



# BANKING AND FINANCIAL AWARENESS DIGEST

June 2022



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## RBI CIRCULARS: JUNE 2022

### Provisioning for Standard assets by Non-Banking Financial Company – Upper Layer

- It has been decided that NBFCs classified as NBFC-UL shall maintain provisions in respect of 'standard' assets at the following rates for the funded amount outstanding:

Category of Assets	Rate of Provision
Individual housing loans and loans to Small and Micro Enterprises (SMEs)	0.25 per cent
Housing loans extended at teaser rates	2.00 per cent, which will decrease to 0.40 per cent after 1 year from the date on which the rates are reset at higher rates (if the accounts remain 'standard')
Advances to Commercial Real Estate – Residential Housing (CRE - RH) Sector	0.75 per cent
Advances to Commercial Real Estate (CRE) Sector (other than CRE-RH)	1.00 per cent
Restructured advances	As stipulated in the applicable prudential norms for restructuring of advances
All other loans and	0.40 per cent

advances not included above, including loans to Medium Enterprises	
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### Branches of Indian Banks operating in GIFT-IFSC – acting as Professional Clearing Member (PCM) of India International Bullion Exchange IFSC Limited (IIBX)

- The branch of the bank in GIFT-IFSC may, as a PCM of IIBX, clear and settle trades executed by its clients as trading members of the exchanges
- Banking regulator RBI has allowed Indian banks and subsidiaries of foreign banks operating in GIFT-IFSC to act as Professional Clearing Member of the India International Bullion Exchange (IIBX).
- The parent bank of the subsidiary has to seek a 'No Objection Certificate' from the RBI before its branch in GIFT-IFSC seeking professional clearing membership of IIBX, subject to fulfilment of the prudential requirements.

### Individual Housing loans – Enhancement in limits

- It has been decided to revise the limits on individual housing loans sanctioned by urban co-operative banks to an individual borrower as under:

Category of the bank	Existing Limit* (per individual borrower)	Revised Limit* (per individual borrower)
(a) Tier-I UCBs	Rs.30 lakh	Rs.60 lakh
(b) Tier-II UCBs	Rs.70 lakh	Rs.140 lakh
*subject to prescribed prudential exposure limits		

#### (a) Tier I banks:

- i. Banks having deposits below Rs.100 crore operating in a single district,
- ii. Banks with deposits below Rs.100 crore operating in more than one district will be treated as Tier I provided the branches are in contiguous districts and deposits and advances of branches in one district separately constitute at least 95% of the

total deposits and advances respectively of the bank, and

- iii. Banks with deposits below Rs.100 crore, whose branches were originally in a single district but subsequently, became multi-district due to reorganisation of the district may also be treated as Tier I.

**(b) Tier II banks: All other banks**

- i. The deposit and advances as referred to in the definition may be reckoned as on 31st March of the immediate preceding financial year.

**Enhancement in Individual Housing Loan limits and credit to Commercial Real Estate - Residential Housing (CRE-RH)**

- It has been decided to revise the limits on residential housing loans sanctioned by rural co-operative banks to an individual borrower as under:

Category of the bank	Existing Limit (per individual borrower)	Revised Limit (per individual borrower)
(a) StCBs/DCCBs having assessed net worth less than Rs.100 crore	Rs.20 lakh	Rs.50 lakh
(b) StCBs/DCCBs having assessed net worth equal to or more than Rs.100 crore	Rs.30 lakh	Rs.75 lakh

- Further, it has been decided to allow StCBs and DCCBs to extend finance to Commercial Real Estate-Residential Housing (CRE-RH) within the existing aggregate housing finance limit of 5% of their total assets
- Such projects should ordinarily not include non-residential commercial real estate. However, integrated housing projects comprising some commercial space (e.g. shopping complex, school, etc.) can also be classified under CRE-RH, provided that the commercial area in the residential housing project does not exceed 10% of the total Floor Space Index (FSI) of the project. Standard

asset provision of 0.75% and risk weight of 75% shall be maintained for CRE-RH advances.

**Processing of e-mandates for recurring transactions**

- The e-mandate framework prescribed an Additional Factor of Authentication (AFA), inter alia, while processing the first transaction in case of e-mandates / standing instructions on cards, prepaid payment instruments and Unified Payments Interface. For subsequent transactions with transaction values up to Rs.5,000/- (AFA limit), prescription of AFA was waived.
- On a review of implementation of the e-mandate framework and the protection available to customers, it has been decided to increase the aforesaid AFA limit from Rs.5,000/- to Rs.15,000/- per transaction.

