



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

May 6, 2021

- **IDBI Bank: Divestment, transfer of management control approved:** The Cabinet Committee on Economic Affairs (CCEA) on Wednesday gave its in-principle approval for strategic disinvestment along with the transfer of the management control in the IDBI Bank Ltd. "The extent of respective shareholding to be divested by the Central government and the LIC would be decided at the time of structuring of transaction in consultation with the RBI," an official release said. The Central government and Life Insurance Corporation (LIC) together own more than 94 per cent of equity of the IDBI bank. While the Central government owns 45.48 per cent stake, the shareholding of LIC in the IDBI Bank is 49.24 per cent. LIC is currently the promoter of the IDBI bank with management control, while the Central government is the co-promoter. Capital market observers noted that the timing of the CCEA decision was quite perfect with the IDBI bank now coming into black after a gap of five years. For the financial year ended March 31, 2021, IDBI Bank has reported a full year standalone net profit of ₹1,359 crore against net loss of ₹12,887 crore in the previous year. The bank had also come out of the RBI's Prompt Corrective Action (PCA) framework on March 10. "This could boost the valuation of the lender when the government goes in for the strategic disinvestment," they said. Speaking to Business Line soon after the announcement of the CCEA decision, Rakesh Sharma, Managing Director & CEO, IDBI Bank said, "The bank has seen a turnaround and balance sheet has improved. It is for the owners – the government and the LIC – to decide on the quantum of stake sale, timing and price etc. Now that bank has turned around, it may help them in attracting investors at right valuation."

<https://www.thehindubusinessline.com/money-and-banking/idbi-bank-divestment-transfer-of-management-contol-approved/article34491970.ece>

- **Be alert against fraudsters; desist from sharing sensitive info online: SBI tells customers :** With digital transactions gaining traction amidst rising COVID cases, the country's biggest lender SBI has cautioned its customers to be alert against fraudsters and not to download any app from an unknown source. The lender also asked its customers not to respond to unsolicited offers, however attractive, received through e-mails, SMSes or any other social media account. "We advise our customers to be alert of fraudsters and not to share any sensitive details online or download any app from an unknown source," State Bank of India (SBI) said in a message to customers. It asked customers not to share credentials like date of birth, debit card number, debit card PIN, CVV, and OTP, and beware of fraudsters pretending to be calling from SBI, RBI, police or KYC authority.

<https://economictimes.indiatimes.com/industry/banking/finance/banking/be-alert-against-fraudsters-desist-from-sharing-sensitive-info-online-sbi-tells-customers/articleshow/82392459.cms?from=mdr>

- **RBI unveils additional Covid-related measures to alleviate financing constraints :** Reserve Bank of India (RBI) Governor Shaktikanta Das on Wednesday unveiled additional Covid-19 related measures to alleviate any constraint from the financing side for all stakeholders, including those involved in the



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healthcare supply chain, individuals, small businesses and micro, small, and medium enterprises (MSMEs). As part of the measures, RBI will put in place a Term Liquidity Facility of ₹50,000 crore to ease access to emergency health services; undertake Special Long-Term Repo Operations (SLTRO) for Small Finance Banks (SFBs); and allow lenders to implement a Resolution Framework 2.0 for Covid Related Stressed Assets of individuals, small businesses and MSMEs, among others.

<https://www.thehindubusinessline.com/money-and-banking/rbi-announces-additional-covid-regulatory-measures/article34487072.ece>

- **Indian Bank declares Saravana Stores account as fraud:** State-owned Indian Bank on Wednesday said it has declared the NPA account of Saravana Stores with an outstanding balance of Rs 231 crore as fraud. “We have to inform that non-performing account (NPA) Saravana Stores (Gold Palace) has been declared as fraud and reported to RBI as per regulatory requirement,” Indian Bank said in a regulatory filing. The nature of the fraud is in the form of diversion of funds, said the lender, adding the outstanding balance on Saravana stood at Rs 230.74 crore. The bank has held provision to the tune of Rs 115.32 crore against this as of December 31, 2020, it said. Saravana Stores is a Tamil Nadu-based jewellery showroom group.

<https://www.financialexpress.com/industry/banking-finance/indian-bank-declares-saravana-stores-account-as-fraud/2246697/>

- **India asks state banks to protect dollar assets on Cairn concern :** Indian authorities asked state-run banks to protect their dollar deposits on concern they could be frozen if Cairn Energy Plc moves to seize India’s offshore assets as part of a tax dispute, according to people with knowledge of the matter. Lenders aren’t committing to U.S. dollar purchases in the forwards market since this guidance last week, the people said, asking not to be identified discussing private deliberations. U.K.-based Cairn Energy can push authorities to impound Indian assets if the South Asian nation declines to honor an arbitration ruling in a \$1.2 billion tax dispute, according to a letter the company sent to the Indian High Commission in the U.K. earlier this year.

