

ETW 4th to 10th of March 2019

➤ SBI and external benchmarking (BS 11/3/19)

- In case of SBI, with reduction of 25 bps, the transmission was around 7 to 8 bps
- Decision of SBI to link the interest related to their short term loans (CC/OD) and savings account deposits (above ₹ 1 lakh) to external benchmark (i.e. repo rate) is considered to be a prudent move. With this it is expected that there will be better monetary policy transmission
- The decision will come into force from May 1
- The interest offered on SB accounts will be 275 bps lower than the repo and the interest rate charged on CC/OD accounts will be 225 bps higher than the repo rate
- 40% of the total deposits of SBI are savings accounts/deposits. Of these 80% are having a balance of over ₹ 1 lakh. Which means that SB deposits above ₹ 1 lakh account for around 33% of the deposits held by SBI

➤ Decision making in disinvestment/Privatisation (BS 8/3/19)

- The GoM (Group of Ministers or Alternative Mechanism - AM - set up in 2017) will be given the powers to decide on timing, price and number of shares of the PSEs which will be put up for sale. Apart from this, the buyer will also be decided by this group and approve the sales (privatisation)
- In simple terms, the AM will have the powers related to conducting strategic disinvestment
- The AM will have Finance Minister, Road Transport Minister and the minister representing the administrative department (whose unit is being put up for sale)
- This will facilitate quick decision making and there will be no need of multiple approvals by the CCEA
- There are about 30 state owned firms in which the government either wants to sell majority of the stake or wants to completely sell off the stake

➤ Interchange rate in White Label ATMs (BS 9/3/19)

- Interchange is the rate charged by the White Label ATM operator for every transaction. The WLAs (White Label ATMs) charge ₹ 15 per transaction (for cash, whereas it is ₹ 5 for non-cash) and have

demanded it to be increased to ₹ 17 (the other reason for this demand has been that post demonetisation the ATM operators incurred cost to reconfigure the ATMs)

- The interchange rate is determined by NPCI and so far it has not taken a call on this
- The rate has remained the same since 6 years and is lesser than cost of carrying cost
- The banking sector is opposed to this, as it would increase its costs
- The WLA operators have demanded that RBI of Finance Ministry intervene in this matter
- Apart from this RBI has allowed these operators to advertise non-financial products within the WLA premises including the screen but except the main sign board

➤ **States with low tax under VAT get a boost from GST (BS 4/3/19)**

- The states that had lower revenue collections under the earlier VAT system are able to garner higher revenues under GST. The GST revenues of states such as Bihar, Jharkhand and Assam have grown by 68%, 47% and 45% respectively for FY19 whereas that of Maharashtra, Gujarat and TN have increased by 14%, 19% and 15% respectively for FY19 (over the previous financial year)
- Though the revenues of the developed states are high, their revenues are growing at a slower pace
- The consumption states such as Jharkhand, Bihar are getting benefitted as compared to the production states such as Maharashtra, Tamilnadu etc
- The reasons for such improvement are
 - The IGST (imposed on imports and interstate trade) is getting distributed in a better manner than the first year of implementation
 - Better reporting of business activity in states where consumption is taking place

➤ **Tracking shell companies (BL 7/3/19)**

- Ministry of Corporate Affairs has issued the Companies Amendment Rules 2019, which has e-form ACTIVE (Active Companies Tagging Identities and Verification). It is also referred to as E-Form 22
- The companies which have been incorporated before December 21, 2017 have to fill up this particular form by 25th April. Failing

which they will have to pay a penalty of ₹ 10000 for late filing. Those companies that do not fill the application will be classified as Active non-compliant companies. If so they will not be allowed to intimate the Registrar about the change in authorised share capital, file return of allotment etc

- The companies will have to attach photographs of registered office, inside office and at least one director who has affixed his/her digital signature
- This requirement of uploading the above three photographs has been bizarre to say the least. It is not known how the tagging and identification will be done

BYJU'S IAS