



**THE INSTITUTE OF
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(STATUTORY BODY UNDER AN ACT OF PARLIAMENT)
CMA BHAWAN
12, SUDDER STREET, KOLKATA – 700 016.

Telephones : +91-33- 2252-1031/1034/1035
+ 91-33-2252-1602/1492/1619
+ 91-33- 2252-7143/7373/2204
Fax : +91-33-2252-7993
+91-33-2252-1026
+91-33-2252-1723
Website : www.icmai.in

DAILY UPDATES BY BFSI COMMITTEE, ICAI

May 11, 2021

- **Reserve Bank of India appoints Jose J Kattoor as new Executive Director :** The Reserve Bank of India (RBI) has appointed its Bangalore regional head, Jose Kattoor as executive director (ED) with effect from May 04, 2021. As ED Kattoor will look after human resource management, corporate strategy, budget and rajbhasha departments at the central bank. Kattoor spent three decades in the central bank in various departments, namely communication, human resource management, financial inclusion, supervision, currency management among other. He holds a post graduate qualification from Institute of Rural Management, Anand, Bachelor of Law from Gujarat University, and Advanced Management Program (AMP) from Wharton School of Business, Pennsylvania. - economic times
- **RBI amends KYC norms to further leverage video-based customer identification process :** The Reserve Bank on Monday amended its master direction on know your customer to further leverage the video-based customer identification process (V-CIP) and simplify the process of periodic updation of KYC. V-CIP is an alternate method of customer identification with facial recognition and customer due diligence by an authorised official of the regulated entity by undertaking seamless, secure, live, informed-consent based audio-visual interaction with the customer to obtain identification information. The RBI said regulated entities may undertake V-CIP to carry out Customer Due Diligence (CDD) in case of new customer onboarding for individual customers, proprietor in case of proprietorship firm, authorised signatories and Beneficial Owners (BOs) in case of Legal Entity (LE) customers. Among others, RBI regulated entities (REs), include banks, NBFCs, and payment system operators. - Financial Express
- **RBI's relief measures to only delay stress for financial institutions: Fitch :** Relief measures announced by Reserve Bank of India last week to help lenders and borrowers during the new devastating wave of COVID-19 infections will only delay the stress for financial institutions, Fitch Ratings said on Monday. The Reserve Bank of India (RBI) rolled out last Wednesday a slew of measures including a loan restructuring scheme to help lenders tide over mounting bad loans and give some borrowers more time for debt repayment. Fitch said these measures would provide some relief to financial institutions over the next 12-24 months but at the expense of delaying the recognition and resolution of underlying asset-quality problems. - economic times
- **Bad loan companies seek level playing field :** Asset reconstruction companies (ARCs) have asked the RBI to let them sell assets of defaulting promoters back to them. They have also asked the central bank to allow corporates and high net worth individuals to invest in



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troubled loans through the securities issued by ARCs. The Association of ARCs in India recently responded to the RBI's call for suggestions to overhaul their structure in the country. ARCs were created under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act (SARFAESI), 2002, which allowed lenders to seize assets. The role of ARCs reduced after the Insolvency and Bankruptcy Code (IBC), 2016, which enabled banks to sell the defaulting business to a new promoter. To prevent defaulters from buying back their companies at a discount, Section 29A was incorporated. This blacklisted defaulting promoters. After the IBC Act, the RBI had asked ARCs to stick to the principles of its Section 29 and not sell loans to promoters even outside the bankruptcy process. - economic times

