



**THE INSTITUTE OF  
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## DAILY UPDATES BY BFSI COMMITTEE, ICAI

May 5, 2021

- **RBI top brass meets NBFC-MFI chiefs to take stock of credit flows to borrowers :** The Reserve Bank of India (RBI) Governor on Monday discussed the outlook on potential stress on balance sheets of non-banking financial company-micro finance institutions (NBFC-MFIs) in the backdrop of the second wave of the Covid-19 pandemic. The meeting also took stock of credit flows to borrowers of NBFC-MFIs. These entities give credit to economically disadvantaged groups. In a video-conference with the chiefs of select NBFC-MFIs, RBI Governor Shaktikanta Das discussed issues including assessment of current economic situation, and liquidity scenario. The Governor emphasised the supervisory expectations in terms of maintaining their business resilience and managing risks prudently. Das advised the NBFC-MFIs to pay focussed attention on strict adherence to fair practices code, improve customer grievance redress mechanism and strengthen their IT systems in the interest of the institutions and their customers. The meeting was also attended by Deputy Governors M. K. Jain, M.D. Patra and a few other senior officials of RBI.

<https://www.thehindubusinessline.com/money-and-banking/rbi-top-brass-meets-nbfc-mfi-chiefs-to-take-stock-of-credit-flows-to-borrowers/article34474398.ece>

- **RBL Bank Q4 net profit down 34% :** Private sector lender RBL Bank reported a 34 per cent drop in its net profit to ₹75 crore for the quarter-ended March 31, 2021 led by a sharp rise in provisions and lower interest income. Its net profit stood at ₹114 crore in the fourth quarter of 2019-20. The bank's net profit for fiscal year 2020-21 increased marginally to ₹508 crore from ₹506 crore in 2019-20. "Net profit at ₹508 crore for 2020-21, similar to 2019-20, is down quarter-on-quarter due to accelerated/additional prudential provisioning," RBL Bank said.

<https://www.thehindubusinessline.com/money-and-banking/rbl-bank-q4-net-profit-down-34/article34480127.ece>

- **Interest on interest: IBA sends representation to Finmin :** The Indian Banks' Association (IBA) has sent a representation to the Finance Ministry to enhance the scope of its previous ex-gratia scheme to cover the refund/adjust the 'interest-on-interest' charged to the borrowers during the Covid-19 related moratorium period — March 1, 2020 to August 31, 2020. As per the Supreme Court's judgment (in the matter of Small Scale Industrial Manufacturers Association vs Union of India & Others and other connected matters) on March 23, 2021, all borrowers (including those having loan exposure of above ₹2 crore) will be eligible for waiver of interest on interest in respect of the pandemic-related loan moratorium.



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<https://www.thehindubusinessline.com/money-and-banking/interest-on-interest-iba-sends-representation-to-finmin/article34480124.ece>

- **COVID-19 hit RBL Bank portrays cautious optimism** : RBL Bank has portrayed cautious optimism after a difficult year in which the Covid 19 pandemic not only pushed back recovery but also resulted in new challenges particularly in the bank's unsecured retail lending book. "We remain watchful, conservative and yet agile. We will look scale up in segments in which we have domain expertise like micro finance and credit cards and also expand in secured businesses like housing finance, tractor and two wheeler loans," CEO Vishwavir Ahuja said even as the bank stepped up provisions to cover from stress emerging from its unsecured credit cards, micro finance loans and loans to small enterprises which have all been hit by the devastation on livelihood caused by the Covid 19 pandemic.

<https://economictimes.indiatimes.com/industry/banking/finance/banking/covid-19-hit-rbl-bank-portrays-cautious-optimism/articleshow/82390456.cms?from=mdr>

- **Jana Small Finance Bank gets 25 pc of its workforce vaccinated** : Jana Small Finance Bank on Tuesday said over 4,000 of its employees working across the country have taken the COVID-19 vaccine. The bank started with the vaccination of employees over 45 and paced up the efforts multi-fold as soon as the Department of Financial Services and Parliamentary standing committee recognised bankers as COVID warriors, thus making all its employees over 18 years of age eligible, the bank said in a release. Jana SFB said the drive kicked off recently in which it has already vaccinated 25 per cent of its total workforce or nearly 4,000 employees at its head office and branches in the last 10 days. The bank is serving the customers amid the surging COVID-19 cases and sees vaccination as a key measure to protect its frontline warriors. The bank has put an action plan by tying up with various government health centres to provide free vaccines at its bank branches across India.

