
The

Swayam Times



CIRCULAR ON INTERNATIONAL TRADE SETTLEMENT IN INDIAN RUPEES (INR)

Reserve Bank of India through Circular dated July 11, 2022 (Circular) has permitted international trade settlement in Indian Rupees (INR). An INR-based mechanism for settlement of international trade signifies that INR, despite being a partially convertible currency, will be a valid currency for exports and imports of goods and services.

This decision of RBI is intended to promote the growth of global trade in INR, and to foster and support an increasing interest of the global trading community in the currency. International trade settlement in INR is in addition to extant practice of trade settlement in any freely convertible foreign exchange. The Circular lays down the foundation to a framework for cross-border trade transactions in INR.

It allows denomination and invoicing of all exports and imports in INR and market determination of exchange rate between the currencies of two trading partner countries.



INDIA HAS TAKEN THIS STEP FORWARD, TO PROMOTE INR AS A GLOBAL CURRENCY, FOR VARIOUS REASONS, INCLUDING THE FOLLOWING:

Preserve foreign exchange: INR has recently slid to lifetime lows against the US Dollar (USD), exacerbating the threat of inflation as India relies on overseas shipments for meeting four-fifths of its annual fuel demand. Delinking trade settlement to the USD, and possibly introducing a greater share of INR in the global economy, will help preserve India's foreign exchange stockpile.

Trade with sanctioned and neighboring countries: This will facilitate trade with partners of India facing sanctions from the west, particularly the US and Europe, such as Russia and Iran. It has become extremely difficult to trade with these countries in freely convertible currencies of USD and the Euro, virtually cut off from standardized international cross-border payment platforms. Further, the move will also facilitate easier trade with neighboring countries such as Sri Lanka, removing the USD exchange rate risk.

INSIDER TRADING RULES FOR MUTUAL FUNDS

SEBI proposes to bring the purchase and sale of mutual fund units under the purview of the insider trading rules. The objective is to ensure parity between MF units and other securities regarding insider trading rules under SEBI (Prohibition of Insider Trading) Regulations, 2015 (PIT Regulations).

Key Aspects:

1. Bond platforms should register as stockbrokers (debt segment) with SEBI or be run by SEBI-registered brokers.

Control trade deficit: India has recently been seeing a massive outflow of foreign portfolio investments and record trade deficits. The move by RBI will help in controlling the increased trade deficit as it is more likely that an INR trade settlement mechanism is adopted by countries where India has a trade surplus as opposed to countries which have a trade surplus with India. This also comes at a time when RBI is taking other measures to control trade deficit and preserve foreign exchange, such as allowing banks to raise interest rates on foreign-currency-holding accounts of non-resident Indians, doubling the External Commercial Borrowing (ECB) limit under the automatic route and allowing foreign portfolio investors to invest in more debt securities.



2. The stock-broker regulations will be applicable to these entities, which would govern their code of conduct and other aspects related to their operations and risk management, which will ensure fairness in their dealings with clients.

3. Listed debt securities issued on a private placement basis, offered for sale on bond platforms should be locked in for a period of six months from the date of allotment of such debt securities by the issuer.

4. The transactions executed on the online bond platforms should be routed through the trading platform of the debt segment of exchanges or through the RFQ (Request for Quote) platform of the stock exchanges, where the transactions will be cleared and settled on a Delivery Versus Payment (DVP-1) basis.

5. Registration of the bond platforms as stockbrokers under Sebi rules will be beneficial to the market and market participants, as the standard KYC requirements will be applicable while registering clients on bond platforms.

6. The net worth and deposit requirements prescribed for stockbrokers will ensure that the bond platform has sound and stable financial health.

Former Chief Economic Adviser of India K. Subramaniam was recently appointed as the Executive Director of India at the International Monetary Fund (IMF). He will replace Surjit S Bhalla, who was appointed as India's executive director on the board of the IMF in 2019.



GOODS AND SERVICES TAX (GST)

The Supreme Court has directed the Goods and Service Tax Network (GSTN) to open a GST portal for filing Tran-1/Tran-2 from September 1, 2022, to October 31, 2022. The benefit can be claimed by all assesses whether or not they had filed a writ petition, or the case has been decided by Information Technology Grievance Redressal Committee (ITGRC). Further, it has been held that GSTN is required to ensure that there are no technical glitches during this time period. Also, concerned officers are required to verify transitional credit within 90 days, and thereafter pass appropriate orders by granting the opportunity of being heard to the assesses. Such transitional credit shall be reflected in the electronic credit ledger of the assessee. Further, the GST Council can issue appropriate guidelines to field formations in scrutinizing claims in this regard.