**Restriction on Storage of Actual Card Data [i.e. Card-on-File (CoF)]**

- It has been decided to extend the timeline for storing of CoF data by three months, i.e., till September 30, 2022, after which such data shall be purged.

**BANKING AND FINANCIAL AWARENESS DIGEST: JUNE 2022**

**SEBI issues norms for Dispute Resolution**

- Markets regulator SEBI has issued new Standard Operating Procedures (SOP) for dispute resolution under the stock exchange arbitration mechanism.
- This mechanism will help to resolve the disputes between a **listed firm or Registrars to an Issue and Share Transfer Agents (RTAs) and its shareholders**. The new **framework will come into force with effect from June 1**.
- The process of appointment of an arbitrator is **required to be completed by the stock exchange within 30 days from the date of receipt of the complete application from the applicant**. An arbitral award will be issued **within four months from the date of appointment of the arbitrator**.



### India's GDP growth Expands 8.7% in FY22

- During the period of January-March period of 2021-22, India's economy grew 4.1% even though the rate of growth slowed with the Omicron wave-induced restrictions,
- National Statistics Office **clipped down the overall growth estimate for FY22 to 8.7% from 8.8% in February**. Private final consumption expenditure decreased to 1.8%, and government spending increases to 4.8%. Gross value added (GVA) at basic prices grew at 3.9% in the fourth quarter and 8.1% in FY22.
- Nominal GDP is estimated **to grow 19.5% in FY22 which amounts to Rs 236.4 trillion**.

### Credit offtake remains Robust in April across all Sectors

- As per the RBI data report, credit to the industry enhanced to 8.1% in April 2022 which is, higher than 7.1% in March 2022. Credit to medium-sized industries registered a growth of 53.5%, micro and small industries rose to 29.0% and the large industries segment also showed growth of 1.6%.
- There has been major growth in the services sector mainly due to finance companies, trade, tourism, hotels & restaurants, and transport operators.
- Credit growth in agriculture and allied activities **has also shown an increase of 10.6 percent in April 2022**.

### GST collections Slip below the Rs 1.5-trn mark in May

- Collection of goods and services tax (GST) is recorded as Rs 1.41 trillion in May which is 16% lower than the record collection of Rs 1.68 trillion in April.
- The collection in May is, however, 44% higher than Rs 97,821 crore a year ago, and also is still the fourth-highest since the beginning of GST in July 2017. Maharashtra contributed the most to GST collections.
- The total revenue after settlements is Rs 52,960 crore for CGST and Rs 55,124 crore for the SGST. In addition, the Centre has also released GST compensation of Rs 86,912 crores to states which were pending.

### SEBI Issues New Norms for tightening IPO Rules and Ensuring Genuine Bids

- SEBI has issued new rules for the initial public offering in a bid to ensure that only genuine entities participate.
- Some large institutional investors and high net worth individuals were putting in bids only to increase the subscription numbers and not to get allotments.
- Now the IPO applications should only be processed if there are supporting funds in an investor's bank account. This rule will apply to all categories of investors including retail, qualified institutional buyers (QIBs), non-institutional investors, and other reserved categories that will come into effect on or after 1st September.

### Govt of India hikes Premium Rates for Insurance Premiums

- The government has hiked the insurance premium rates for Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) and Pradhan Mantri Suraksha Bima Yojana (PMSBY) which will get effective from June 1, 2022.
- The premium rates for both schemes have been increased i.e for PMJJBY being increased from Rs. 330 to Rs. 436 and PMSBY being increased from Rs. 12 to Rs. 20.
- The hike in premium would make the schemes sustainable and encourage other private insurers to come on board for implementing PMJJBY and PMSBY.

### SEBI Smoothens approval Process for Change in Control of Portfolio Manager

- SEBI streamlined the process of providing its approval to the proposed change in control of a portfolio manager.
- **Portfolio managers who are involved in the scheme of arrangement must need the sanction of the National Company Law Tribunal**. The prior approval granted by the regulator will be valid for six months.
- The option to exit without any exit load, **within at least 30 calendar days from the date of such communication**.

