

NYCA's

The ReCap

A news to clear your doubts

A Monthly E-Newsletter

April, 2024 / Vol 12



For use by clients and firm personnel only

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KEY METRICS



Indices

BSE SENSEX	73,651	01.58%	
NSE NIFTY50	22,327	01.56%	
NASDAQ Composite	16,379	01.78%	

Currency

USD/INR	83.36	0.55%	
EURO/INR	89.88	0.44%	
GBP/INR	105.31	0.64%	



Note: The month-on-month movement as on March 31, 2024 is represented in percentages Source: Yahoo Finance, Investing.com

COMPLIANCE ALERT

April, 2024

7th April - Income Tax

Due date for deposit of Tax deducted/collected by an office of the government for the month of March, 2024. However, all sum deducted by an office of the government shall be paid to the credit of the Central Government on the same day where tax is paid without production of an Income-tax Challan

10th April - GST

GSTR-7 : Summary of Tax Deducted at Source (TDS) and deposited under GST laws for the month of March, 2024

11th April - GST

GSTR-1 : Summary of outward supplies where turnover exceeds Rs.5 crore or have not chosen the QRMP scheme for the quarter of Jan - Mar, 24

13th April - GST

GSTR- 5 : Summary of outward taxable supplies and tax payable by a non-resident taxable person

13th April - GST

GSTR- 6 : GSTR 6 is a monthly return for Input Service Distributors (ISD) to provide the details of their inward supplies & distributed Input Tax Credit (ITC).

14th April - Income Tax

Due date for issue of TDS Certificate for tax deducted under section 194-IA, 194-IB, 194M, 194S in the month of February, 2024

15th April - ESIC & PF

PF deducted from the Employees salary in the month of March 24, needs to be paid on or before 15th of April, 2024 The payment of ESIC is made by every employer to the ESIC department on a monthly basis. The due date for ESIC is 15th April, 2024

15th April - Income Tax

Due date for furnishing statement in Form no. 3BB by a stock exchange in respect of transactions in which client codes been modified after registering in the system for the month of March, 2024

15th April - Income Tax

Quarterly statement in respect of foreign remittances (to be furnished by authorized dealers) in Form No. 15CC for quarter ending March, 24

20th April - GST

GSTR- 3B : Summary of outward supplies, ITC claimed, and net tax payable for taxpayers with turnover more than Rs.5 crore in the last FY or have not chosen the QRMP scheme for the quarter of Jan - Mar, 24

20th April - GST

GSTR- 5A : Summary of outward taxable supplies and tax payable by a person supplying OIDAR services

22nd April - GST

GSTR-3B - QRMP 1 : GSTR-3B is a self-declared summary GST return filed for States of Chhattisgarh, Madhya Pradesh, Gujarat, Maharashtra, Karnataka, Goa, Kerala, Tamil Nadu, Telangana and Andhra Pradesh, the Union territories of Daman and Diu, Dadra and Nagar Haveli, Puducherry, Andaman and Nicobar Islands and Lakshadweep



Direct Tax

Notifications/Circulars

CBDT notifies 'Principal Secretary, Planning Department, Government of Uttar Pradesh' u/s 138 for sharing of information

Notification No. 35/2024, issued by the Ministry of Finance, appoints the Principal Secretary of the Planning Department, Government of Uttar Pradesh, under sub-section (1) of section 138 of the Income Tax Act, 1961. This designation is significant as it assigns a specific authority for particular purposes outlined within the Act. Section 138(1) of the Income Tax Act pertains to the disclosure of information to designated authorities to facilitate tax compliance and enforcement.

Notification No. 35/2024-Income Tax | Dated 22nd March, 2024

CBDT notifies 'Press Trust of India' as a news agency for purposes of sec. 10(22B)

The Central Government, through a notification dated 15th March 2024, has specified "The Press Trust of India Limited, New Delhi" as a news agency established in India exclusively for the collection and dissemination of news. This designation allows the agency to avail exemption under Section 10 of the IT Act, 1961 for the assessment years 2022-2023 to 2023-2024. However, the exemption is contingent upon the condition that the agency utilizes its income solely for news-related activities and refrains from distributing its income to its members.

NOTIFICATION S.O. 1413(E) [NO. 32/2024/F.NO.165/1/2021-ITA-I]

Govt. notifies reduced tax rates on royalty and FTS with Spain by invoking MFN clause

The Ministry of Finance has modified the India-Spain DTAA, implementing a most-favoured-nation clause. Following India's agreement with Germany to lower tax rates on royalties and technical service fees, the same reduced rates now apply to Spain. The amended Article 13(2) caps the tax at 10% of the gross amount for beneficial owners of royalties or technical service fees, effective from Assessment Year 2024-25.