<https://economictimes.indiatimes.com/industry/banking/finance/banking/jana-small-finance-bank-gets-25-pc-of-its-workforce-vaccinated/articleshow/82386525.cms?from=mdr>

- **RBI tells MFIs to improve governance, loan appraisal system; assesses pandemic-led stress**: The Reserve Bank of India has stressed that microfinance lenders need to follow appropriate governance and risk management standards even as these lenders are facing challenges with falling repayment collection while the raging second wave of the Covid-19 pandemic is affecting livelihoods. The central bank governor Shaktikanta Das called on these lenders Monday to assess the ground level situation—going beyond the accounting numbers of micro lenders—following the sharp rise in the rate of infections across regions, which forced local authorities to go for area wise containments and partial lockdowns. Das told these lenders to follow prudent lending practices backed by proper appraisal systems and avoid over



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indebtedness of borrowers, an issue which caught the attention of all stakeholders especially in Assam, Tripura, Uttarakhand and West Bengal.

[https://m.economictimes.com/industry/banking/finance/rbi-tells-mfis-to-improve-governance-loan-appraisal-system-assesses-pandemic-led-stress/amp\\_articleshow/82390392.cms](https://m.economictimes.com/industry/banking/finance/rbi-tells-mfis-to-improve-governance-loan-appraisal-system-assesses-pandemic-led-stress/amp_articleshow/82390392.cms)

- **Get vaccinated, get a discount, offers Reliance General Insurance :** For inoculated customers, additional, one-time, 5 per cent discount on Reliance Health Infinity policy In a bid to encourage Covid-19 vaccination, Reliance General Insurance has announced that it would offer additional discount to customers who are either purchasing or renewing the Health Infinity cover. “The company aims to provide additional ease to its customers who are in the process to either buy or renew their Health Infinity insurance policy with Reliance General Insurance, by offering an additional one-time 5 per cent discount to customers who have taken the Covid-19 vaccination,” the private sector insurer said in a statement on Tuesday. The additional discount will be over and above the other discounts applicable at the time of buying the policy, it further said, adding that customers who have taken the first dose of the vaccine would also be eligible for the benefit.

<https://www.thehindubusinessline.com/money-and-banking/get-vaccinated-get-a-discount-offers-reliance-general-insurance/article34478505.ece>

- **New Deputy Governor Rabi Sankar to oversee functioning of 8 departments at RBI :** Newly appointed Reserve Bank of India (RBI) Deputy Governor T Rabi Sankar will oversee the functioning of eight departments, including Currency Management, External Investments & Operations, and Payment and Settlement Systems. The central bank, in a statement, said he will also manage departments such as Government and Bank Accounts, Information Technology, Foreign Exchange, Internal Debt Management, and the Right to Information (RIA) Division. Rabi Sankar was Executive Director of RBI before being elevated to the post of Deputy Governor (DG). His appointment as DG is for a period of three years or until further orders, whichever is earlier, RBI said.

<https://www.thehindubusinessline.com/money-and-banking/new-deputy-governor-rabi-sankar-to-oversee-functioning-of-8-departments-at-rbi/article34474404.ece#:~:text=Newly%20appointed%20Reserve%20Bank%20of,and%20Payment%20and%20Settlement%20Systems.>

- **FPIs bet big on private insurers :** Foreign portfolio investors (FPIs) are going strong on the Indian insurance sector. Bolstered by a strong growth in new business premium and profitability besides sensing a huge scope for insurance penetration, FPIs have been substantially increasing their stake in listed private insurers over the last 2-3 years. Between FY19 and FY21, FPIs pumped in ₹52,527 crore into the sector. “Insurance industry in India is



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on the cusp of explosive growth. Even now insurance penetration (insurance premia as percentage of GDP) in India is abysmally low at 3.72 percent,” VK Vijayakumar, Chief Investment Strategist at Geojit Financial Services, said. “The upcoming five years are expected to witness 13-15 percent growth of the industry. Eying this opportunity, all investors – FIIs, DIIs, HNIs – have been scaling up investments in the sector,” he added.