<https://economictimes.indiatimes.com/industry/banking/finance/banking/india-asks-state-banks-to-protect-dollar-assets-on-cairn-concern/articleshow/82392950.cms?from=mdr>

- **Banks, NBFCs ask RBI to relax bad loan rules:** A second Covid wave many times worse the first has prompted banks, non-banking financial companies (NBFCs) and small-finance banks to ask Reserve Bank of India (RBI) that flexible restructuring up to two years across all categories of borrowers be allowed. Three people aware of the development said financial institutions have asked RBI to classify the second wave as a national natural calamity. They have also asked that easier terms of repayment and moratorium on principal payments should be given to borrowers below the Rs 2 crore category, where, they say, the impact of the pandemic has been felt severely, people cited above said. They spoke on the condition of anonymity.



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<https://economictimes.indiatimes.com/industry/banking/finance/banking/banks-nbfcs-ask-rbi-to-relax-bad-loan-rules/articleshow/82396212.cms>

- **Citibank announces additional Rs 200 cr aid for COVID relief efforts in India, Wells Fargo to donate USD 3 million:** American banking major Citibank on Wednesday committed an additional Rs 200 crore to support COVID-19 relief measures in India. The Rs 200 crore amount will be spent over the next three financial years, and a sum of Rs 75 crore will be allocated towards immediate medical and humanitarian needs, an official statement said. India has been experiencing shortage of oxygen, medical equipment and other health infrastructure amid a sharp rise in COVID cases and a slew of multinational companies have rushed with necessary support.

<https://economictimes.indiatimes.com/industry/banking/finance/banking/citibank-announces-additional-rs-200-cr-aid-for-covid-relief-efforts-in-india-wells-fargo-to-donate-usd-3-million/articleshow/82404587.cms>

- **Fino Payments Bank goes live with enhanced deposit limit of ₹2 lakh :** Fino Payments Bank has increased the end of the day account balance limit to ₹ 2 lakh for its customers. The move is in line with the revised guidelines announced by the Reserve Bank of India. The bank, which became profitable in the fourth quarter of 2020-21, went live with the enhanced limit effective May 1, 2021.. “The increased deposit limit allows our customers to save more money in their account. Further, our existing sweep account mechanism continues with our partner bank wherein customers can save funds in excess of ₹ 2 lakh,” said Ashish Ahuja, COO, Fino Payments Bank.

<https://www.thehindubusinessline.com/companies/announcements/fino-payments-bank-goes-live-with-enhanced-deposit-limit-of-2-lakh/article34491276.ece>

- **RBI to purchase higher amount of G-Secs at 2nd auction under G-SAP :** The Reserve Bank of India (RBI) has decided to increase the amount of government securities (G-Secs) it will purchase at the second auction under the G-Sec Acquisition Programme (G-SAP 1.0) to ₹35,000 crore against ₹25,000 crore it purchased at the first auction. The second purchase of G-Secs for an aggregate amount of ₹35,000 crore under G-SAP 1.0 will be conducted on May 20, 2021, Governor Shaktikanta Das said.

<https://www.thehindubusinessline.com/news/rbi-to-purchase-higher-amount-of-g-secs-at-2nd-auction-under-g-sap/article34488398.ece>

- **KCCI seeks extension of NPA classification period :** The Kanara Chamber of Commerce and Industry (KCCI) has sought several measures, including lenient NPA norms, to save MSMEs (micro, small and medium enterprises) affected by Covid pandemic. Reacting to the measures announced by RBI on Wednesday to alleviate finance constraints of various stakeholders, Isaac Vas, President of KCCI, told BusinessLine that MSMEs are in critical condition because of the decline in business for the past one year due to Covid pandemic.



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<https://www.thehindubusinessline.com/money-and-banking/kcci-seeks-extension-of-npa-classification-period/article34490475.ece#:~:text=He%20said%20NPA%20classification%20period,extended%20till%20March%2031%2C%202022.>

- **Kotak Mahindra Bank selected as digital payments partner by eNAM** : Kotak Mahindra Bank on Wednesday announced that it has been selected as a digital payments partner by the National Agriculture Market (eNAM). “Kotak Mahindra Bank will enable and facilitate online transactions for all stakeholders on the eNam platform, including farmers, traders and farmer producer organisations (FPOs),” it said in a statement. As part of this initiative, the bank will provide payment, clearing and settlement services on the eNAM platform to facilitate trade between a buyer and seller of an agri produce. “Kotak has integrated its payment system and portal directly with the payment interface of the eNAM platform to enable quick and safe transactions for agri participants,” it said.

<https://www.thehindubusinessline.com/companies/announcements/kotak-mahindra-bank-selected-as-digital-payments-partner-by-enam/article34491236.ece>

- **RBI announces rationalisation of compliance to KYC norms** : The Reserve Bank of India on Wednesday announced the rationalisation of compliance to Know Your Customer (KYC) norms. The measures include extending the scope of video KYC for new categories of customers such as proprietorship firms, authorised signatories and beneficial owners of Legal Entities and for periodic updation of KYC as well as the introduction of more customer-friendly options, including the use of digital channels for periodic updation of KYC details of customers. It has also announced the conversion of limited KYC accounts opened based on Aadhaar e-KYC authentication in non-face-to-face mode to fully KYC-compliant accounts as well as enabling the use of KYC Identifier of Centralised KYC Registry (CKYCR) for video-based customer identification process and submission of electronic documents (including identity documents issued through DigiLocker) as identity proof.