Notification No. 33/2024, 19-03-2024



CBDT issues corrigendum to include sec. 43B(h) disallowance under clause 22 of Form 3CD

The CBDT's Notification No. 27/2024 dated 05-03-2024 amended Form 3CD to include disclosure of section 43B(h)



disallowance under clause 26. However, Clause 22, regarding interest restrictions under the MSME Development Act, was not initially modified. It has now been updated to include disclosure of the amount disallowed under section 43B(h) and interest inadmissible under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.

Notif. No. 34 /2024, dated 19-03-2024

CBDT waives off late fees & interest for delayed filing of Form 26QE for period from July 2022 to Feb. 2023

The CBDT has decided to, ex-post facto, extend the due date of filing Form No. 26QE for specified persons who deducted tax under section 1945 but failed to file Form No. 26QE. The due date is extended to 30.05.2023 for the filing period from 01.07.2022 to 28.02.2023. Accordingly, fee levied under section 234E and interest charged under section 201(1A) shall be waived.

CIRCULAR NO. 4/2024 [F. NO. 275/01/2023-IT(B)]

Judicial Rulings

Reassessment was justified if there was minor discrepancy in language employed by AO in reasons provided to assessee

Where a reopening notice was issued upon assessee on ground that an information was received that assessee had profit shifted out of certain amount and losses shifted in of certain amount resulting in net reduction in income of certain amount through Client Code Modification, minor discrepancies in language employed by revenue and as it stood reflected in reasons provided to assessee and that which existed on record of revenue would clearly not justify for interference with impugned.

[\[2024\] 160 taxmann.com 574 \(Delhi\)\[20-03-2024\]](#)



Reassessment to deny sec. 36(1)(viiia) relief on bad debts if same was duly considered during assessment is bad in law

Where AO issued a reopening notice on ground that assessee had claimed provision for bad and doubtful debts on non-rural advances which was not in accordance with law, since during original assessment proceedings

AO had called upon assessee to give details of outstanding balance in provision for bad and doubtful debts created under section 36(1)(viiia) and also raised a specific query in respect of rural branches separately and called for proof of such rural branches.

[\[2024\] 160 taxmann.com 329 \(Bombay\) \[07-03-2024\]](#)

HC stayed demand without depositing 20% pre-deposit as matter was pending before CIT(A)

In view of Instruction No. 1914 issued under section 220 as read with OM [F. No. 404/72/93-ITCC], where appeal is pending before Commissioner (Appeals), Commissioner (Appeals) is to decide appeal expeditiously without insisting on recovery of demand and demand shall be deemed to be stayed without depositing pre-deposit of 20 per cent.

[\[2024\] 160 taxmann.com 594 \(Punjab & Haryana\)\[20-03-2024\]](#)

AO can't make additions on estimation basis without rejecting books of account: High Court

Where AO made additions to income of assessee on account of

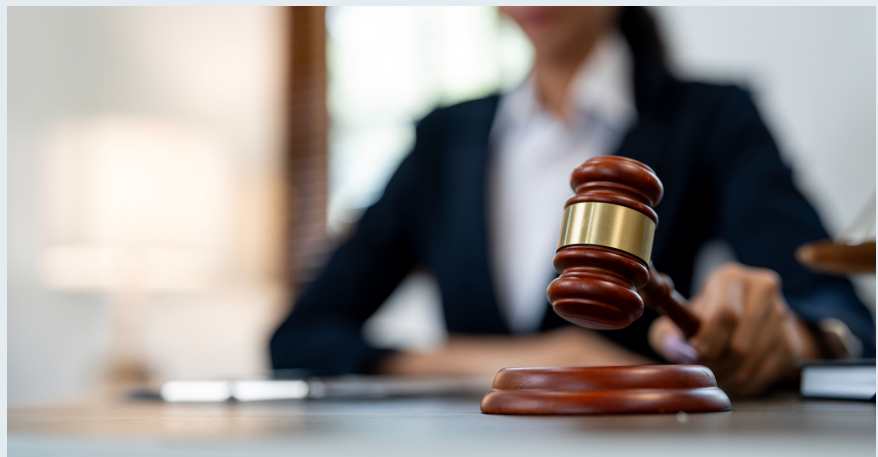
unaccounted profit, disallowance of expenses and inflated purchases, since AO was provided with requisite bills, vouchers and addresses of transacting parties, however he did not make any effort to confirm veracity of alleged bogus or inflated bills, in view of said facts AO could not make addition on account of bogus or inflated expenses on estimate basis without rejecting books of account

