No constraint on tech spends: ICICI Bank executive director Anup Bagchi :** The country's second largest private sector lender ICICI Bank is betting big on open architecture and interoperable model on its digital initiatives to gain customers across segments, with spends on technological infrastructure not being a constraint for the bank. The bank's non-employee expenses increased 15.6 per cent year-on-year (YoY) to Rs 4,620 crore in Q4FY22, primarily due to retail business and technology-related expenses. For the whole year, non-employee expenses increased 26.65 per cent YoY to Rs 17,060 crore. Technology expenses were about 8.5 per cent of the operating expenses in FY22, or roughly about Rs 2,272 crore. "If you have 5-10 per cent market share, the rest is with others. So, it is quite obvious that if you open up (services), there will be a wider customer base. They may not shift but they can experience our products," said Anup Bagchi, Executive Director, ICICI Bank.  
[https://www.business-standard.com/article/finance/no-constraint-on-tech-spends-icici-bank-executive-director-anup-bagchi-122042900027\\_1.html](https://www.business-standard.com/article/finance/no-constraint-on-tech-spends-icici-bank-executive-director-anup-bagchi-122042900027_1.html)
- **Customers who took debt recast reluctant to use credit cards, says SBI Card CEO:** The credit card industry is faced with the challenge of getting customers, whose dues were restructured under a central bank regulation, to start using their cards. A lot of these retail customers were revolvers and their reluctance to spend has impacted the industry. Credit card customers can be classified in two groups based on repayment schedules: transactors (those who pay the outstanding amount by the due date) and revolvers (customers who pay a part of the dues to avoid default). Credit card companies earn more interest from the second category of customers.  
<https://www.livemint.com/industry/banking/customers-who-took-debt-recast-reluctant-to-use-credit-cards-says-sbi-card-ceo-11651241393890.html>
- **SBI Life posts 26% rise in net profit:** Beating market expectations, private sector SBI Life Insurance on Thursday reported a 26.25% year-on-year rise in its net profit to 672.15 crore in the fourth quarter last fiscal, from 532.38 crore for the same period previous fiscal. During the March quarter of FY22, first year premium grew 5.28% y-o-y to Rs 3853.56 crore, from Rs 3660.29 crore for the corresponding period of FY21, while renewal premium saw a 14.62% y-o-y rise to Rs 10,842.52 crore, from Rs 9,459.56 crore, according to a stock exchange filing. The company's net profit for the last fiscal rose by 3.4% y-o-y at Rs 1505.99 crore, compared with Rs 1,455.85 crore



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for the previous fiscal. Its net premium income during FY22 saw a 17.41% y-o-y increase to Rs 58,432.29 crore, against Rs 49,768.28 crore in FY21.

<https://www.financialexpress.com/industry/banking-finance/sbi-life-posts-26-rise-in-net-profit/2507382/>

- **Sensex tumbles over 460 points, Nifty ends around 17,100:** The BSE Sensex closed at 57,060.87, down 460.19 points or 0.80 per cent. It recorded an intraday high of 57,975.48 and a low of 56,902.30. The Nifty 50 closed at 17,102.55, down 142.50 points or 0.83 per cent. It recorded an intraday high of 17,377.65 and a low of 17,053.25. HDFC Life, Tata Consumer, Kotak Bank, Sun Pharma and HDFC Bank were the top gainers on the Nifty 50, while Axis Bank, Coal India, Adani Ports, Wipro and ONGC were the top laggards.

<https://www.thehindubusinessline.com/markets/sensex-tumbles-over-460-points-nifty-ends-around-17100/article65366620.ece>

- **Rupee surges 18 paise to close at 76.43 against US dollar:** The rupee appreciated 18 paise to settle at 76.43 (provisional) against the US dollar on Friday, tracking a weak greenback overseas and fresh foreign fund inflows. At the interbank forex market, the domestic unit opened at 76.62 against the US dollar. It moved in the range of 76.63 to 76.29 during the day trade. The rupee finally closed at 76.43, registering a rise of 18 paise over its previous close.

<https://www.thehindubusinessline.com/markets/forex/rupee-surges-18-paise-to-close-at-7643-against-us-dollar/article65366677.ece>

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