### SBI Revises FY23 economic growth forecast to 7.5%

- According to SBI research, it has projected the Indian economy to grow by 7.5 percent in 2022-23.
- The report has shown positive results on corporate revenue and profit, the growing bank credit, etc.
- Listed companies reported 29% top line growth and a 52 percent jump in net profit. Construction including cement, steel, etc reported 45% growth in revenue and 53% in net income. The **inflation target was kept at 6.5-6.7% for FY23.**

### Purchasing Managing Index surges to 11-year high in May

- S&P Global India Services Purchasing Managers' Index rose to 58.9 in May from 57.9 in April
- The main reason behind it was Strong Services and manufacturing activity boosted the composite index to such a high level. Apart from that country's economy expanded 4.1% year-on-year in the January-March quarter.
- Besides we all knew that India's **economy is grappling with eight-year high inflation in April RBI must come up with strong policy rates to tackle it.**

### Centre approves 8.1% EPF Interest Rate for 2021-22, lowest in 4 Decades

- The government has approved an 8.1% rate of interest on employees' provident fund (EPF) deposits for 2021-22.
- Employees Provident Fund Organisation had decided to lower the interest on **provident fund deposits for 2021-22 to 8.1%**. The interest rate on provident fund deposits **has also gone down to a seven-year low in March 2020. i.e 8.5%.**

### Female Workforce in India declined to 9% since the Covid pandemic

- Due to the COVID-19 outbreak, female employment in India fell steeply to 9% in 2022.
- As per **World Bank data between 2010 and 2020, the number of working women in India dropped from 26% to 19%. The employment gap between men and women is about 58% point.**

- Considering the GDP percentage of women **they contribute only around 17% of GDP compared to 40% in China.**

### India's Retail Inflation may be at 5.7-6.9% in FY23, say Economists

- RBL Bank chief economist Rajni Thakur said that the inflation rate will be maintained at 5.75% for FY23.
- Many factors like Retail inflation touched a nearly **eight-year high of 7.7% in April on other hand WPI inflation increased by 15.1%**. MPC will raise the **policy rate by at least 75 bps in the rest of FY23 and 50 bps in June and another 25 bps in October.**
- Along with it, the cash reserve ratio could **also be hiked by 50 bps to 5 percent by the FY23 end.**

### Forex reserves up by \$3.8 bn to \$601.3 bn as Foreign Currency Assets Rise

- The country's foreign exchange reserves increased by USD 3.854 billion to USD 601.363 billion.
- **The main factor behind the rise in forex reserves was due to an increase in the Foreign Currency Assets (FCA) and gold reserves.**
- The Special Drawing Rights (SDRs) with the International Monetary Fund (IMF) rose by **USD 132 million** Gold reserves increased by **USD 94 million to USD 40.917 billion.**

### World Bank cuts India's Economic Growth Forecast to 7.5% for FY23

- World Bank cut India's economic growth forecast for the current fiscal to 7.5% by seeing rising inflation, supply chain disruptions, and geopolitical tensions.
- According to a World Bank report, the main reason behind it was **rising inflation, supply chain disruptions, geopolitical tensions, etc.**
- Besides it has also been estimated that Growth is **expected to slow further to 7.1% in 2023-24 back towards its longer-run potential.**

### Non-Bank lenders Witness Strong Collections at the beginning of FY23

- The collection efficiency of non-banking financial companies (NBFCs) and housing finance

companies (HFCs) has been healthy in the range of 97% to 101% at the beginning of FY23.

- The collections had seen a modest decline of **about 3% following the third wave of infections in January 2022 but the recovery has happened again.**
- The **collection efficiency is to remain largely stable this fiscal**, as long as there is no fresh COVID wave that results in lockdowns by the governments.

### India's Economy to Grow at 6.9% in FY23

- The Organization for Economic Cooperation and Development (OECD) forecasted India's FY23 economic growth at 6.9%.
- Earlier the Gross domestic product growth was 8.7% in FY22, **and now it has reduced to 6.9% in FY23 and 6.2% in FY24.**
- The headline inflation will remain above the **central bank's upper tolerance limit of 6% throughout 2022 and 2023.** Besides the World Bank had cut its **FY23 real GDP growth forecast for India to 7.5% from 8%.**

### Most e-lending apps not registered with RBI

- RBI has cleared that Customers borrowing from unregistered digital lending apps should approach the local police in case of any issue, as the central bank will only act against entities registered with it.
- If any complaints come from the unregistered e-lending app the **central bank directs customers of such to approach the local police.** Apart from that to provide the proper clarity **RBI has listed the apps that are registered with it.**
- Besides RBI had set up a **Working Group on Digital Lending in February 2021** and the group released a comprehensive report suggesting regulating the space in November 2021.