<https://www.thehindubusinessline.com/money-and-banking/rbi-announces-rationalisation-of-compliance-to-kyc-norms/article34488059.ece>

- **Fintech start-up QPS launches services in the UK** : Mumbai-based fintech start-up QPS has announced its expansion in the European continent by launching its services in the United Kingdom. The start-up will invest £10 million and create 100 new jobs, including several high skilled positions in the tech and fintech industry. QPS is a leading B2B service provider offering a fully managed card issuance and processing platform, which is integrated with the banks as well as payment servers. Incorporated in February 2019 by Vinay Kalantri, the company is headquartered in Mumbai and a back-office stationed in Chennai.

<https://www.thehindubusinessline.com/money-and-banking/fintech-start-up-qps-launches-services-in-the-uk/article34488925.ece#:~:text=Mumbai%2Dbased%20fintech%20start%2Dup,the%20tech%20and%20fintech%20industry.>



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- **JM Financial consolidated Q4 net rises 35.35 per cent** : JM Financial has posted a 35.35 per cent rise in consolidated net profit of ₹176.71 crore for the fourth quarter ended March 31, 2021, compared with ₹130.56 crore recorded during the same period a year ago. The rise was led by continued momentum in its investment banking, wealth management and securities business (IWS) in the quarter. During the quarter under review, the diversified financial services firm recorded a total income of ₹841.13 crore, marginally up from the ₹840.58 crore recorded during the three-month period of the last financial year, it said in a statement.

<https://www.thehindubusinessline.com/money-and-banking/jm-financial-consolidated-q4-net-rises-3535-per-cent/article34492065.ece>

- **SFB loan to MFIs for on-lending to be classified as priority sector lending** : The Reserve Bank of Indian has decided to allow the classification of priority sector lending for loans given by small finance banks (SFB) to micro-finance institutions (MFI) for on-lending to individuals. The decision has been taken to address the liquidity issues of MFIs amid the severe Covid crisis. During a virtual address on Wednesday, RBI Governor Shaktikanta Das said: "In view of the fresh challenges brought on by the pandemic and to address the emergent liquidity position of smaller MFIs, SFBs are now being permitted to reckon fresh lending to smaller MFIs (with asset size of up to Rs 500 crore) for on-lending to individual borrowers as priority sector lending."

https://www.business-standard.com/article/finance/sfb-loan-to-mfis-for-on-lending-to-be-classified-as-priority-sector-lending-121050500472_1.html#:~:text=%C2%ABBack-,SFB%20loan%20to%20MFIs%20for%20on%20lending%20to,classified%20as%20priority%20sector%20lending&text=Bank%20credit%20will%20be%20permitted,2021%2C%20said%20an%20RBI%20circular.

- **RBI running key ops from a 250-member-strong quarantine centre: Governor** : The Reserve Bank is running some of its key operations from a 250-member-strong quarantine centre -- a souped-down version of the war-room it had set up in mid-March last year, more than a week before the national lockdown, Governor Shaktikanta Das said on Wednesday. Making an unscheduled press announcement earlier in the day amidst the raging second wave of the pandemic, Das said the quarantine facilities of the RBI continue to operate with over 250 RBI personnel and service providers -- away from their homes -- to ensure continuity of various segments of financial markets and RBI operations. He did not offer details such as whether the centre is located outside the RBI premises like the war-room it had set up last year, which was located at an unnamed city hotel.

https://www.business-standard.com/article/finance/rbi-running-key-ops-from-a-250-member-strong-quarantine-centre-governor-121050500485_1.html#:~:text=The%20Reserve%20Bank%20is%20running,Shaktikanta%20Das%20said%20on%20Wednesday.



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- **Sensex up 387 points intraday as RBI's Covid measures boost sentiment** : The BSE Sensex closed at 48,677.55, up 424.04 points or 0.88 per cent. It hit an intra-day high of 48,742.72 and a low of 48,254.32. The Nifty 50 closed near the day's high of 14,637.90 at 14,617.85, up 121.35 points or 0.84 per cent. It hit an intra-day low of 14,506.60. At 1 pm, the BSE Sensex was ruling 386.74 points higher at 48,640.30, almost near at day's peak level of 48,667.14. The Nifty 50 was also nearing the day's high of 14,616.10 at 14,609.20, up 112.70 points or 0.78 per cent. It hit an intraday low of 14,506.60. Sun Pharma, UPL, Kotak Bank, IndusInd Bank and Bharti Airtel were among the top gainers in the Nifty 50 pack, while Adani Ports, Bajaj Finance, Hindustan Unilever, SBI Life and L&T were among the top laggards.

<https://www.thehindubusinessline.com/markets/stock-markets/sensex-up-387-poits-intraday-as-rbis-covid-measures-boost-sentiment/article34488611.ece>