
BANKING AND FINANCIAL AWARENESS

DECEMBER 2019: WEEK IV

CABINET APPROVED ORDINANCE TO FURTHER AMEND IBC

- The ordinance has been approved to help remove certain ambiguities in **the Insolvency and Bankruptcy Code, 2016**.
- The amendment passed would **ring-fence successful bidders from criminal proceedings** against offences committed by previous promoters.
- The bill with a proposed amendment in IBC was introduced in the Lok Sabha earlier on 12th December but it was not passed by the Parliament as the winter session ended on 13th December.

CENSUS OF INDIA 2021

- The approval has been made for conducting the census 2021 at a cost of **Rs. 8,754.23 crore** and NPR at a cost of **Rs. 3,941.35 crore**.
- The Census of India will cover the **entire population in the country** while NPR will also cover all the population **except in the state of Assam**.
- The Indian Census is the **largest administrative and statistical exercise in the world**.

RBI INTRODUCED NEW PAYMENT INSTRUMENT

- **An annual limit of Rs 1.2 lakh** has also been fixed by the RBI, that can be recharged on these accounts.
- **The banks and existing non-bank PPI players** can issue the new payment instrument and would verify the credentials of customers.
- The verification process involves the **use of an OTP sent to the user's verified mobile number** and a digital **identification document** recognized by the **Department of Revenue**.

CBIC ISSUES SOP FOR GST NON-FILERS

- Central Board of Indirect Taxes and Customs (**CBIC**), **Ministry of Finance** has issued Standard Operation Procedure (SOP) to deal with **non-filers of GST returns**.
- 5 days later a notice will be issued in **Form GSTR 3A** asking the **GST payer to file the return or make payment within 15 days**.
- After 15 days, if the return is not filed, the proper officer may proceed to **assess the tax liability of the person to the best of his judgment** and would issue an order under **Rule 100 of the CGST Rules in Form GST ASMT-13**.

SEBI PENALISED RATING AGENCIES OVER LACK OF PROPER DUE DILIGENCE IN IL&FS

- The Securities and Exchange Board of India (SEBI) has penalised rating agencies for lack of proper due diligence while rating non-convertible debentures of Infrastructure Leasing and Financial Services Ltd (IL&FS).
- SEBI levied a penalty of Rs 25 lakh each on three rating agencies ICRA Ltd, India Ratings & Research and Credit Analysis and Research Limited (CARE) Ratings Ltd.
- The rating agencies were also found guilty for not noticing disparities in public disclosures made by IL&FS.

RBI DIRECTION FOR LARGE CO-OP BANKS

- The Reserve Bank of India (RBI) has directed **(Urban) Co-operative Banks (UCBs)** to report all **exposures of Rs 5 crore and more to the CRISIL**.
- The Co-operative Banks (UCBs) having **total assets of Rs 500 crore and above as on 31st March of the previous financial year** shall report credit information, including classification of an account as **Special Mention Account (SMA)**, on all borrowers having aggregate exposures of Rs 5 crore.
- The RBI had announced to bring UCBs with assets of Rs 500 crore and above under the CRILC reporting framework in its **fifth Bi-monthly Monetary Policy Statement, 2019-20** announced on December 05, 2019.

20TH FINANCIAL STABILITY REPORT: RBI

- **Persistence of the risks** arising out of global or domestic economic uncertainties and geopolitical developments like a delay in the Brexit deal, trade tensions, whiff of an impending recession, oil-market disruptions and geopolitical risks.
- Scheduled commercial banks' (SCBs) gross non-performing assets (GNPA) ratio remained unchanged at **9.3%** between March and September 2019 and predicted that **SCBs' GNPA ratio may increase from 9.3 % in September 2019 to 9.9 % by September 2020**.
- The size of the **inter-bank market continued to shrink** with inter-bank assets amounting to less than **4 % of the total banking sector assets** as at end-September 2019.

FINMIN ANNOUNCED NO MDR ON TRANSACTIONS THROUGH RUPAY AND UPI

- The step is taken to **promote digital payments** along with **indigenously developed digital payment medium** like RuPay and BHIM UPI over the payment gateway promoted by foreign companies.
- The **MDR** is the cost paid by a merchant to a bank for accepting payment from their customers via digital means.
- Now, **all companies with a turnover of Rs 50 crore or more** will be **mandated** to provide the facility of payment through RuPay Debit card and UPI QR code to their customers.

FINMIN LAUNCHED EBKRAY, A COMMON E-AUCTION PLATFORM

- The Union Finance Minister, Nirmala Sitharaman has launched **eBkray, a common e-auction platform** on 28th Dec 19, for online auction of assets attached by banks.

- The step has been taken for **transparent and clean online auction by banks** of an attached asset, for the improved realisation of value.
- **Public Sector Banks (PSBs)** have attached assets worth over **Rs. 2.3 lakh crore over the last three financial years.**

RBI BUYS RS 10,000 CRORE WORTH LONG-TERM GOVT SECURITIES IN 2ND SPECIAL OMO

- Last week, the RBI had announced to **purchase and sell simultaneously government securities under Open Market Operations (OMO) for Rs 10,000 crore each.**
- The RBI received Rs 25,698 crore worth of bids in the OMO purchase of 6.45 percent GS 2029, the 10- year benchmark security but accepted Rs 10,000 crore of bids.
- It accepted **only Rs 8,501 crore worth of bids for the three securities as against Rs 38,551 crore bids it received in for four securities** in the OMO sale auction.

CBIC PAID RS 1.12 LAKH CRORE AS IGST REFUND TO EXPORTERS

- The release also said that refunds of **only Rs 3,604 crore are pending with Customs** and about **3.4% of total exporters including "Star exporters"** have been identified as **Risky i.e. Red flagged.**
- **Risky exporters** are those who suspected to claim excessive **input tax credit (ITC)** based on fake invoices.
- **Star exporters** are certified by the government on the basis of export performance and extended certain benefits including customs clearance on self-certification basis and exemption from furnishing bank guarantee under certain schemes.

