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DAILY NEWS DIGEST BY BFSI BOARD

February 20, 2023

RECOMMENDATIONS OF 49TH GST COUNCIL MEETING: The 49th GST Council met under the Chairpersonship of Union Minister for Finance & Corporate Affairs in New Delhi on 18th February. The major recommendations/decisions of the meeting are;

- Government of India to clear entire pending balance GST compensation of Rs. 16,982 crore for June'2022 to states. With this release, Centre would clear the entire provisionally admissible compensation due for five years as envisaged in the GST (Compensation to States) Act'2017.
- The GST rates for 'Rad' has been decreased from 18% to 5% if sold prepackaged and labelled and Nil if sold otherwise. The GST rate for pencil sharpner is reduced from 18% to 12%.
- The time limit for making an application for revocation of cancellation of registration be increased from 30 days to 90 days, which may be extended by the Commissioner for a further period not exceeding 180 days.
- Rationalization of Late fee for Annual Return: Presently, late fee of Rs 200 per day (Rs 100 CGST + Rs 100 SGST), subject to a maximum of 0.5% of the turnover in the State or UT (0.25% CGST + 0.25% SGST), is payable in case of delayed filing of annual return in FORM GSTR-9. The Council recommended to rationalise this late fee for delayed filing of annual return in FORM GSTR-9 for FY 2022-23 onwards, for registered persons having aggregate turnover in a financial year upto Rs 20 crore, as follows; Registered persons having an aggregate turnover of up to Rs. 5 crores in the said financial year: Rs 50 per day (Rs 25 CGST + Rs 25 SGST), subject to a maximum of an amount calculated at 0.04 per cent. of his turnover in the State or Union territory (0.02% CGST + 0.02% SGST). Registered persons having an aggregate turnover of more than Rs. 5 crores and up to Rs. 20 crores in the said financial year: Rs 100 per day (Rs 50 CGST + Rs 50 SGST), subject to a maximum of an amount calculated at 0.04 per cent. of his turnover in the State or Union territory (0.02% CGST + 0.02% SGST).

(PiB)

FINMIN TO MEET HEADS OF BANKS ON FEB 22; TO REVIEW PROGRESS OF ECLGS FOR MSMEs: The finance ministry has called a meeting of heads of public sector banks and top four private sector lenders to review the progress of the emergency credit line guarantee scheme (ECLGS) to help businesses affected by COVID-19. The meeting is scheduled to be held on February 22 to review progress on ECLGS and Loan Guarantee Scheme for COVID-Affected Sectors (LGSCAS), sources said. The meeting, to be chaired by Financial Services Secretary Vivek Joshi, would also see participation from top private sector

lenders HDFC Bank, ICICI Bank, Axis Bank and Kotak Mahindra Bank. Extension of ECLGS and LGSCAS beyond March 31 as well as challenges related to these would be deliberated.
(Moneycontrol)

BANK OF MAHARASHTRA TOPS LIST OF PUBLIC SECTOR LENDERS IN LOAN GROWTH, ASSET QUALITY: Bank of Maharashtra has emerged as the top performer among state-owned lenders in terms of loan growth percentage during the third quarter of 2022-23.The lender recorded a 21.67 % increase in gross advances YoY, according to the latest quarterly numbers. BoM was followed by the Union Bank of India with 19.80 % growth. Country's largest lender SBI stood at fourth spot with 16.91 % rise in advances growth. However, SBI's total loans were about 17 times higher at Rs 26,47,205 crore as compared to Rs 1,56,962 crore of BoM in absolute terms. Gross NPAs reported by BoM and SBI were 2.94 % and 3.14 %, respectively, as on December 31, 2022. Net NPAs for these two banks came down to 0.47 % and 0.77 % respectively.
(Moneycontrol)

PFRDA USHERS IN T+2 SETTLEMENT FOR NPS PARTIAL WITHDRAWAL: The waiting time for National Pension System (NPS) subscribers in fulfilling their 'partial withdrawal' requests just got reduced with the pension regulator PFRDA bringing this activity under the T+2 timeline, from the earlier T+4 settlement. Put simply, the pension regulator has reduced the timeline for processing partial withdrawal requests to T+2 across all Central Record Keeping Agencies (CRAs).
(Business Line)

RETAILERS, WHOLESALERS TOP MSME REGISTRATIONS ON UDYAM PORTAL: Retail and wholesale traders reinstated under the MSME category by the government in July 2021 are topping the table of top 10 segments or sub-sectors in the MSME sector based on the number of registrations on the Udyam portal. As of February 2, 2023, out of around 1.38 crore Udyam-registered MSMEs, the top 10 categories or segments contributed for 96.47 lakh registrations, of which 19.7 lakh – maximum registrations – were of retail traders and 12.3 lakh, second highest number of registrations, were of wholesale traders except those dealing with motor vehicles and motorcycles, according to the data shared by the minister of state in the MSME ministry Bhanu Pratap Singh Verma in a written reply to a question in the Rajya Sabha recently.
(Financial Express)

BANKS' NET INTEREST INCOME SOARS BY A RECORD 25.5 PC IN Q3: Net interest income of banks grew by a record 25.5 per cent to Rs 1.78 lakh crore in the December 2022 quarter on-year, driven by a healthy credit off-take and higher yield on advances,

according to an analysis. The quarter saw banks booking higher yields on advances as the system-wide core profitability metric net interest margin (NIM) rose by 17 basis points (bps) to 3.28 per cent. This was possible as banks repriced existing loans higher at a faster rate and also increased the new loan pricing, but kept deposit rates almost unchanged, according to an analysis by Care Ratings.
(Financial Express)