[\[2024\] 160 taxmann.com 93 \(Delhi\)\[01-03-2024\]](#)

No reassessment merely on basis of info. that assessee had transaction with Co. providing bogus entries : HC

Where Assessing Officer issued reopening notice on ground that he had received information from DG GST that a company 'N' was involved in providing bogus accommodation entries and assessee was one of beneficiary entities who made transactions with 'N', since assessee has disclosed in Form No.3CD that it had taken loan from 'N' along with N's PAN number and balance sheet of assessee also indicates Long Term Borrowings against 'N',

[\[2024\] 160 taxmann.com 401 \(Bombay\) \[12-03-2024\]](#)



Indirect Tax

Case Laws

HC quashed demand order since assessee inadvertently reported zero-rated supply as taxable supply in GSTR-1 but correctly in GSTR-3B

Where assessee supplied services to SEZ unit without charging GST since it was a zero rated supply, but while filing GSTR-1 return it inadvertently reported turnover under column taxable value, however, in GSTR-3B return it was correctly reported as a zero rated supply which does not attract GST, impugned assessment order was to be quashed and matter was to be remanded for reconsideration.

[2024] 160 taxmann.com 514 (Madras) [14-03-2024]



Retrospective cancellation without reasons to be treated as cancelled w.e.f date when show cause notice was issued: HC

Show Cause Notice and order cancelling assessee's registration were bereft of any details accordingly same could not be sustained and neither Show Cause Notice, nor order spell out reasons

for retrospective cancellation, therefore said order was to be modified to limited extent that registration should be treated as cancelled with effect from date when show cause notice was issued.

[2024] 160 taxmann.com 428 (Delhi)[11-03-2024]



HC set aside order since assessee's reply to SCN explaining its entitlement to transitional credit was not considered

Where assessee was not able to avail opportunity of hearing provided by revenue and there was also a discrepancy in amount appropriated from petitioner's bank account, therefore assessment order was to be quashed and matter was reminded back solely with view to provide an opportunity to assessee.

[2024] 160 taxmann.com 390 (Madras) [11-03-2024]

HC directed revenue to consider assessee's reply including HSN Explanatory Notes with open mind before concluding assessment

Show cause notices were issued with pre-determined views and said SCN prima facie indicative of pre-judgment in as much as

assessee had been called upon to pay quantified sum and not show cause as to why said amounts are not payable, therefore instant writ petition was to be disposed of directing revenue to consider assessee's materials, including HSN Explanatory Notes and relevant judgments, with an open mind before concluding assessments.

[2024] 160 taxmann.com 203 (Delhi)[05-03-2024]

Adjudication order passed without taking into consideration reply submitted by assessee was to be set aside: HC

Where show cause notice proposing to demand tax against assessee was issued and a detailed reply was filed by assessee to said show cause notice, impugned order was passed without taking into consideration reply submitted by assessee was to be set aside and matter was to be remitted to Adjudicating Authority for re-adjudication.

[2024] 160 taxmann.com 203 (Delhi)[05-03-2024]



Judicial Rulings

HC declined to entertain writ petitions against show cause notice issued under Benami Act

Where petitioners challenged show cause notice and provisional attachment order on ground that alleged benami transaction had taken place prior to 1-11-2016, date when Prohibition of Benami Property Transactions Act, 1988 stood amended, since show cause notice was a detailed notice containing several factual basis.

[\[2024\] 160 taxmann.com 511 \(Madhya Pradesh\)\[13-03-2024\]](#)

SC dismissed SLP against ruling allowing sec. 80-IA deduction on interest earned on bonds issued by GRIDCO

SLP dismissed against order of High Court that where assessee was a Government of Odisha enterprise solely engaged in business of generation of power and power generated by assessee's plants was sold exclusively to GRIDCO and assessee had no other activity except power generation and interest income was earned by it from advances given to its employees and further, payment for electricity supplied was sought to be made up by GRIDCO by issuing bonds on which assessee earned interest.