- **Sudatta Mandal takes charge as Sidbi's deputy managing director** : Small Industries Development Bank of India (Sidbi) on Monday said Sudatta Mandal has taken charge as its deputy managing director. The appointment is for a period of three years, a release said. Prior to this, Mandal was the chief general manager of EXIM Bank. He has more than 25 years of experience in international trade and investment finance, project finance, structured lending, small and medium enterprises lending including cluster financing, and trade finance, the release said. - economic times
- **NCLT admits Cox & Kings Financial Services for insolvency resolution** : The dedicated bankruptcy court has admitted the insolvency petition against Cox & Kings Financial Services Limited (CKFSL) and appointed Pardeep Kumar Sethi as interim resolution professional (IRP) for the company. YES Bank had approached the Mumbai bench of the National Company Law Tribunal (NCLT) after the company defaulted on its dues of over Rs 445 crore. This is the second listed firm promoted by Ajay Kerkar to be admitted under the Corporate Insolvency Resolution Process (CIRP) since the flagship firm and travel company Cox & Kings Ltd is also going through an insolvency resolution process. - economic times
- **NITI Aayog calls for strengthening payment infrastructure** : NITI Aayog has called for strengthening the payment infrastructure to promote a level playing field for NBFCs and banks while suggesting diversification of credit sources to enable growth opportunities for MSMEs. "NBFCs can be enabled to participate more freely in the payment ecosystem through specific measures, such as issuance of credit cards and allowing for OTP based mandates, e-KYC and other services to be provided similar to banks," it said in a report titled 'Connected Commerce: Creating a Roadmap for a Digitally Inclusive Bharat' and jointly released with Mastercard. - economic times
- **CSC, HDFC Bank launches chatbot 'Eva'** : To support VLEs in providing banking services in rural areas HDFC Bank and Common Services Centres (CSCs) on Monday launched chatbot 'Eva' on CSCs Digital Seva Portal to support the Village Level Entrepreneurs (VLEs) in providing



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banking services for the last mile rural consumers. Through Eva, VLEs will learn about the products and services offered by the HDFC Bank, which will improve services to the last mile customers and enhance banking services for the last mile, CSC said in a statement. The 24x7 service will allow VLEs to access accurate information about various products, processes and resolve queries about HDFC Bank's services. VLEs would improve their business by learning about account opening, loan lead generation and product details. "Our partnership with HDFC will empower the VLEs through new skills and knowledge of products and services, while expanding the agenda of financial inclusion catering to rural customers. The digital platforms and innovations are allowing VLEs to constantly explore new opportunities for companies, services and citizens," Dinesh Tyagi, Managing Director, CSC, said. - Business Line

- **Chola MS Insurance posts ₹374-crore PBT in FY21** : Cholamandalam MS General Insurance Company Ltd (Chola MS), a joint venture between the Murugappa Group and Mitsui Sumitomo Insurance Group, Japan, has reported a profit before tax of ₹374 crore and a gross written premium (GWP) of ₹4,388 crore in FY21. In the previous fiscal, the company reported a GWP of ₹4,398 crore and a profit after tax of ₹149 crore. The company's performance drew level with the previous year's volumes despite the pandemic induced lockdown and economic slowdown, said a statement. Profit before Taxes (PBT) grew by 47 per cent to ₹374 crore supported by strong investment income of ₹804 crore with the investment corpus crossing ₹11,000 crore. During FY21, Covid-19 related health claims of over ₹140 crore rendered the Combined Ratio (CoR) higher at 107.28 per cent. - Business Line
- **LIC holding in 296 companies at an all-time low: Study** : Life Insurance Corporation of India's (LIC) holding in nearly 300 companies has come to all time low, a study by Primeinfobase.com revealed on Monday. However, value is at all-time high. Concurrently, holding of Mutual Fund (MF) in various companies also declined for fourth successive three-month periods. The study comprises of 296 companies where LIC has holding of at least 1 per cent. In these companies, the study said, LIC's holding slipped to an all-time low of 3.66 per cent as on March 31 from 3.7 per cent as on December 31, 2020. "this was on account of profit booking by India's largest institutional investor," Pranav Haldea, Managing Director of PRIME Database Group said which hosts primeinfobase.com. The insurer held all-time high holding of 5 per cent as on June 30, 2012. - Business Line
- **BharatPe raises ₹50 crore in debt from Northern Arc Capital** : India's leading merchant payment company, BharatPe, has raised ₹50 crore (\$ 7 million) in debt from digital debt finance platform Northern Arc Capital. This is the sixth round of debt financing for BharatPe in 2021. In January this year, BharatPe raised ₹200 crore (~US\$ 26 million) from three top debt companies in the country - Alteria Capital, InnoVen Capital and Trifecta Capital, which was followed by additional fund raising from ICICI Bank and Axis Bank. In a press release, the Chennai-based NBFC Northern Arc said it has directly disbursed over ₹3,500 crore over the