### India's FDI Rank Rises to 7th Position

- As per United Nations Conference on Trade and Development, India jumped one position to 7th among the top recipients of foreign direct investment compared to 2021.
- As per UNCTAD, even **FDI inflows into India declined to \$45 billion in 2021 from \$64 billion in**

**the preceding year.** But still, it retains at 7th position. While the **United States with \$367 billion** remained the top recipient of FDI. Among the top 10 host economies, only India saw a decline in its inflows. However, outward FDI from **India rose 43% which amounts to \$15.5 billion in 2021.**

- It has also been forecasted that the growth momentum cannot be sustained, **still, global FDI flows in 2022 will likely move on a downward trajectory,** and remains flat.

### Payments Infrastructure Development Fund corpus touches Rs 811 crore

- According to RBI's recent data Payments Infrastructure Development Fund (PIDF) has reached a corpus of Rs 811.4 crore.
- PIDF was set up by the Reserve Bank of India **to subsidize the deployment of Points of Sale infrastructure in tier-3 to tier-6 centers and northeastern states of the country in June 2020.**
- RBI had also made an **initial contribution of Rs 250 crores** to the PIDF and the remaining will take by the card-issuing company.
- **The fund will be governed through an advisory council** but will be managed and administered by the RBI.

### Finance Ministry launches EASE 5.0 'Common Reforms Agenda' for PSBs

- Finance Minister Nirmala Sitharaman has unveiled that the EASE 5.0 'EASENext' is well-positioned to channel reforms with a specific focus on customer-centric initiatives. The common reforms agenda of the **EASENext program has been developed for Public Sector Banks** and was launched through video-conferencing.
- It has evolved over **four annual editions from FY19 to FY22 and has catalyzed reforms in diverse areas in Public Sector Banks.**
- EASENext would comprise 2 major initiatives: **EASE 5.0 common PSB reforms agenda and Bank specific strategic 3-year roadmap based on individual bank's business priorities.**

### Fitch cuts India's GDP growth forecast to 7.8%

- Global rating agency Fitch has cut India's growth forecast for FY 2023 by 70 basis points to 7.8 percent.
- But India's growth outlook changed to **'stable' from 'negative'** on the back of reduced risks to India's economic growth. Due to its **rapid economic recovery and easing of India's financial sector weaknesses**, India withstands global uncertainties, especially the Russia-Ukraine war.
- Fitch forecasts India's **debt-to-GDP ratio to drop to 83% in FY 2023** from a peak of 87.6% in FY 2021. **Fitch forecasted growth of around 7% between FY24 and FY27** by considering the government's infrastructure push, reform agenda, and easing pressures in the financial sector.

### Industrial activity Jumps to 7.1% in April

- According to the index of industrial production Industrial activity in April jumped 7.1% year on year compared to 1.9% in March.
- As per the data released by the Ministry of Statistics and Programme Implementation, the larger growth was seen in the **mining sector which was 7.8% in April 2022** followed by the **manufacturing sector at 6.3% and the Power sector at 11.8%**. Reserve Bank retained its GDP growth **forecast at 7.2 for the current fiscal**.

### OmniCard becomes 1st RBI licensed PPI to launch Cash Withdrawal

- OmniCard announced that it became the 1st RBI-licensed PPI to launch cash withdrawal using a RuPay-powered card from any ATMs across the country.
- **OmniCard users can withdraw cash from any ATM at their convenience** with full security from frauds like card theft, card cloning, PIN skimming, etc. It also provides an alternative platform for users to keep their **bank accounts safe from cyber frauds using a digital wallet linked with Rupay Card and UPI**.
- These payment instruments are **licensed and regulated by the Reserve Bank of India**. There are three types of PPIs **closed system PPIs, semi-closed system PPIs, and open system PPIs**.

