



IBS VIGYAN

VISIONING BANKERS



Evangelistically Speaking

Dear Stakeholders,

Upskilling the BFSI professionals has been my evangelistic passion, which I have been pursuing with zest. Shades of evangelism are reflected in several other areas, be it education, environment, social health and hygiene, clean energy and so on. We observe the government evangelising e-commerce through facilitating the setting up of Open Network for Digital Commerce (ONDC) as a not-for-profit organisation. Lead investors include State Bank of India, HDFC Bank, Kotak Mahindra Bank, NSDL and BSE Investments. It does not profess itself to be an app. It is a network on which buyers and sellers are able to hop on and piggy ride the network. Very similar to the UPI network. When an entity is onboarded on UPI, it is not required to get interactive interface with each and every bank for settling transactions. The straight through processing on the UPI network takes care of the settlement. Therefore, just like NPCI which owns the UPI, ONDC could also disrupt the revenue streams of proprietary models like Swiggy and Zomato, not to mention similar marketplace models in other sectors.

Much research in the educational sector indicate that parental care is most effective in addressing behavioural issues of students. For the finance professionals appearing for the examinations of IIBF, parental care may not be strikingly significant as it might be for a kid. But the efficacy of a mentor or supervisor can be duplicated by forming small groups

locally and enhance your self esteem and confidence through peer-level learning. This will be beyond the group interventions that we at IBS engage with the students, especially as their preparations reach a crescendo against the fast-approaching examinations.

By the time the next issue of Vigyan reaches you, we will be marking its third year. The engagement has been enriching to all stakeholders. Similarly, as our twenty-fifth issue reaches you next month, the JAIIB exams for this season will be completely over while the elective subject's paper alone will be needing completion for CAIIB. I have already articulated the general assessment of the examinations under the augmented syllabus in last month's Vigyan. Let me once again encourage all the candidates to stick to a methodical approach to preparing for the professional certification examinations.

Looking forward to a sustaining engagement with all.

Sincerely Yours

Sathesh Kumar. S
Managing Director



Curated Cube

Maintaining orderliness in the market has been the professed prerogative of RBI. However, its interventions in the market with this intent have translated into profits through currency gains or bond price appreciations. Therefore, RBI has declared a generous dividend transfer of ₹ 87,416 crores to the Government for the financial year ended March 2023, while maintaining their Contingency Risk Buffer at 6%. It is worth mentioning that the dividend transfer for the financial year ended March 2022 was ₹ 30,307 crores.

The withdrawal of notes of ₹ 2000 denomination from circulation should not set in any panic among public, as the same notification of RBI states that it will continue to be legal tender.

The inclusion of Credit Card transactions overseas under the aggregate limit of Liberalised Remittance Scheme (LRS) for resident individuals is a development that needs to be observed closely. During the period April 2022 to February 2023, Indians have spent ₹ 90,000 crores on overseas travel. The incidence of a higher percentage at 20% of Tax Collected at Source (TCS) on such transactions should increase the governments cash flows, as part of the collections will be offset against the tax payable by the individuals or go back to them through refunds after submission of tax returns at the end of the financial year. This nudges us to delineate on the salient provisions of LRS in this month's column.

The facility is available to all resident individuals who have a PAN Card. The limit that can be remitted abroad in every financial year, per individual, is capped at equivalent of US\$ 250,000.

Remittances abroad can be made any number of times by the individual, within the aggregate limit during the financial year. The scheme is available for both Capital Account and Current Account transactions. Remittances can be made in respect of Minors also, though the PAN holding parent will join the declaration. All purposes like foreign travel, medical treatment, credit card spend overseas, subscription to overseas sources through international credit card (say subscription to ChatGPT) have been subsumed within the aggregate limit of US\$ 250,000. This can be utilized in any freely convertible foreign currency. Banks are prohibited from extending any fund-based as well as non-fund-based facilities to resident individuals for facilitating remittance abroad under LRS for making Capital Account transactions. A Proprietorship firm can avail this facility under the Proprietor's individual limit. As the facility is available to only individuals, LLPs and Companies are not eligible to utilize this channel. Remittances under this scheme cannot be made for prohibited transactions including for margin trading in foreign currencies.