[\[2024\] 160 taxmann.com 507 \(SC\)\[11-03-2024\]](#)

Non-functionality of ITBA portal can't be attributed to assessee; Sec. 244A(1) interest to be granted: HC

Where revenue had already granted interest under section 2

44A(1), without attributing any reason of delay to assessee, there was no cogent reason for not granting additional interest as mandatorily prescribed under section 244A(1A)

[\[2024\] 160 taxmann.com 574 \(Delhi\)\[20-03-2024\]](#)

AO can't pass order u/s 148A(d) if assessee gave evidence that info. uploaded on INSITE portal was incorrect: HC

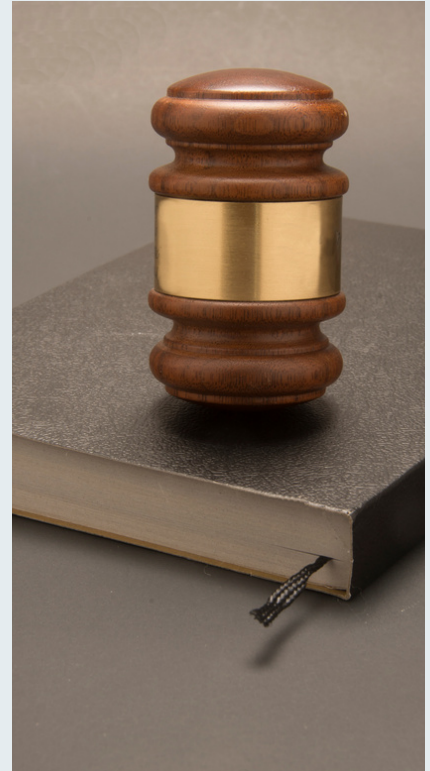
Where pursuant to a search and seizure operation in case of a group company, assessee received a notice issued under section 148A(b), in which it was alleged that as per information uploaded on Insite Porta, assessee had carried out transactions in penny script and booked fictitious losses, however, assessee gave evidence that information was incorrect and in fact it had made a profit.

[\[2024\] 160 taxmann.com 559 \(Bombay\)\[05-03-2024\]](#)



HC set-aside order passed by CIT(E) as SCN was only reflected on e-portal of Dept. & not served upon assessee

Where show cause notice for initiating proceedings under section 12A(1)(ac)(iii) was only reflected on e-portal of



department and was not served upon assessee, he would be entitled to file his reply and department would be entitled to examine same and pass a fresh order.

[\[2024\] 160 taxmann.com 629 \(Punjab & Haryana\)\[04-03-2024\]](#)

Reassessment to be quashed as AO didn't deal with assessee's assertion that deposits were offered to tax: HC

Where assessee-company in objections to reassessment submitted that cash deposits of Rs. 1.87 crores were made in bank account and said deposits were offered to tax but Assessing Officer without examining these details recorded reasons to believe that cash deposits of Rs. 3.73 crores had resulted in escapement of income.

[\[2024\] 160 taxmann.com 474 \(Bombay\)\[11-03-2024\]](#)

Corporate & Allied Laws

Notifications / Circulars

SEBI amends REITs Regulations, 2014; introduces a new chapter on 'Small and Medium REITs'

SEBI has notified SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2024. A new chapter VIB i.e. Small and Medium REITs has been inserted to existing regulations. The term "Small and Medium REIT" (SM REIT) refers to a REIT that pools money from investors under one or more schemes as per regulation 26P (2). The regulation specifies the eligibility criteria for making an offer of units of scheme for SM REITs. Further, SEBI has broadened the definition of REIT under regulation 2(zm).

NOTIFICATION NO. SEBI/LAD-NRO/GN/2024/166

SEBI puts in place safeguards to address concerns of investors transferring securities in a dematerialised mode

SEBI has issued safeguards to address concerns of the investors arising out of the transfer of securities from the Beneficial Owner (BO) account. These aim to strengthen measures to prevent fraud and misappropriation of inoperative demat accounts. It states that depositories must give more emphasis on investor education, particularly with regard to careful preservation of Delivery Instruction Slip (DIS) by the BOs. Further, DPs must not accept pre-signed DIS with blank columns from the BOs.

CIRCULAR NO. SEBI/HO/MRD/MRD-PoD-2/P/CIR/2024/18

SEBI introduces the Beta version of T+0 rolling settlement cycle on an optional basis

Earlier, SEBI vide circular dated September 7, 2021 allowed for introduction of a T+1 rolling settlement cycle. SEBI has now introduced the Beta version of T+0 rolling settlement cycle on an optional basis, in addition to the existing T+1 settlement cycle in the equity cash market. All investors are eligible to participate in the segment for the T+0 settlement cycle, if they can meet the timelines, process and risk requirements as prescribed by the Market Infrastructure Institutions (MIIs).