IBBI amends rules, creditors may get Power to Remove Liquidator under IBC

- The Insolvency and Bankruptcy Board of India (IBBI) has proposed a slew of changes to the liquidation regulations to firm out the discrepancies and make the liquidator more accountable under the Insolvency and Bankruptcy Code (IBC).
- Under the proposed changes, a committee of creditors (CoC) may act as a stakeholders' consultation committee (SCC), **which is typically set up within 60 days from the date of commencement of the liquidation, to monitor the process from the beginning**.
- **The SCC works as a monitoring mechanism for liquidation**, similar to the CoC in corporate insolvency.
- Apart from that to empower the stakeholders during the liquidation process, the stakeholders' consultation committee may, **by a majority vote of not less than 66%**, can propose the replacement of the liquidator. IBBI proposes **the completion of the liquidation process in 30 days** from the current 90 days in select cases.

### RBI Increases the limit of e-mandates for Transactions up to Rs 15,000

- Reserve Bank raised the Additional Factor of Authentication limit from Rs 5,000 to Rs 15,000 per transaction.
- This limit applies to all e-mandates on cards, Prepaid Payment Instruments (PPIs), and UPI for recurring transactions. The main objective of the E-mandate is that an **individual can give standing instruction to the bank to debit a specific amount automatically on a recurring basis**.
- RBI also stated that **additional authentication will not be needed for payment of Rs 15,000 per transaction**.

### 4th Annual Periodic Labour Force Survey

- National Statistical Office (NSO) launched the Periodic Labour Force Survey (PLFS). The fourth Annual Report is being brought out by NSO based on the Periodic Labour Force Survey conducted during July 2020-June to 2021.
- **The unemployment rate has decreased by 0.6% and fell to 4.2% compared to 4.8% earlier**. Labour force participation rate in the population **was**



**41.6% during 2020-21 compared to 40.1% earlier year.**

- The main objective is to estimate the key employment and unemployment indicators like **Worker Population Ratio, and Labour Force Participation Rate, in the short time interval of three months.**
- Labour Force Participation Rate is defined as the **percentage of persons in the labor force who are working or seeking or available for work.** The unemployment rate is defined as the **percentage of persons unemployed among the persons in the labor force.**

### Direct tax collection sees a 45% Surge

- Net direct tax collections for the current fiscal year surged 45% to Rs 3.39 trillion between April 1 and June 16, compared to Rs 2.33 trillion earlier a year ago. Besides advance tax collections for the first quarter of this **fiscal has increased by 33% and stood at over Rs 1.01 trillion.**

### Credit growth hits Three-Year high of 13.1%: RBI Data

- According to the latest data released by the Reserve Bank of India, bank credit grew 13.1% compared to 5.7% earlier. Banks extended incremental credit of **Rs 1.02 trillion, taking the outstanding loans to Rs 121.40 trillion.**
- Earlier credit growth was even higher in April 2019, **when it goes up to 14.19%.**
- Bank credit in the system is expanding in double digits amid interest rates going up as the **RBI has hiked the policy repo rate by 90 bps.** Bulk deposit rates have witnessed the **sharpest spike of 100-170 bps** in a one-year time.

### Overseas Remittances almost a double year on year to \$2 billion in April

- According to recent data outward remittances by resident Indians crossed the \$2 billion mark to \$2.02 billion in April 2022.
- RBI stated that the spending on **international travel tripled in April 2022 as Covid-related curbs eased in various countries in FY22.**
- The spending on travel was **\$6.91 billion in FY22 more than twice that spent in FY21.** The remittances **increased by 54.6% to \$19.61 billion in FY22 from \$12.68 billion a year ago.**

### Govt extends telecom PLI Scheme by a year, ups Incentive by Rs 4,000 cr

- The government has extended the productivity-linked incentive scheme for the telecom industry by another year and has expanded its scope to cover design-led manufacturing.
- The Centre will provide additional incentives of **over Rs 4,000 crore under the amended productivity-linked scheme.** The main objective is to recognize and **encourage R&D-driven manufacturing in the country to enhance its contribution to the global value chain.**

### Ban On loading through Credit Lines

- RBI's notification disallows non-bank prepaid payment instruments (PPIs) from loading their instruments through credit lines. Any penalty will attract for non-compliance under provisions contained in the **Payment and Settlement Systems Act, 2007.**
- **There are over 35 non-bank PPI issuers in the country, including Amazon Pay, Bajaj Finance, and Phone Pe, among others.** As per a recent report by Macquarie Research, some of the **new generation players were adding closer to 200,000-300,000 cards using the PPI license.**

