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BONDS

The finance ministry has written to the securities and exchange board of India (SEBI), requesting it to withdraw a rule that fixes the tenor or maturity of all perpetual bonda at 100 years.

The letter states the clause on valuation is disruptive in nature and could lead to higher borrowing cost for companies at a time when economic recovery is nascent.

"considering the capital needs of banks… and the need to source the same from the capital markets, it is requested that the revised valuation norms to treat all perpetual bonds as 100-year tenor be withdrawn" said the letter.

On Wednesday, the market regulator issued curbs on mutual fund (MF) investment in debt instruments with special features such as additional tier (AT1) bonds.

In a circular SEBI had said that no MF would own more than 10 percent of AT 1 bond issued by a single issuer.

Further, at the scheme level, the exposure to such instruments will be less than 10 per cent of the assets and less than 5 per cent towards a single issuer.

However, the contentious part of the circular was that the maturity of perpetual bonds will be treated as 100 years from the date of issuance of the bond for valuation. Currently, mutual funds value perpetual bonds as if they mature on their call date, which is the date when issuers might call back bonds and repay their investors. Participants in the MF industry believe that changes in valuation will lead to higher yields, causing losses to investors and outflows from debt schemes.

“AT1 bond were valued hitherto based on a short-term instrument of a similar tenor G-sec. They will now be valued as 100-year bonds, for which no benchmark exists. Mark-to-market (MTM) losses will be very high, effectively reducing them (The bond value) to near zero.’’ Said the finance ministry’s letter. Additional tier- 1 bond stand-off likely to spook corporate bond yields.

MFs are one of the largest investors in perpetual debt instruments and hold more than Rs 35000 crore of outstanding AT 1 issuances of about Rs 90,000 crore.

Perpetual bonds are a fixed-income security with no maturity date. These bonds are redeemable when the issuer wants. A regular coupon, which is typically higher than other debt instruments like corporate bonds or debentures, is paid on these bonds by issuers, which are mostly banks.

One of the major concerns of the finance ministry is that the market regulators new norms would increase public sector banks (PSBs) dependence on the government for capital infusion at a time when lenders are being pushed to raise equity from the market.

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Effective use of Technology enables Goa Central GST Commissioner ate to Administer Taxation Remotely.

COVID 19 Pandemic saw business transitioning to remote work and building efficient strategies thereof. Central GST Commissioner ate Goa swiftly adopted technologies of remote work so that businesses are kept buoyant, and Taxpayers are at ease. The Systems Directorate of Central Board of Excise and Customs (CBIC) gave remote access to CBICGST application to all officers through Virtual Private Network so that work is not hampered. During the lockdown, Goa Commissioner ate processed and disposed 54 GST refund claims. Four refund claims pertaining to erstwhile central excise and service tax were also disposed 10360 returns pertaining to both central excise and service tax were also reviewed. 255 cancellation requests sent by taxpayers were processed and 311 cancellations were done Suo- motu by officers of

CGST. Earlier an Ordinance was issued to provide relaxation in the provisions of certain acts. The time limit for filing of appeal, furnishing of return, or any other compliance under the GST Act has been extended as per the Ordinance. CBIC has also issued several circulars as part of the Trade Facilitation Measures.

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Present Scenario of Crypto currency in India

Lately, in March 2020 the ban which the RBI had imposed, was lifted by the Supreme Court, and trading in crypto currency has been made legal since then. With this lifting of the ban, you can trade in crypto currency, but with all the precautions.

Mentioning the lifting of the ban, NASSCOM tweeted, "We welcome the Supreme Court's decision to lift RBI's ban on trading in crypto currency. We believe that banning tech is not the solution, and a risk-based framework must be developed to regulate and monitor crypto currencies and tokens".

As per the statement released by Fernando Angulo, Head of Communications at SEMrush, "crypto currency searches were seen growing and that too rapidly across India. Hence, it had been observed lately that people in the country wanted to invest in and buy with crypto currency.

It has been seen that comprehensive scrutiny of crypto currencies is still going on. With all things in place and a regulated crypto market, there is no doubt that crypto currencies can become new investment means for people".

Despite some people being against crypto currency, India has witnessed a rise in the use of Bit coin over the past few years. Moreover, according to the research paper Impact of Demonetization on Bit coin, the government is also thinking about introducing its own crypto currency so as to make it an alternative to Indian Rupee. This way, any value-degradation will not affect the economy as much. According to the same research paper, the Central Government of India has begun the consultation process to establish an inter-disciplinary committee to form a regulatory framework for crypto.

These changes will hopefully make a positive impact on the economy at large regarding the diversity of funds.

Let us now go ahead and look at the rise and fall of crypto in India over the past few years.

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Nationwide Bank Strike from Today, Key Services Hit

The United Forum of Bank Union (UFBU), an umbrella body of nine bank unions, has called for a two-day nationwide strike on March 15 and 16 against the privatization of Public Sector Banks and retrograde banking reforms. Over 10 lakh bank employees and officers will participate in the strike.

All nine banks unions - All India Bank Officers' Confederation (AIBOC), All India Bank Employees Association (AIBEA), National Confederation of Bank Employees (NCBE), All India Bank Officers' Confederation (AIBOC), Bank Employees Federation of India (BEFI), Indian National Bank Employees Federation (INBEF), Indian National Bank Officers' Congress (INBOC) and National Organization of Bank Officers (NOBO) and the National Organization of Bank Workers (NOBW) will take part in the strike called by the UFBU.
Services such as deposits and withdrawal at branches, cheque clearance, and loan approvals would be affected due to the strike. However, ATMs are likely to remain functional.
Banks were already closed on March 13 (second Saturday) and March 14 (Sunday), leading to a four-day break in regular banking operations. Services such as deposits and withdrawal at branches, cheque clearance and loan approvals would be affected due to the strike.

The strike comes after Union Finance Minister Nirmala Sitharaman's Budget announcement where she announced the privatization of two public sector banks (apart from IDBI Bank) as part of the government's disinvestment drive to generate ₹ 1.75 lakh crore. Apart from bank unions, all the unions in four General Insurance Companies will be on strike on March 17. All the unions in LIC are on strike on March 18, while unions of four insurance companies have called for a strike against the privatization of public companies.

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