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last financial year to MSMEs, households, financial institutions and mid market corporates. It has also enabled a flow of financing of over ₹1,000 crore from reputed Development Financial Institutions from across the world to underbanked small businesses and households. “Northern Arc has continually worked towards extending credit to like-minded organisations such as BharatPe that enable financial access to small businesses and merchants across the country,” Bama Balakrishnan, COO, Northern Arc said in the statement. - Business Line

- **Mahindra & Mahindra Financial Services extends date of investment in Sri Lankan finance co by 6 months** : Mahindra & Mahindra Financial Services (MMFS) has extended the date of investment of the third and final tranche for acquisition of shares of Sri Lanka-based Ideal Finance from its existing shareholders to September 30, 2021. “Due to the Covid-19 pandemic which has disrupted the business environment in both India and Sri Lanka, the Parties have mutually agreed to extend the date of completion of the aforesaid acquisition of shares with an intention to complete the same, latest by 30th September, 2021 (from March-end 2021), subject to necessary regulatory approvals,” MMFS said in a regulatory filing. Accordingly, the Parties will shortly be executing an addendum to the Agreement in this regard, it added. - Business Line
- **Federal Bank, Mashreq Bank of UAE ink pact, to offer money transfer** : Federal Bank has entered into a tie-up with Mashreq Bank, a leading financial institution in the UAE, to facilitate money transfers to India. The partnership will support Mashreq’s faster payment product, QuickRemit. Mashreq is one of the oldest banks in the UAE, and has a presence in twelve countries across Europe, US, Asia and Africa. Shalini Warriar, Executive Director, Federal Bank said, “With a market share of 17 per cent in personal inward remittances to India, we have been always at the forefront of ensuring our remittance business. Federal Bank adds one more partnership to its fold through this tie-up”. - Business Line
- **Large dollar supply will ensure that rupee appreciates: SBI report** : The large supply of dollars will ensure that rupee will appreciate from the current levels, and this could potentially play to the advantage of the Reserve Bank of India (RBI) in inflation management, according to State Bank of India’s economic research report Ecowrap. “The good thing is that given the prospects of higher domestic inflation, as supply disruptions mount, it is not doing any harm for the RBI to lean with the wind and let rupee appreciate as it is reducing imported inflation when metal prices are rising, and clearing the liquidity overhang to some extent,” said Soumya Kanti Ghosh, Group Chief Economic Adviser, SBI. - Business Line
- **India Inc’s overseas borrowing touches \$9.23 billion, a two year high in March** ; External commercial borrowings (ECBs) of Indian corporates have hit a two-year high of \$9.23 billion in March 2021. Prior to this, the overseas borrowing of India Inc touched a monthly high of \$12.18 billion in March 2019. The spike in overseas borrowing comes after months of



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lacklustre demand for external debt due to surplus liquidity in the domestic market, muted credit demand and absence of major expansion plans by Indian corporates since the onset of the pandemic. After hitting an historic high of \$52 billion in FY20, overseas borrowing of India Inc fell sharply since the beginning of FY21. Overseas debt of Indian companies fell to \$3.51 billion in the first quarter of FY21 after recording a high of \$19 billion in the previous quarter. However, with multiple phases of unlocking and rebound in economic activity, the external fund-raising picked up momentum to reach \$9 billion in the second quarter, \$7 billion in third and \$16 billion in the last quarter of the previous fiscal. - Business Line