### Govt dept to collaborate with SBI to create Integrated Pension Portal

- Centre's Department of Pension & Pensioners' Welfare (DoPPW) has collaborated with the State Bank of India (SBI) to create an integrated pension portal to enhance the ease of living of pensioners.
- Special Sessions were **organized on income tax matters related to pensioners as well as digital means of submitting annual life certificates.**
- Sessions on pension policy reforms and digitization regarding the **disbursement of pensions to central government pensioners were also organized.** Besides four awareness programs will be conducted in **collaboration with the State Bank of India to cover the whole country.**

### RBI postpones implementation of certain norms related to Cards by 3 Months

- Reserve Bank gave three more months to banks and NBFCs issuing credit and debit cards to comply

with certain norms including activation of cards without the consent of customers.

- Banks and non-banking financial companies (NBFCs) were to implement the Master Direction on '**Credit Card and Debit Card – Issuance and Conduct Directions, 2022**' from July 1st.
- The timeline for implementation of certain provisions of the **Master Direction is extended to October 01, 2022**. No consent is received for activating the card, and **card issuers should close the credit card account**.

### AMCs barred from offering Insurance products bundled with MFs

- The Securities and Exchange Board of India has barred asset management companies (AMCs) in India from offering insurance products along with their mutual fund schemes.
- Under SIP insurance plans, **mutual funds offer a free life cover on starting SIP investments**.
- Due to this SEBI has informed that no existing schemes or ones which are proposed to be launched have bundled products.
- The life cover, in most SIP insurance products, **was in the range of up to 100-120 times the SIP amount, subject to a Rs 50 lakh limit**. Most fund houses offered SIP insurance to **people in the 18-51 age bracket investing in eligible schemes**. They have also added insurance benefits at no additional cost to tap into its popularity.

### India Reports CAD of 1.2% of GDP in FY22 on widening Trade Deficit

- India witnessed a current account deficit of 1.2% of GDP in 2021-22 compared to a surplus of 0.9% in FY2020-21 due to a wider trade deficit.
- In addition to that Balance of Payments, data suggested that goods imports stood at **\$618.6 billion in FY22 as compared to \$398.5 billion the year ago**.
- BoP of a country can be defined as a systematic statement of all economic transactions of a country **with the rest of the world during a specific period, usually one year**.
- A current account deficit occurs when the total value of goods and services a country imports **exceeds the total value of goods and services it exports**.

### World Bank approves Rs 4,400-cr funding for three projects in India

- World Bank has approved three loans totaling \$562 million to fund many projects.
- World Bank has approved **additional financing of \$250 million for Outcomes for Accelerated Learning (GOAL)**, a program that aims to improve education results for children across the state of Gujarat.
- While Additional financing will scale up the coverage of the original program from a total of 9,000 to 12,000 schools, while also supporting new efforts to test the efficacy of the program's interventions.
- As per World Bank, a **\$150 million loan was provided to support the recovery of India's fisheries sector** as it employs about 12 million people directly and another 13 million through associated activities. In 2020-21, the **fisheries sector saw losses of about USD 5.5 billion** and fish production fell almost 40% in one year due to the Covid-19 pandemic.

### RBI Proposes norms for the outsourcing of IT services by banks, NBFCs

- Reserve Bank proposed norms for the outsourcing of IT services to protect banks and other regulated entities from financial, operational, and reputational risks.
- Regulated Entities will **not require prior approval** from the central bank for the outsourcing of IT and IT-enabled services. Banks, payment banks, cooperative banks, credit information companies, NBFCs, and other regulated entities, would be required to **have a comprehensive board-approved IT outsourcing policy**.
- The risk management framework for the outsourcing of IT services should **comprehensively deal with the processes and responsibilities for the identification, measurement, management, etc.**

### RBI extends the deadline for card Tokenisation by another 3 months

- RBIs has extended the deadline for card-on-file (CoF) tokenization by another three months to

September 30. The **initial deadline was January 1**, which was extended by six months.

- It was mandated that no entity in the card transaction or payment chain, **other than the card issuers or card networks, can store the CoF data.**
- CoF mainly deals with card **information stored by payment gateway and merchants to process future transactions.** This decision has been taken since there have been instances where such card numbers, expiry dates stored by merchants, etc. have been misused.