GST REVENUE UP 28% YEAR ON YEAR ON AUGUST 2022

The Gross GST Revenue collected in the month of August 2022 is ₹ 1,43,612 crore which is 28% higher than the GST revenue of ₹ 1,12,020 crore in the corresponding month of the previous year. Highlights During the month, revenue from domestic transactions (including import of services) and import of goods grew by 57%.



CHINA'S FUNDING CPEC REDUCED BY 56%

In the first half of 2022, China's funding in Pakistan for China Pakistan Economic Corridor (CPEC) had reduced by around 56% in the first half of 2022. Other countries like Russia, Egypt, and Sri Lanka also witnessed a reduction by 100% in BRI engagement as compared to the first half of 2021.

US INFLATION REDUCTION ACT 2022

Government of US government recently passed the "Inflation Reduction Act, 2022". With this, it joins hands with the central bank to decrease inflation. Inflation has reached to the level that was last witnessed 40 years ago. Fighting inflation is the top priority of policymakers in US.

SBI FIRST DEDICATED BRANCH TO SUPPORT START-UPS

On August 16, 2022, the State Bank of India (SBI) launched the first "state-of-the-art" dedicated branch for start-ups to extend support and facilitate them. This branch is located in Koramangala, Bengaluru. It was launched by the chairman of SBI Dinesh Khara. The state-of-the-art facility; Will provide end-to-end services to start-ups and enhance start-up potential.

RBI REGULATORY FRAMEWORK FOR DIGITAL LENDING

Recently, the Reserve Bank of India (RBI) released a regulatory framework for digital lending, in a bid to mitigate the concerns related to credit delivery through digital lending methods.



RBI has specifically mentioned that lending business can only be done by entities that are regulated by RBI or those allowed under the law.

INDIAN COMPANIES IN 2022 FORTUNE 500 LIST

In the Fortune Global 500 list of the year 2022, 9 Indian public and private companies have been added. Life Insurance Corporation (LIC) of India has been ranked at 98th position in the list, with revenue worth USD 97,266.7 million. LIC has been added to the list for the first time.

INDIA TOUCHES MILESTONE OF 75,000 RECOGNISED START-UPS

Recently, the Department for Promotion of Industry and Internal Trade (DPIIT) recognized over 75,000 start-ups. This milestone has been achieved at a time when India is celebrating the 75th year of Independence and Azadi ka Amrit Mahotsav. The start-up ecosystem in India is picking up through innovation, enthusiasm, and entrepreneurial spirit.



CRYPTOCURRENCY



The finance ministry is currently in "serious" discussions on regulations related to cryptocurrency, sources told Business Today on Wednesday.

"There is no denial that most countries see crypto as a source of terror funding and money laundering," they added. In line with the G20 meeting held in July, sources also said that discussions with other bilateral partners and international organizations on global regulations for cryptocurrency are required.

Hope this will intensify in the coming months, people familiar with the development further said.

Recently, Union finance minister Nirmala Sitharaman stated that a new cryptocurrency regulation would soon be introduced and urged investors to act with prudence while dealing with cryptocurrencies.

She has been arguing forcefully for international regulation of cryptocurrencies to combat money laundering and terrorism funding concerns.

In August, the Enforcement Directorate (ED) has conducted raids on many crypto companies in connection with alleged money laundering and other violations.

Currently, the government doesn't recognize cryptocurrencies, but it does impose a hefty (30 percent) tax on revenue derived from virtual digital assets.



MONEY TALKS

Your kid might not be ready to put their allowance in bitcoin, but they're likely already seeing tons of ads, online videos, and news stories about crypto. Here are some questions you can ask to check their understanding.

1. How is cryptocurrency different from a dollar bill in your pocket?
2. Why do some people like the idea of using cryptocurrency?
3. Why would other people not want to use cryptocurrency?

Cryptocurrency is a type of **digital money**. You can't touch it, as you can with paper money or coins.



We usually keep our bank account info private. Cryptocurrency uses a public ledger or "scoreboard" to keep track of everyone's money.



While physical currency is backed by governments, no one is in charge of cryptocurrency!



The value of cryptocurrency goes up and down much more than most physical money. That might make shopping with it tricky.



POEM ON BANK LOAN

A frog walked into a bank for a loan.

She was making some improvements at home.