- **IDFC First Bank planning to make home loans 40% of total portfolio** : After stabilising the liabilities (deposits) side of business, private lender IDFC First Bank intends to become aggressive in home loans to make it 40 per cent of total loan portfolio in long run. The bank has liabilities with a low cost Current Account and Savings Account (CASA) share of over 51 per cent and is in a position to effectively participate in the prime home loan market. It will also book prime home loans to top corporates now. “We like this business and could turn it into a 40 per cent of the bank book in the longer run”, said its Managing Director and Chief Executive V Vaidyanathan. However, he did not specify the timeframe for reaching the 40% level. The bank has started offering prime home loans to employees of top corporates starting at 6.9 per cent. - Business Standard
- **RBI relief will only delay stress for financial institutions, says Fitch** : Relief measures announced by India's central bank last week to help lenders and borrowers during the new devastating wave of COVID-19 infections will only delay the stress for financial institutions, Fitch Ratings said on Monday. The Reserve Bank of India (RBI) rolled out last Wednesday a slew of measures including a loan restructuring scheme to help lenders tide over mounting bad loans and give some borrowers more time for debt repayment. Fitch said these measures would provide some relief to financial institutions over the next 12-24 months but at the expense of delaying the recognition and resolution of underlying asset-quality problems. The central bank may unveil more measures to support the financial sector, like credit guarantee schemes or a blanket moratorium, if indications of economic stress mount, the ratings agency said. - Business Standard
- **Former Irdai chairman asks insurers to concentrate on prevention of risk** : Insurers need to focus not only on insuring risks, but also on prevention of risks so that the policyholders derive benefits from not just settlement of claims, but also from prevention of loss, said Subhash Chandra Khuntia, who retired as the chairman of Insurance Regulatory and Development Authority of India (Irdai) last week. Khuntia's term as Irdai chairman ended on May 6. He held the office of Irdai chairman for three years, from May 2018 to May 2021. Irdai has started the process of finding a successor to Khuntia, inviting applications for the post of chairperson. A circular issued by Irdai said the applicant, who wishes to apply for the Irdai



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chairman's post, must have knowledge or experience in life insurance, general insurance, actuarial science, finance, economics, law, accountancy, and administration. And, the consolidated pay and allowances of the chairperson will be Rs 4.50 lakh per month, without the facility of a house and car. - Business Standard

- **Plea filed with SC seeking moratorium of 6 months on repayment of bank dues :** A plea has been filed with the Supreme Court seeking a moratorium of six months on the repayment of bank dues owing to the second wave of the Coronavirus (Covid-19). The RBI is yet to take a call on a moratorium, but last week had said banks can restructure loans for up to two years. The plea also sought extension of time period for the restructuring scheme, legal news portal Live Law reported. According to the report, the plea, filed by Advocate Vishal Tiwari has urged the Court to direct all financial institutions not to take action for auctioning of any property of citizens of any party for a period of six months. No account should also be declared as non-performing for six months, the plea has sought. The plea blamed the Centre and the RBI for not doing enough to mitigate the hardships faced by people during the crisis and said no financial package has been announced to give succor to the affected. - Business Standard
- **RBI modifies norms for undertaking govt business by private banks :** The Reserve Bank on Monday came out with modified guidelines that allow sound private sector banks to undertake government business, whether at the Centre or in states. According to the modified norms, scheduled private sector banks, which are not under the Prompt Corrective Action (PCA) framework of the RBI, can undertake government business after executing an agreement with the central bank. "Scheduled private sector banks, not having agency banking agreement with RBI, but intend to handle government agency business, may be appointed as agents of RBI upon execution of an agreement with RBI." This will be subject to the condition that the concerned bank is not under PCA framework or moratorium at the time of making the application or signing of the agreement with RBI," the central bank said in a notification. - Business Standard
- **Bank of Baroda launches microsite to support staff amid second wave of COVID-19 :** State-owned Bank of Baroda on Monday said it has launched a micro-website that will serve as an emergency networking platform for all employees amid the second wave of COVID-19. The microsite will offer vital data, including a network of plasma donors to employees who are in need of. Recovered employees can also enroll themselves voluntarily as donors, the lender said in a statement. It offers a host of other facilities that include providing contact details of various SPOCs (single point of contact) across zones for help, registration facility for employees to sign up for volunteer work in their cities, reaching out under the 'Need Help' section to request assistance for themselves or their families. - Live Mint