CIRCULAR NO. SEBI/HO/MRD/MRD-POD-3/P/CIR/2024/20



Govt. notifies list of Goods for purpose of commodity derivatives u/s 2(bc) of SCRA, 1956

The Govt., in consultation with the SEBI has notified the goods specified in the Schedule as commodity derivatives under section 2(bc) of the SCRA, 1956. The specified Goods are a) Cereals

and Pulses b) Oil Seeds, Oil Cakes and Oils, c) Spices d) Fruits & Vegetables, e) Metals f) Precious Metals g) Gems & Stones, h) Forestry i) Fibers, j) Energy k) Chemicals l) Sweeteners m) Plantations o) Dairy and Poultry p) Dry Fruits q) Activities Services, Rights, Interest & Events r) Others

NOTIFICATION S.O. 1002(E) [NO. 17/2/2016-CD (PART -II)]



SEBI allows reporting entities to use e-KYC Aadhaar Authentication services of UIDAI in Securities Market as 'sub-KUA'

Earlier, SEBI had allowed certain reporting entities to perform aadhaar authentication services under the Aadhaar Act, 2016. The permission was granted only for Aadhaar authentication as required u/s 11A of the Money Laundering Act, 2002. These entities are now allowed to perform authentication services of UIDAI in the securities market as sub-KUA. The KUAs shall facilitate the onboarding of these entities as sub-KUAs to provide the services of Aadhaar authentication with respect to KYC.

CIRCULAR NO. SEBI/HO/MIRSD/SECFATF/P/CIR/2024/17

Policies & Schemes

ASPIRE: A Scheme for Promotion of Innovation, Rural Industries, and Entrepreneurship

Introduction:

In India, where agriculture remains a cornerstone of the economy, the need to foster innovation and entrepreneurship within the sector has become paramount. Despite various government initiatives, challenges such as poverty and unemployment persist, particularly in rural areas. In response to these challenges, the Government of India introduced the A Scheme for Promotion of Innovation, Rural Industries, and Entrepreneurship (ASPIRE).

Launched in 2015 under the auspices of the Ministry of Micro, Small, and Medium Enterprises (MSME), the ASPIRE Scheme aims to revolutionize the agricultural landscape by promoting entrepreneurship, fostering employment generation, and encouraging technological innovation. With a focus on providing crucial support and skill development to aspiring entrepreneurs in the agricultural sector, ASPIRE seeks to not only stimulate the creation of new ventures but also facilitate their sustainability and growth.

By establishing a network of technology centers and incubation centers across the country, ASPIRE aims to equip entrepreneurs with the necessary tools, knowledge, and resources to navigate the complexities of starting and running successful agro-industry enterprises. Through initiatives like skill-based training, market linkages, and forward and

backward integration programs, ASPIRE endeavors to create a conducive ecosystem for fostering innovation and driving economic development in rural areas.

Objectives:

Job Creation and Unemployment Reduction:- The ASPIRE scheme endeavors to create new employment opportunities in India, particularly in rural areas, with the aim of reducing unemployment rates across the nation.



Promotion of Entrepreneurship Culture:- ASPIRE seeks to cultivate a culture of innovation and entrepreneurship within India, especially among startups. By providing support and resources, the scheme encourages individuals to embark on entrepreneurial ventures in the agricultural sector.

Grassroots Economic Development:- At the heart of ASPIRE's objectives is the promotion of economic activities at the grassroots level, particularly in district areas. By fostering entrepreneurship and innovation, the scheme aims to drive economic development and prosperity in rural communities.

Facilitation of Innovative Solutions:-

ASPIRE aims to promote the development of innovative business ideas and solutions that address pressing social needs. By supporting entrepreneurs in creating solutions for societal challenges, the scheme contributes to social welfare and sustainable development.

Strengthening MSME Competitiveness through Innovation:

ASPIRE works towards enhancing the competitiveness of Micro, Small, and Medium Enterprises (MSMEs) by fostering innovation. Through the promotion of innovative practices and technologies, the scheme empowers MSMEs to excel in a competitive market environment and contribute significantly to the economy.



Eligibility:

- Individuals above 18 years interested in starting a startup venture.
- Universities, technical institutes, or research centers, especially those focused on rural and agricultural sectors.
- Micro, Small, and Medium Enterprises (MSMEs) registered under the Udyam MSME registration system.

- Government institutions or agencies at the central or state level involved in technology, rural development, entrepreneurship, or business management.
- Existing incubation centers under government departments, ministries, or institutions, particularly in the agro-based industry.
- New incubation centers to be established by eligible private entities, including industry associations, academic institutions, government entities, and technology parks, either independently or through Public-Private Partnership (PPP) models.
- Production Co-operative Societies and Charitable Trusts registered under the Societies Registration Act of 1860.
- Entities not eligible include incubators that have previously received government subsidies for similar activities and existing incubation centers operating under different agencies.