(Cube gives a third dimension in geometry. Curated Cube endeavors to conflate events in the market over the past month.)

ONLINE CLASSES FOR CAIB ELECTIVE SUBJECTS STARTS FROM 23/05/2023

Central Banking, Rural Banking, HRM, IT & Risk Management



FOURTH PILLAR

SOCIAL STOCK EXCHANGE (SSE): SEBI has approved to set up SSE as a separate segment in NSE platform, which will enable companies and organizations with a social or environmental mission to raise capital by selling shares and securities to socially responsive investors.

CREDIT GUARANTEE SCHEME FOR ANIMAL HUSBANDRY & DAIRYING UNDER AHIDF: Animal Husbandry Infrastructure Development Fund (AHIDF) has been set up under which Credit Guarantee Fund Trust for Animal Husbandry & Dairying (CGFT-AHD) has been allocated a fund of ₹750 Crore. Eligible borrowers would be those having cumulative loan amount not exceeding ₹100 Crore per project. The maximum cover will be limited to 25% of the credit facility with a ceiling of ₹25 Crore. Annual Guarantee Fee will be charged at 0.50% on the amount of loan sanctioned for the first year and then on the outstanding amount of credit facility for remaining tenures.

REVISED DEFINITION OF "BENEFICIAL OWNERS" UNDER PMLA: As per the amendments to the Prevention of Money Laundering Rules, any individual or group holding 10% ownership in the client of a 'reporting entity' will now be considered a beneficial owner as against the ownership threshold of 25% applicable earlier.

(Fourth Pillar strives to position beyond the three pillars of Basel and is culled from the Four Estates)

NON-DOLLAR TRANSACTION: Recently State Bank of India has completed its first non-dollar transaction with Sri Lanka, allowing payment for exports in Sri Lankan Rupees as India looks to bring countries that are short of US Dollars into the trade mechanism.

DIGICLAIM: The Agriculture Minister of India has introduced a new platform called "DigiClaim" on the national crop insurance portal with an aim at expediting the disbursement of insurance claims to farmers who have availed themselves of crop insurance.

PARTIAL WITHDRAWAL FROM PUBLIC PROVIDENT FUND (PPF) ACCOUNT: In Public Provident Fund account, partial withdrawals are allowed after the PPF account holder attains the age of 52 years. Partial withdrawals from PPF can be made from the 6th financial year after the account is opened. For instance, if the account was opened on Feb 1, 2020, a withdrawal can be made from the financial year 2025-26 onwards. There is no tax on partial/premature withdrawals from the PPF account.



INQUISITIVELY SPEAKING

1. Which Ministry supervises/registers the Limited Liability Partnerships in India?

- a) Ministry of Corporate Affairs,
- b) Ministry of Finance
- c) ROC
- d) Ministry of HRD

2. Soiled note remittances to RBI should not be shown as withdrawal by currency chest. In case such remittances to RBI are wrongly reported as 'withdrawals', a penalty of ₹. ___ will be levied irrespective of the value of remittance and period of such wrong reporting.

- a) 20000
- b) 30000
- c) 40000
- d) 50000

3. What is the penal interest payable by Banks for delayed remittance of govt business receipts?

- a) Bank Rate + 1%;
- b) Bank Rate + 2%;
- c) Bank Rate + 2.5%;
- d) Bank Rate + 3%

5. Portal used for reporting Currency Chest transactions to RBI is:

- a) e- Kuber
- b) CyM-CC portal
- c) e-rbiCC portal
- d) e-rbi kuber

ANSWER KEY

- 1. B
- 2. D
- 3. B
- 4. C
- 5. B

Stretch n Speak

e-NWR: Electronic Negotiable Warehousing Receipt

NFRA: National Financial Reporting Authority

LODR: Listing Obligations and Disclosure Regulations, 2015 (of SEBI).

RAMP: Raising & Accelerating MSME Performance