She was sent to Miss Patty Stack

The loan officer who sat in the back

When Patty saw her collateral, she groaned

Is this the only collateral you won?

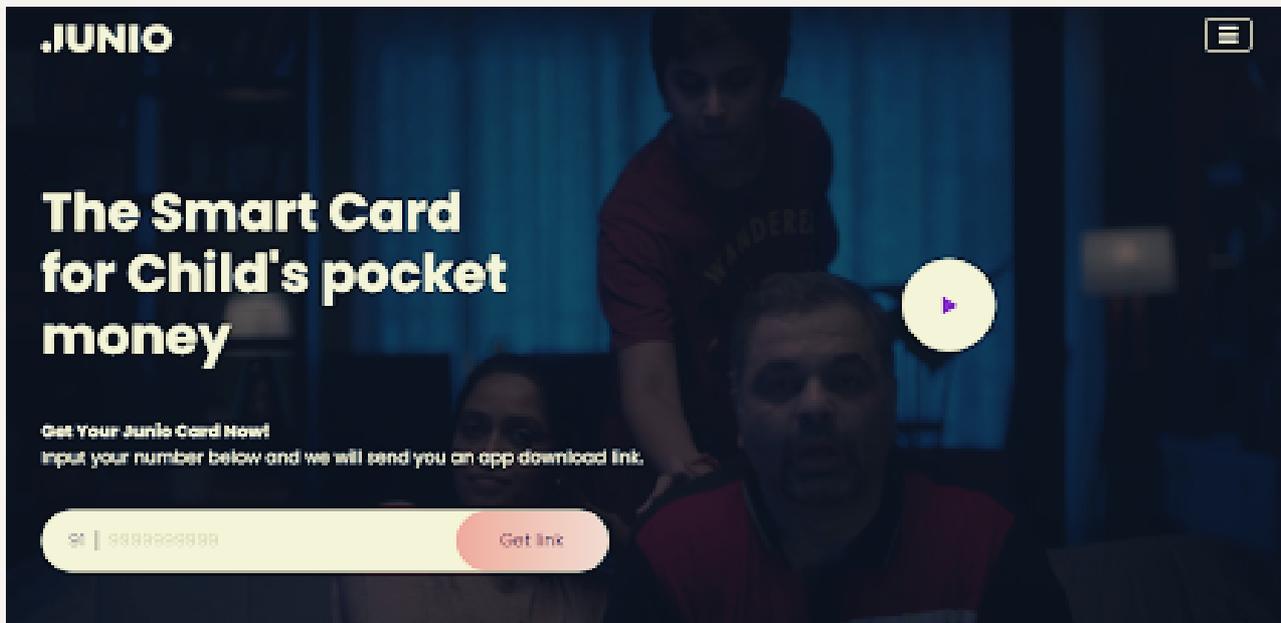
Let me get the back manager on the phone.

Sir I've a frog out here, wants a loan

Um, for collateral she has a small gnome?

Why that's a nic nac Patty Stack, give that frog a loan!





Junio is your child's own smart card for all their online and offline expenses. With the Junio card, your child can learn how to earn, spend and save, while you keep a loving eye over their spending. It is very easy to order, no full KYC to order for the physical card.

With digitalization and technology advancement, there appears to be a disruptive change in the financial management for kids. Are today's kids more financially wise or less than the kids of the early 1990s generation? Shankar Nath and Ankit Gera, co-founders of Junio – Smart card for child's pocket money, speak on how they are aiming at creating a community of financially smart and empowered teens.

WHAT ARE SOME TIPS FOR SAVING MONEY?

1. If they want that special item (eg. a Bicycle or phone) make them save a part of their pocket money allowance every month to reach their goal of buying prized objects. They will appreciate the value of money better this way.
2. On the amount they save every month, pay them a monthly “parental interest” to keep them interested in saving, and also teach them the valuable concept of compounding.
3. Make kids work towards earning money. Incentivize them to earn more pocket money by setting tasks. Once they have earned extra, they would be more interested in saving.

LESSON ON SAVING (STORY)

Two little girls, Annie and Anu, were the best of friends. They lived in a small village in Goa. The villagers adored these little girls, as they were always willing to help people. One day, while helping Michael the milkmen carry the milk to the market, they accidentally split all the milk. Michael was quite upset as he would not earn any money for that entire week. While they worried about the spilt milk, Annie suddenly realized she could help Uncle Michael. Meanwhile, Anu learns a very important lesson from Annie.