How to apply:

An Application must be sent to the Aspire Scheme Steering Committee of the Ministry of MSME. The Scheme Steering Committee will be responsible for overall policy, coordination, and management support. The Council will be chaired by the Secretary, Ministry of MSME. However, the applicant must satisfy the eligibility criteria in order to apply for the assistance under the ASPIRE scheme. Furthermore, the applicant must provide documentation regarding the existing business or upcoming idea. An applicant can simply visit the [official website](#) and register for the scheme.

Components:

Livelihood Business Incubation (LBI):

- Establishes business incubators to foster entrepreneurship and provide skill development training.
- Implemented within government institutions or agencies.
- Funding provided for up to Rs. 100 lakh or 100% of Plant and Machinery cost.

Technology Business Incubation (TBI):

- Sets up incubation centers to promote technology adoption and innovation in agro-based industries.
- Supports existing and new incubators.
- Funding available for up to Rs. 30 lakh for existing and Rs. 100 lakh for new centers.



Start-up Promotion through SIDBI:

- Facilitates conversion of innovative ideas into commercially viable enterprises.
- SIDBI establishes a fund of Rs. 60 crore to support startups and innovation initiatives.

Benefits:

- Agricultural techniques and operations that are related to them are being automated.
- Adding value to agricultural and forest products
- Agricultural pre/post-harvest waste recycling, off-farm yet farm-connected animal husbandry, and so on,
- Rural-relevant business models for aggregation and value addition
- Business models that create local jobs in rural locations, as well as business concepts that have a social impact

Funding pattern:

- Creation, Maintenance, and Updation of Database of Technology Centres Network:
 - Allocation: Rs. 2 Crore
- Capacity Building:
 - Includes Engagement of Consultants, Surveys, Awards, Exposure Visits, Studies, Monitoring and Evaluation, etc.
 - Allocation: Rs. 17.75 Crore
- Fund for Setting up of Incubation Centers by NSIC, Coir Board, KVIC, or any other Government Institution/ Agency:
 - Allocation: Rs. 62.5 Crore
- Fund for Setting up of Technology Incubation Centers (TBI):
 - Allocation: Rs. 61.5 Crore
- Administrative Costs:
 - 10% of the item mentioned in the 3rd row of the table above.
 - Allocation: Rs. 6.25 Crore
- Fund of Funds for Start-ups managed by SIDBI:
 - Allocation: Rs. 60 Crore
- Total Budget Allocation for ASPIRE Scheme: Rs. 200 Crore

Professionals Desk

BEST COMMUNICATION AUDITS OR ASSESSMENTS TO IMPROVE YOUR TEAM'S PERFORMANCE

What is a Communication Audit?

A communication audit is an extensive and impartial analysis of how your team communicates internally and externally. It requires collecting and analyzing data from surveys, interviews, observations, documents, and feedback. The goal of a communication audit is to detect the gaps, obstructions, and prospects for improvement in your communication strategy, culture, and practices. This can aid in aligning your communication goals with your team's vision and mission, as well as improving collaboration, engagement, trust, productivity, efficiency, quality, morale, satisfaction, and retention. Additionally, it can help to resolve or prevent communication conflicts and misunderstandings.

Types of communication Audits

Depending on your needs, objectives, and resources, there are different types of communication audits you can use. Network analysis looks at the structure and patterns of communication networks, like who communicates with whom and how often. Climate analysis evaluates the atmosphere and culture of the communication environment, such as how open, supportive, respectful, and constructive it is. Content analysis examines the quality and effectiveness of communication messages by looking at how clear, accurate, relevant, and persuasive they are. All three types of audits can help

you understand the flow of information, measure communication satisfaction and trust among team members, evaluate strengths and weaknesses in communication style, and align content with team goals.

Steps to conduct a communication audit:

- Defining the purpose and objectives of the audit.
- Selecting appropriate methods and tools for data collection.
- Designing and distributing data collection instruments, ensuring their validity, reliability, and ethical considerations.
- Collecting data through methods such as surveys, interviews, focus groups, observations, document reviews, or specialized software.
- Analyzing the gathered data to identify patterns, trends, and key findings.
- Reporting and presenting the results of the audit, along with recommendations and action plans for improvement.

Benefits of a communication audit:

Identifying Communication Gaps: Pinpoints areas of communication deficiency, enabling teams to address them effectively.

