



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

January 31, 2022

- **BBB to soon initiate selection process for NaBFID's MD:** The Bank Board Bureau (BBB), the headhunter for state-owned banks and financial institutions, will soon initiate the process the managing director (MD) and deputy managing directors (DMDs) of the newly set-up Rs 20,000-crore NaBFID, which is preparing to commence business in the April-June quarter. According to sources, the National Bank for Financing Infrastructure and Development (NaBFID) is awaiting clearance for the appointment from the regulator Reserve Bank of India (RBI). After approval from the RBI, NaBFID will intimate BBB for issuance of advertisement for the post of MD and DMDs, sources said. The MD, DMDs and whole-time directors will not hold office after attaining the age of 65 years and 62 years, respectively.
<https://economictimes.indiatimes.com/industry/banking/finance/banking/bbb-to-soon-initiate-selection-process-for-nabfids-md/articleshow/89220029.cms>
- **Government extends tenure of IPO-bound LIC's chairman for one year:** The government has extended the tenure of chairman of IPO-bound Life Insurance Corporation (LIC) by one more year with a view to facilitate smooth listing of the insurance behemoth, sources said. Besides, the government has also extended the tenure of one of the managing directors, Raj Kumar, for one year. With the extension, M R Kumar will continue as chairman of LIC till March 2023, the sources said. This is the second extension for the LIC chairman. Last year in June, he was given a nine-month extension in a view of LIC's proposed initial public offering towards the end of the current financial year.
<https://economictimes.indiatimes.com/industry/banking/finance/insure/government-extends-tenure-of-ipo-bound-lics-chairman-for-one-year/articleshow/89221612.cms>
- **DHFL: NCLAT sets aside NCLT order that directed to consider Wadhwan's second offer:** The National Company Law Appellate Tribunal (NCLAT) has set aside an earlier order of the Mumbai bench of the NCLT, which had directed the administrator of the debt-ridden DHFL to put the second settlement proposal by erstwhile promoter Kapil Wadhwan before its lenders for consideration. The appellate tribunal observed that NCLT has passed directions to consider the second proposal from Wadhwan, despite the fact that the Committee of Creditors (CoC) of DHFL had already by an overwhelming majority approved the Piramal Capital & Housing Finance's resolution plan and the administrator had applied before it for its approval. Citing a recent judgement passed by the Supreme Court in the case of Ebix Singapore, the NCLAT said "there was no scope for negotiations between the parties once the CoC has approved the resolution plan". "The said exercise was beyond the jurisdiction of the adjudicating authority (NCLT), hence unsustainable and liable to be set aside," said a three-member NCLAT bench in its judgement passed on January 27, 2022.
<https://economictimes.indiatimes.com/industry/banking/finance/dhfl-nclat-sets-aside-nclt-order-that-directed-to-consider-wadhwan-second-offer/articleshow/89219602.cms>



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- **10-year G-Sec auctions: Govt's cost of borrowing going up:** The Reserve Bank of India (RBI) seems to have loosened its vice-like grip on the Government Securities (G-Secs) yields, going by the sharp 24 basis points rise in the yield of the newly issued 10-year G-Sec in the last fortnight. This has implications for the cost of government borrowing and corporate bond issuances, which are priced at a spread to a specific on-the-run G-Sec/GS. Government Securities yields are going up on global cues – expectation that rising inflation and a strong labour market in the US could prompt the Fed to start a rate hike cycle as early as March and crude oil prices jumping to about \$90 a barrel due to geopolitical risks – and fears that the government may borrow more in FY23 vs FY22.
<https://www.thehindubusinessline.com/money-and-banking/10-yr-g-sec-auctions-govts-cost-of-borrowing-going-up/article64951668.ece>
- **M-cap of 9 of top-10 most valued firms erodes by over Rs 3 lakh cr; RIL top drag :** Nine of the top-10 most valued companies together lost a whopping Rs 3,09,178.44 crore in market valuation last week as selloffs continued. In a holiday-shortened past week, the 30-share BSE Sensex plummeted 1,836.95 points or 3.11 per cent amid geopolitical tensions, global sell-off triggered by a hawkish US Federal Reserve and unabated foreign fund outflows. From the top-10 list, State Bank of India was the lone gainer as its valuation jumped Rs 18,340.07 crore to reach Rs 4,67,069.54 crore. Coming to those whose valuation got eroded were Reliance Industries Limited (RIL), Tata Consultancy Services (TCS), HDFC Bank, Infosys, ICICI Bank, Hindustan Unilever Ltd (HUL), HDFC, Bajaj Finance and Bharti Airtel.
<https://economictimes.indiatimes.com/markets/stocks/news/m-cap-of-9-of-top-10-most-valued-firms-erodes-by-over-rs-3-lakh-cr-ril-top-drag/articleshow/89216939.cms>
- **IndusInd Bank admits to procedural lapses in MFI lending :** Private sector lender IndusInd Bank on Saturday reported a 49 per cent jump in its December quarter net profit to Rs 1,241.55 crore, and admitted to procedural lapses in its microlending vertical earlier during the fiscal. The bank's chief executive and managing director Sumant Kathpalia said an investigation into a whistleblower complaint on November 6 has revealed procedural lapses in lending practices in the microfinance book, but stressed that it will not lead to any financial hit. There were reports alleging the possibility of evergreening of loans as loans were given sans customer consent, which helped the bank suppress non-performing assets in the COVID-hit Q1.
https://www.business-standard.com/article/finance/indusind-bank-admits-to-procedural-lapses-in-mfi-lending-122012901110_1.html
- **Union Budget 2022: Banking sector needs a booster dose; digitising BFSI to help overall economy:** Banking sector constitutes a major part of the economy hence the banking system is the bloodline of any economy. According to a PricewaterhouseCoopers (PwC) report, India could be the world's third largest banking hub by 2040 and India's fintech market is expected to reach Rs 6.2 trillion by 2025. The banking sector of India is going through a very difficult situation due to the pandemic. It may take 24 to 36 months for banks to recover from the current situation. Global rating agency Moody's has said that public sector banks will need an additional capital of Rs 2.1 lakh crore to overcome this pandemic. State Bank of India (SBI) is the only bank in India, which comes in the top 50 banks of the world. Proper budget, right tax and regulatory policies can put the banking industry back on the fast growth



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path. The banking sector is expecting positive amendments and policies in the coming Union Budget 2022.

<https://www.financialexpress.com/budget/union-budget-2022-banking-sector-needs-a-booster-dose-digitising-bfsi-to-help-overall-economy/2419802/>

- **FPIs withdraw Rs 28,243 crore from Indian equities as US Fed signals rate hike:** Foreign portfolio investors (FPIs) pulled out a whopping Rs 28,243 crore from Indian equities in January as US Fed signalled interest rate hike. As per the depositories data, FPIs took out Rs 28,243 crore from equities between January 3-28. During the same period, they pumped in Rs 2,210 crore into debt segment and Rs 1,696 crore into hybrid instruments. The total net outflow stood at Rs 24,337 crore. The total net outflow stood at Rs 24,337 crore.

<https://www.moneycontrol.com/news/business/fpis-withdraw-rs-28243-crore-from-indian-equities-as-us-fed-signals-rate-hike-8004621.html>

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