<https://www.thehindubusinessline.com/money-and-banking/fpis-bet-big-on-private-insurers/article34480992.ece#:~:text=Between%20FY19%20and%20FY21%2C%20FPIs,crore%20into%20the%20insurance%20sector&text=Bolstered%20by%20a%20strong%20growth,the%20last%202%2D3%20years.>

- **RBI imposes ₹25.50 lakh penalty on Jaipur-based Jumbo Finvest (India) Ltd :** The Reserve Bank of India (RBI) has imposed a monetary penalty of ₹25.50 lakh on Jumbo Finvest (India) Ltd, Jaipur, for non-compliance with provisions of two of its directions. RBI, in a statement, said the monetary penalty has been imposed for non-compliance with certain provisions of its directions contained in ‘Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016’ and ‘Reserve Bank of India, Know Your Customer (KYC) Directions, 2016’.

<https://www.thehindubusinessline.com/money-and-banking/rbi-imposes-2550-lakh-penalty-on-jaipur-based-jumbo-fininvest-india-ltd/article34481096.ece>

- **Banks demand deadline extension for Covid packages :** Banks have petitioned the Reserve Bank of India (RBI) that the 180-day timeline for implementing resolution plans for borrower accounts under the August 6, 2020 circular on “Resolution Framework for Covid-19-related Stress” should be extended as few of them are facing headwinds due to second pandemic wave. As per the circular, resolution of exposures (other than personal loans) must be implemented within 180 days from the date of invocation (not later than December 31, 2020). So, the resolution plan has to be implemented by June-end 2021. But in view of the adverse impact of Covid-19, banks want leeway of 90 more days in implementing the resolution plan. - Business Line

<https://www.thehindubusinessline.com/money-and-banking/banks-demand-deadline-extension-for-covid-packages/article34481018.ece>

- **Insurers see adverse impact of Covid-19 claims on their loss ratio:** A year has passed since the Covid pandemic hit India. Since then, Indian insurers, especially the non-life ones, have seen an unprecedented amount of Covid claims being reported to them. Indian insurers had not factored in the impact of Covid claims while underwriting their products. Therefore, these claims have mostly not been anticipated. Despite that, insurers remain unsure of the impact of such claims on their loss ratios as well as on the pricing of their products. While many say the loss ratio of their health portfolio has taken a hit because of the unanticipated Covid claims, it



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is yet to impact their solvency in any meaningful way. Also, most insurers are of the opinion that price revision of their product offerings will depend on the claims experience of the entire year, and it is too early to take a call on that. However, in the case of Covid-specific products, where the claims experience has been particularly bad, there may be some price revision in the offing.

**[https://www.business-standard.com/article/finance/insurers-see-adverse-impact-of-covid-19-claims-on-their-loss-ratio-121050301562\\_1.html](https://www.business-standard.com/article/finance/insurers-see-adverse-impact-of-covid-19-claims-on-their-loss-ratio-121050301562_1.html)**

- **Microfinance collections may dip 8-10% sequentially in April: Icria :** With the surge in Covid-19 infections and lockdowns in various states, collections by India's microfinance Institutions may drop sequentially by 8-10 per cent in April, according to rating agency Icria. The microfinance industry continues to witness uncertainty on asset quality amid the expected drop in collections, given the rapidly rising Covid-19 infections since March 2021. But, healthy liquidity buffers maintained by most entities provide some comfort. Sachin Sachdeva, Vice-President, Icria, said several states/Union Territories (UTs) have either imposed lockdowns or have placed significant restrictions on people movement and gatherings to curb the spread of pandemic. This is creating disruptions in the economic activities and impacting the field operations of micro finance institutions (MFIs).

**[https://www.business-standard.com/article/finance/microfinance-collections-may-dip-8-10-sequentially-in-april-icra-121050400744\\_1.html](https://www.business-standard.com/article/finance/microfinance-collections-may-dip-8-10-sequentially-in-april-icra-121050400744_1.html)**

- **Clamour grows for Covid-19 regulatory package from banks and NBFCs :** With the rising severity of the second Covid-19 wave, lenders are seeking an opportunity for restructuring the debt for borrowers who have did not avail of recast under regulatory package last year. Senior bankers said the situation has become serious and it is tough to gauge the economic impact this pandemic this time around will have. This is more so for sectors like hospitality, which got battered in the first wave. Besides seeking a three month moratorium on loan repayments, lenders have sought a restructuring window for those battered by pandemic but did not opt for recast last year. Banks have made a plea to either extend the window for invocation of the regulatory package to June 2021 and more time for implementing it or new window. The invocation date for recast under Covid regulatory package was December 2020 and implementation was to be done by June 2021.