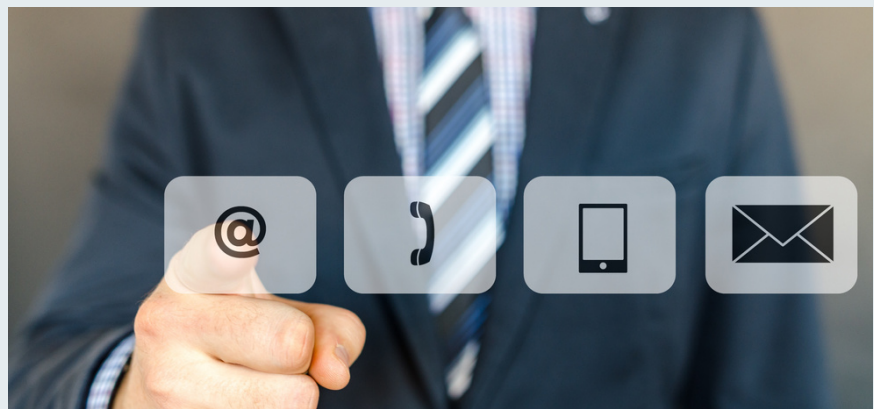
Enhancing Efficiency and Innovation: By tackling barriers and challenges, teams can operate more efficiently and foster a culture of innovation.

Improving Collaboration and Trust: Enhances communication skills and strategies, promoting collaboration and fostering trust among team members.

Aligning Communication with Goals: Ensures that communication goals, messages, and channels are aligned with the team's vision, mission, and values, fostering coherence and unity of purpose.

Boosting Managerial Influence: Increases the effectiveness, impact, and influence of managers and leaders within the team.

Promoting Positive Communication Climate: Cultivates a positive communication climate and culture that supports team motivation, performance, and overall well-being.



CFO's Eye

RBI says won't drop higher risk weights for loans to PSU NBFCs after banks seek easier norms

The Reserve Bank of India (RBI) has rejected a demand from banks to scrap higher risk weights for loans to government-backed entities such as Power Finance Corp. (PFC), Indian Renewable Energy Development Agency (IREDA) and IIFCL. In a letter sent earlier this month, the RBI said it cannot make an exception for any particular set of non-banking finance companies (NBFCs), said people familiar with the matter.

Loans to real estate rise four-fold in February

Loans to real estate recorded a four-fold increase in February as bank lending rose 16.5 percent in February, with loans to services accelerating at a faster pace while retail loans growth moderated as the regulator intended, data from RBI shows. Loan growth to industry also increased at a faster pace than the previous year. Lending rates in February fell from January though were higher last year. On a year-on-year basis, nonfood bank credit rose 16.5 percent in February 2024 as compared with 15.9 per cent a year ago according to the latest data on sectoral deployment of bank credit released by the Reserve Bank of India.

Fincare merges with AU Small Finance Bank

AU Small Finance Bank (AU SFB) on Monday amalgamated Fincare Small Finance Bank (Fincare SFB), marking the first such

consolidation in the sector. In an all-stock merger deal first announced on October 29, 2023, where the shareholders of Fincare SFB received 579 equity shares in AU SFB for every 2,000 equity shares held in Fincare SFB, the merger received final approval from RBI on March 4, 2024, with the effective date of April 1, 2024. The merger is also expected to provide AU SFB with enhanced access to South India, significantly expanding its distribution network, the Jaipur-based lender said in a statement.



Growing CASA deposits biggest challenge for small banks

ESAF SFB chief : Mobilising low-cost current account, savings account (CASA) deposits continues to be the biggest challenge for small lenders, ESAF Small Finance Bank (ESAF SFB) managing director and CEO K Paul Thomas tells FE. "While big banks may not face any challenge in accreting



current account and savings account (CASA) deposits, it has become a challenge for new, small-sized banks. Large corporates, who usually park money with large banks, nowadays do not keep funds in current account and just use the 'sweep in' and 'sweep out' facility, which essentially comes under the short-term FD category," he said.

Banks asked to check mis-selling, safeguard account holders' interest

DFS Secy : Financial Services Secretary Vivek Joshi has said that public sector banks have been asked to check mis-selling of insurance products and ensure protection of account holders' interest. Banks have been sensitised on the matter, as the Department of Financial Services (DFS) regularly gets complaints that fraudulent and unethical practices are being adopted by banks and life insurance companies for procuring policies from the bank customers, he told PTI in an interview. "Banks have been asked to give utmost importance to the interest of account holders," he said. There have been instances where life insurance policies were sold to customers aged above 75 years in tier-II and III cities.