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- **Small MFIs expected to get Rs2,000-3,000 crore from SFBs, says report** : The Reserve Bank of India's (RBI) move to classify loans by small finance banks (SFBs) to certain microfinance lenders as priority sector is expected to boost lending by about ₹2,000-3,000 crore, said Acuite Ratings and Research. On 5 May, RBI governor Shaktikanta Das announced that SFBs will be permitted to reckon fresh lending to MFIs with asset size of up to ₹500 crore for on-lending to individual borrowers as priority sector lending. This facility will be available up to 31 March 2022, Das said. - Live Mint
- **Banks line up offers for buyers amid scramble for home loans** : Indian banks are jostling to disburse home loans, having tasted success on this front in a tough economy. The aggregate home loan portfolio of banks grew 9.1% in the year till 26 March to ₹14.59 trillion. While this was lower than the 15.4% growth seen a year ago, it marks an improvement after the plunge in the first few months of the pandemic. Senior bankers attributed the growth in home loans to low interest rates and the shift to remote working. As work-from-home becomes the norm, people can buy houses far from expensive office centres. Banks are increasingly focusing on the segment, sensing the opportunity and realizing the need for more secured loans on their books. - Live Mint
- **Fintechs pick up MDR tab, enjoy merchant's float** : In a push to expand their merchant networks, fintech intermediaries have come up with an innovative settlement scheme by which they waive the merchant discount rate (MDR) on offline card transactions. This allows offline merchants to opt for a delayed settlement of a transaction by not shelling out the MDR rather than settling it on a next-day basis. The payment intermediary has access to the merchant's float until the transaction is settled. To be sure, merchants would opt for a waiver of the MDR, typically 2-3% on the value of the purchase, only if they are severely strapped for cash. Else, it would not make sense for them to give up the float.
- **PNB board approves raising equity capital from share sale, fixes floor price for QIP at Rs 35.51** : Punjab National Bank (PNB) on Monday said its board has approved raising equity capital from qualified institutional investors to enhance its capital base. For the Qualified Institutional Placement (QIP) purposes, the bank has fixed the floor price at Rs 35.51 per equity share. The 'Relevant Date' for the purpose of the QIP is May 10, 2021 and accordingly the floor price in respect of the aforesaid QIP, based on the pricing formula as prescribed under SEBI ICDR Regulations is Rs 35.51 per equity share, PNB said in a regulatory filing. The new move is seen as a plan to widen the bank's capital base. The public sector bank in February had said it was planning to raise Rs 3,200 crore from share sale during that quarter. - moneycontrol.
- **Sensex surges over 360 points; Nifty tops 14,950** : Equity benchmark Sensex rallied over 350 points in early trade on Monday, tracking gains in index majors HDFC twins, ICICI Bank and



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Kotak Bank amid largely positive cues from global markets. At 1.45 pm, the Sensex was trading higher by 362.49 points at 49,568.96 The 30-share BSE index touched a high of 49,591.60 during intraday. Similarly, the broader NSE Nifty surged 130.70 points or 0.88 per cent to 14,953.90. Dr Reddy's was the top gainer in the Sensex pack, rising over 2 per cent, followed by ONGC, HDFC, IndusInd Bank, ICICI Bank, Sun Pharma and Kotak Bank. On the other hand, UltraTech Cement, Bajaj Finance, Nestle India and Infosys were among the laggards.

- **Rupee ends 16 paise higher at 73.35 against dollar** : The rupee rose by 16 paise to close at 73.35 (provisional) against the US dollar on Monday, marking its third straight session of gains on the back of positive domestic equities and weak American currency. At the interbank forex market, the rupee opened at 73.34 and hit an intra-day high of 73.33 and a low of 73.48. The local unit finally settled at 73.35, registering a gain of 16 paise over its previous close. On Friday, the rupee had settled at 73.51 against the American currency.