**[https://www.business-standard.com/article/current-affairs/clamour-grows-for-covid-19-regulatory-package-from-banks-and-nbfc-121050401071\\_1.html](https://www.business-standard.com/article/current-affairs/clamour-grows-for-covid-19-regulatory-package-from-banks-and-nbfc-121050401071_1.html)**

- **Kotak Mahindra Bank net jumps 33% to Rs 1,682 crore :** Kotak Mahindra Bank on Monday reported a 33% year-on-year (y-o-y) jump in its net profit to Rs 1,682 crore for the quarter ended March because of higher net interest income (NII). The bank was able to register growth in the bottom line despite a 181% quarter-on-quarter (q-o-q) and 13% y-o-y jump in





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provisions to Rs 1,179 crore. The operating profit increased 25% y-o-y to Rs 3,407 crore as the net interest income (NII) grew 8% y-o-y to Rs 3,843 crore. Uday Kotak, MD and CEO, said, “I hope the Covid-19 situation is short lived and it will be like the UK, where it sharply went up and then came down sharply too.” The bank has decided to curtail deployment of employees in non-essential activities, including physical collections for a week at least, due to Covid-19 situation. “Yes, it is a risk that the bank is taking for short term but people balance sheet is more important to us,” Kotak said.

<https://www.financialexpress.com/industry/banking-finance/kotak-mahindra-bank-net-jumps-33-to-rs-1682-crore/2245182/>

- **Will continue to be MD & CEO of bank till Dec 2023: Uday Kotak :** Kotak Mahindra Bank’s MD and CEO Uday Kotak on Monday said he would be with the bank at least till his term ends. On his succession plans, Kotak said the bank’s board would act in a manner which is appropriate and responsible. The comments from Kotak came after the Reserve Bank of India (RBI) issued guidelines that the MD and CEO of a private bank cannot have a tenure of more than 15 years. RBI had earlier approved the re-appointment of Uday Kotak as MD & CEO of Kotak Mahindra Bank for three years in December 2020.

<https://www.financialexpress.com/industry/banking-finance/will-continue-to-be-md-ceo-of-bank-till-dec-2023-uday-kotak/2245289/>

- Sensex tumbles 465 points, Nifty falls below 14,500 in afternoon selling : The BSE Sensex, which had hit an intraday high of 48,996.53 in the first half, closed at 48,253.51, down 465.01 points or 0.95 per cent. It hit an intraday low of 48,149.45. The Nifty 50 also closed near the day’s low at 14,496.50, down 137.65 points. During the closing hours, it registered a low of 14,461.50, though Nifty touched a high of 14,723.40 in the morning session. SBI Life, BPCL, ONGC, Adani Ports and Bajaj Finance were among the top gainers on the Nifty 50, while Tata Consumer, Dr Reddy’s, Cipla, Reliance and Divi’s Labs were among the top laggards.

<https://www.thehindubusinessline.com/markets/stock-markets/sensex-tumbles-465-points-nifty-falls-below-14500-in-afternoon-selling/article34479515.ece>

- **Rupee gains 10 paise to end at 73.85, rises for second day in a row :** Rising for the second day in a row, the rupee closed 10 paise higher at 73.85 against the US currency on Tuesday on dollar selling by traders. At the interbank forex market, the rupee opened at 73.83, and hit an intra-day high of 73.76 and a low of 73.97. On Monday, the rupee had settled at 73.95 against the American currency. Meanwhile, the dollar index, which gauges the greenback’s strength against a basket of six currencies, surged 0.42 per cent to 91.33.

[https://www.business-standard.com/article/finance/rupee-gains-10-paise-to-end-at-73-85-rises-for-second-day-121050400850\\_1.html](https://www.business-standard.com/article/finance/rupee-gains-10-paise-to-end-at-73-85-rises-for-second-day-121050400850_1.html)



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- **RBI Governor Shaktikanta Das announces COVID-19 relief measures under Restructuring Resolution Framework 2.0:** The Reserve Bank of India (RBI) announced fresh restructuring resolutions for individuals, small businesses and Micro, Small and Medium Enterprises (MSME) borrowers who have an aggregate exposure of upto Rs 25 crores. The borrowers who have not availed restructuring under any of the earlier restructuring frameworks (including under the Resolution Framework 1.0 dated August 6, 2020), and who were classified as 'Standard' as on March 31, 2021, shall be eligible to be considered under Restructuring Resolution Framework 2.0.

**<https://www.moneycontrol.com/news/business/economy/rbi-announces-restructuring-resolution-framework-2-0-for-small-borrowers-with-exposure-upto-rs-25-crores-6856711.html/amp>**