Systems & forensics

Financial Clouds on the Horizon: Reassessing the Economics of Public Cloud Adoption for Financial Institutions

Financial institutions are increasingly migrating their critical workloads to public clouds to meet evolving customer demands and gain benefits like scalability and flexibility. However, this migration journey presents challenges, including higher-than-expected operating costs and complexities in forecasting true costs. The shift from capital expenditures to operating expenditures models poses friction with stakeholders. The case study of Commonwealth Bank of Australia (CBA) illustrates these challenges.

Major cloud service providers (CSPs) like Microsoft, Amazon, and Alphabet are experiencing rising operating costs despite revenue growth. This trend, coupled with increasing inflation and interest rates, threatens the financial balance between institutions and CSPs. Concerns about potential price increases by CSPs and practical exit options for financial institutions further complicate the landscape.

Historically, CSPs have kept prices suppressed, but changing economic conditions and operational costs are leading to inevitable price increases. Academic studies suggesting significant cost savings from cloud migration may not hold true for all financial institutions, challenging technology leaders' decisions. Technology leaders face the daunting task of re-evaluating cloud migration strategies amidst economic uncertainties. The decision to reverse or continue migration requires careful consideration, as transitioning back to traditional models may not be feasible. Each institution must assess its options in response to the dynamic operating environment.

[ISACA Journal](#)



Can generative AI give us prescriptive analytics?

The analytics maturity perspective, as delineated by Gartner, comprises four stages: descriptive, diagnostic, predictive, and prescriptive analytics. Descriptive and diagnostic analytics focus on past events, aiming to understand what happened and why. Predictive analytics moves towards forecasting future outcomes based on historical data, often utilizing statistical modeling or machine learning. Prescriptive analytics, the pinnacle of maturity, offers actionable insights by suggesting the best course of action to achieve desired outcomes.

In fraud examination, familiarity with descriptive and diagnostic analytics is common, involving rules-based tests and data analysis to identify patterns and anomalies. However, these methods primarily address past occurrences, prompting the need for deeper insights into the underlying causes of breakdowns or how to prevent future incidents.

Predictive analytics extends beyond historical analysis to forecast potential outcomes, employing techniques like machine learning. Challenges arise from the need for extensive datasets, limiting the accuracy of predictions, although collaborative efforts can enhance effectiveness.

Prescriptive analytics represents the ultimate goal, offering actionable recommendations based on comprehensive data analysis. Incorporating advanced technologies like generative AI and large language models (LLMs), prescriptive analytics aims to provide intelligent insights and predict the consequences of decisions. Customized LLMs, combined with regulatory data and organizational information, hold promise for driving prescriptive intelligence.

The "Fraud Risk Analytics Maturity Triangle" illustrates the progression from foundational anti-fraud tests to predictive chatbots and ultimately prescriptive intelligence. As technologies evolve, the convergence of generative AI and prescriptive analytics presents exciting opportunities for innovation in fraud prevention and detection.

Looking ahead to 2024, the anticipation is high for the flourishing of prescriptive analytics, with advancements in AI and data analytics paving the way for more intelligent and proactive fraud management strategies.

[ISACA Journal](#)

Glossary

AY

Assessment Year

ESIC

Employees State Insurance Corporation

MSME

Micro Small & Medium Enterprises

CBDT

Central Board of Direct Taxes

CBIC

Central Board of Indirect Taxes

DG GST

Directorate General of Goods & Services Tax

EFCI

Eligible Fixed Capital investment

EPCG

Export Promotion Capital Goods Scheme

AO

Assessing Officer

FY

Financial year

OM

Office Memorandum

ICAI

Institute of Chartered Accountants of India

SEZ

Special Economic Zones

HSN

Harmonized State of Nomenclature

INR

Indian National Rupee

ITBA

Income Tax Business Application

IPO

Initial Public Offering

GRIDco

Grid Corporation of Odisha

SCRA

Securities Contracts Regulation Act

ITC

Input Tax Credit

ITD

Income Tax Department

ITR

Income Tax Return

KUA

KYC User Agency

LLP

Limited Liability Partnership

MCA

Ministry of Corporate Affairs

PTI

Press Trust of India

SFB

Small Finance Bank

DIN

Document Identification Number

REITs

Real Estate Investment Trust

NSIC

National Small Industries Corporation

SEBI

Securities and Exchange board of India

UIDAI

Unique Identification Authority of India

USD

United State Dollar

GLOSSARY

are followed by a phonetic
— usually come from
— following rules are taken
— phonetic spelling system.
— syllable) is long;
— that of knee; ri;

4. A st
bi

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Contact Us

✉ info@nyca.in
☎ +91-141-4080999, +91-88759-99988
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