FUTURE ENTERPRISES DEFAULTS ON RS 12.75-CRORE INTEREST PAYMENT ON NCDs: Debt-ridden Future Enterprises Ltd (FEL) has defaulted on the payment of interest of Rs 12.75 crore on two non-convertible debentures (NCDs). The due date for payment was February 16, 2023, FEL said in a regulatory filing. "The company is unable to service its obligations in respect of the interest on Non-Convertible Debentures was due on February 16, 2023," it said. The debentures have a coupon rate of 9.60 per cent for both series.
(Business Standard)

GST COUNCIL ADOPTS GoM REPORT ON SETTING UP TRIBUNALS WITH MODIFICATIONS: Union Finance Minister on Saturday said the GST Council adopted the report of the Group of Ministers on GST Appellate Tribunal with certain modifications, and the final draft amendments will be circulated to state finance ministers for their comments. The GoM on Goods and Services Tax Appellate Tribunals (GSTATs) was set up in July last year under the chairmanship of Haryana deputy chief minister Dushyant Chautala. The panel has suggested that the tribunals should consist of two judicial members, and one technical member each from the Centre and states, besides a retired Supreme Court judge as president. The GoM report on the establishment of the GST Appellate Tribunal has been accepted with slight modifications in the language that will be shared with States on Sunday and following which a final draft of the Tribunal's setting up will be worked out, Sitharaman told reporters after chairing the 49th meeting of the GST Council.
(Business Standard)

INDIA'S ECONOMY TO GROW AT 6 PC IN 2023-24: FORMER NITI AAYOG VICE CHAIRMAN RAJIV KUMAR: India is likely to clock 6 per cent growth rate next fiscal and the country can persevere with a high growth rate because of several reforms undertaken during the last eight years by the Narendra Modi government, former Niti Aayog Vice Chairman Rajiv Kumar said on Sunday.
(Mint)

ADANI CREDIT FACILITIES EXPOSE COLLATERAL WEB FULL OF RED FLAGS: Financing arrangements across the Adani Group conglomerate have sent a fresh chill through

ESG markets as investors wake up to a new risk. Norway's largest pension fund, KLP, recently dumped its entire holding of shares in Adani Green Energy Ltd., the renewables part of the empire, amid concerns that it might inadvertently have helped finance some of the world's most polluting activities via the stake. A Feb. 10 public filing has since made clear that Adani is using stock from its Green companies as collateral in a credit facility that's helping to finance the Carmichael coal mine in Australia, via Adani Enterprises Ltd. KLP has blacklisted coal from its portfolio, so any indirect financing of the Carmichael project would represent a "breach of our commitments," Kiran Aziz, KLP's head of responsible investing, said in an interview. Since short-seller Hindenburg Research published its critical report on Jan. 24, investors have responded to its allegations of fraud and market manipulation by selling Adani shares. But for investors with environmental, social and governance mandates, there's an added layer of pain as they realize their green dollars were indirectly supporting the dirtiest of fossil fuels.
(Mint)

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FINANCIAL TERMINOLOGY/CONCEPTS

FATCA & CRS

- The Foreign Account Tax Compliance Act (FATCA) is tax information reporting regime, which requires Financial Institutions (FIs) to identify their U.S. accounts through enhanced due diligence reviews and report them periodically to the U.S. Internal Revenue Service (IRS) or in case of Inter-Governmental agreement (IGA), to appropriate government authority.

- Common Reporting standard (CRS) is a global level uniform standard for automatic exchange of financial account information. CRS, an initiative of G-20 countries and Organization for Economic Co-operation and Development (OECD) and is similar to FATCA. Under this standard, jurisdictions would obtain financial information from their financial institutions and exchange that information with other jurisdictions on an automatic annual basis.

- An IGA is a bilateral agreement between a country's government and the U.S. government that facilitates compliance with FATCA. The model agreements enable FIs in the designated jurisdictions to comply with FATCA, especially where privacy laws exist.

- The purpose of FATCA is to prevent U.S. persons from using banks and other financial institutions outside the USA to park their wealth outside U.S. and consequently avoid U.S. taxation on income generated from such wealth. FATCA-CRS oblige financial institutions to report information about U.S. persons having accounts with them. Similar to FATCA, the purpose of CRS is to aid automatic exchange of information between bilateral treaty partner countries about accountholders/investors maintaining accounts in foreign jurisdictions so as to avoid tax evasions on the funds parked in such countries.

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RBI KEY RATES

Repo Rate: 6.50%
SDF: 6.25%
MSF & Bank Rate: 6.75%
CRR: 4.50%
SLR: 18.00%
Fixed Reverse Repo: 3.35%

FOREX (FBIL 1.30 PM)

INR / 1 USD : 82.8085
INR / 1 GBP : 98.8540
INR / 1 EUR : 88.0580
INR /100 JPY : 61.4500

EQUITY MARKET

Sensex: 61002.57 (-316.94)
NIFTY: 17944.20 (-91.60)
Bnk NIFTY: 41131.75 (-499.60)

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- **Guidance Note on the Internal Audit of General Insurance Companies.**
- **BFSI Chronicle (quarterly issue of BFSIB)**

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Chairman,

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