### India saw 9.36 bn Transactions worth Rs 10.2 trn in Q1 2022

- India saw 9.36 billion transactions amounting to Rs 10.25 trillion in the first quarter through various payment modes led by the Unified Payment Interface (UPI).
- UPI Person to Merchant transactions emerged as the most preferred payment mode among consumers with a **market share of 64% in volume and 50% in terms of value.**
- The top UPI apps in terms of volume were **PhonePe, Google Pay, Paytm Payments Bank App, and Amazon Pay.** Among that Phone Pe, Google Pay, and Paytm accounted for 94.8 percent of UPI transactions. Credit cards and debit cards account for **7% and 10% of transactions respectively.**

### VISA Creates 100 mn card-on-file tokens as per RBI norms

- Visa, the global payments company, has created 100 million card-on-file tokens in India.
- RBI last week extended the **deadline for tokenization to September 30** after which no entity in the card transaction payment chain, other than the card issuers **can store the CoF data.**
- **Visa** has achieved **CoF tokenization**, focusing on two key benefits **consumer & ecosystem security and an enhanced checkout experience.** RBI CoF tokenization guidelines mandate replacing actual card data **with encrypted digital tokens**, which are then used to facilitate and authenticate transactions.

### GST Council clears proposal to remove tax exemptions on a Few Items

- Many important decisions have been taken at the 47th meeting of the GST Council, chaired by the Union Finance Minister Nirmala Sitharaman and comprising state counterparts.
- It has approved a host of compliance procedures for **GST-registered businesses on high-risk taxpayers to check evasion.** In addition to that, they have approved changes in tax rates on some goods and services while allowing states **to issue an e-way bill for the intra-state movement of gold and precious stones.**
- It has also been demanded that either the revenue sharing formula under the GST regime should be changed or the **compensation period should be extended by five years.**

### Rupee falls 18 paise to close at a new low of 79.03 against US Dollar

- Rupee Depreciated 18 paise to close at a record low of 79.03 against the US dollar due to persistent foreign capital outflows and a surge in crude oil prices.
- The main reason behind it as foreign institutional investors were net sellers in the capital market but they offloaded shares worth Rs 1,244.44 crore. Global oil benchmark Brent crude futures increases to \$118.38 per barrel.
- Another reason for rupee depreciation is due to risk-averse sentiments and weaker regional currencies.

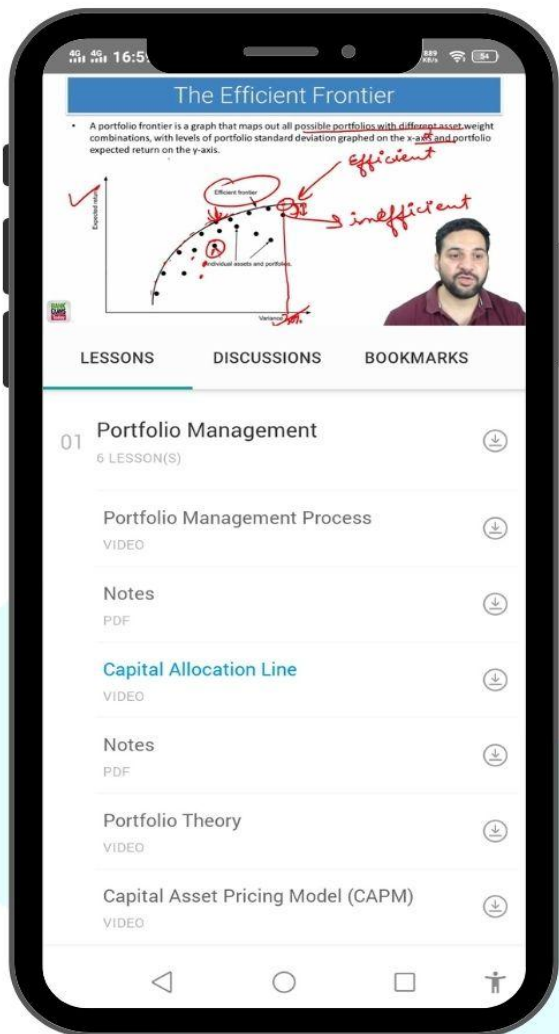
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