

BUSINESS STANDARD BFSI INSIGHT SUMMIT

Charging 18% GST on premium is just atrocious: Sathe

BS REPORTER  
Mumbai, 8 November

Insurance is a necessity in India in the absence of a social security net, but the government is taxing the sector heavily, even though others in the financial sector are exempted, said Nilesh Sathe, former member of the Insurance Regulatory and Development Authority of India (Irdai).

Delivering the keynote address at the insurance round of the *Business Standard* BFSI Insight Summit, Sathe said: “Charging 18 per cent goods and services tax (GST) on insurance premium is just atrocious.”

“In the absence of any social security available to the citizens, insurance becomes a necessity. All essential commodities are out of the purview of GST, why should premium be taxed, and that too, so heavily?” asked Sathe, adding nowhere in the world do people have to pay such a heavy tax on premium.

“There is no such tax on banking services or mutual fund services. These are also financial services, there is no reason why insurance services should be taxed and that too, so heavily. Even the premium for purchase of annuity attracts GST,” said Sathe.

He said the government’s “clear apathy” towards the sector was evident when state-owned insurance companies were not immediately capitalised when their solvency ratio (which must always remain above 150 per cent) fell below the threshold a few times.

The government is also not filling up vacancies in the insurance regulator fast enough.

“Irdai has been headless for the last five to six months. Members’ positions are vacant. Institutions are weakened if not manned in time,” said Sathe, adding the development of the sector is not the sole responsibility of insurance companies alone.

These companies have other challenges, too. Given the high solvency ratio, promoters must always infuse capital before such a company wishes to grow exponentially. They cannot invest as they like. The Irdai stipulation that insurance firms must invest at least half of their investible fund in government and other approved securities brings down the yields or internal rate of return for investors. This is because the yields on such securities have been declining steadily.

“Insurance companies undertake long-term liabilities, but the market has no matching asset instruments, resulting in an asset-liability mismatch,” said Sathe.

As the economy grows, so will disposable income and domestic savings. As incomes rise, insurance penetration increases, added Sathe.

India’s “highly favourable demographics”, where around 40 per cent of the population is currently aged between 20 and 49 years, low social security cover, coupled with increasing life expectancy, will also fuel the need for insurance. However, around 40 per cent of the population remains uninsured and the thumb rule of having 6x the annual income as insurance is not adhered to.

“As the level of education increases, the general awareness of insurance and its benefits will also increase, providing a further fillip to demand,” said Sathe.

Technology has been a game changer, and there hasn’t been a data breach or security scare, even as employees worked from home. Insurance companies, despite incurring losses in some cases, settled over ₹50,000 crore worth of claims last year.

Sathe said insurance companies must share the data among themselves, and must have a common database, particularly about frauds, rejection, and suspicious claims.



ALL ESSENTIAL COMMODITIES ARE OUT OF THE PURVIEW OF GST, WHY SHOULD PREMIUM BE TAXED, AND THAT TOO, SO HEAVILY?

NILESH SATHE  
FORMER IRDAI MEMBER

Why should we not seek subsidy: Panelists

Say customer engagement has been one of the pain points for insurers, historically



BHARGAV DASGUPTA  
MD & CEO  
ICICI LOMBARD GENERAL INSURANCE



RAKESH JAIN  
CEO  
RELIANCE GENERAL INSURANCE



ANAND ROY  
MD  
STAR HEALTH AND ALLIED INSURANCE



TAPAN SINGHEL  
MD & CEO  
BAJAJ ALLIANZ GENERAL INSURANCE

“Fact of the matter is that health insurance or any insurance is a pooling of small amounts of premiums used to pay a few large claims. Conceptually a pandemic is uninsurable”

“Insurers have stood by people in tough times and have taken heavy penalties. Monoline firms had to scramble to raise capital. General insurers could show some resilience because their business is diversified”

“The non-life insurance industry has paid roughly ₹30,000 crore worth of Covid-related health claims over the last 18 months. There were doubts whether Covid is an act of God, but we came together”

“The Centre must reduce GST on premiums. The premiums are moving up because of the claims we are seeing. If the effect on the end-consumer has to be lowered, the GST on premiums have to be looked into”

SUBRATA PANDA  
Mumbai, 8 November

The non-life insurance industry has paid around ₹30,000 crore in Covid-related health claims without any support from the government and the cost of such claims are borne by the industry, said the panelists at the *Business Standard* BFSI Insight Summit on Monday.

They said this could lead to an increase in premium unless the government steps in to minimise the burden on the end-consumer, such as through a reduction in goods and services tax (GST) on premiums or address the issue of high health care inflation.

The panelists were part of a discussion on the topic *General Insurers — Insuring the Insurers*.

“...health insurance or any insurance is pooling of small premiums that is used to pay a few large claims. And conceptually a pandemic is uninsurable. But we, as an industry, stood tall and said we would support society,” Bhargav Dasgupta, managing director (MD) and chief executive officer (CEO), ICICI Lombard, said at the summit.

“If the pool becomes unviable because of high claims, then the pool has to be replenished by an increase in premiums. But we also have to focus on the cost side of the equation... we have to address the core issue of health care inflation,” he added.

Supplementing what Bhargav said, Tapan Singhel, MD and CEO, Bajaj Allianz General Insurance, said, “The government should reduce GST on premiums. The premiums are moving up because of the claims we are seeing. If the effect on the end-consumer has to be lowered, the GST on premiums has to be looked into. Why should 18 per cent be charged when we are talking about consumer interest?”

He also questioned why the industry should not ask the government for a subsidy. “Why should the insurance industry not ask for a subsidy for something which is a national cause?” he asked.

Non-life insurers have seen a huge spike in claim size since the pandemic’s outbreak and much of it, they say, is because health care providers are charging exorbitant sums for treatment. Without a

regulator, it is practically impossible for insurers to push for standardised treatment rates.

Anand Roy, MD, Star Health and Allied Insurance Co., said, “We are struggling with a party — the health-care operators — which does not have a regulator. This is an area where all the players have to come together in the larger interest of the public. Some degree of discipline has to be brought in the health care ecosystem.”

“Insurers have stood by people in tough times and have taken heavy penalties, with shareholders funding those. Monoline companies had to scramble to raise capital. General insurers could show some resilience because their business is more diversified,” said Rakesh Jain, CEO, Reliance General Insurance.

He said the goal is to give people quality health care and this should be done through insurance companies. “Hence, premium increases should be linked with goals and not looked at in isolation,” he added.

Speaking on competition from new-age digital companies and insurtechs, Singhel said he didn’t feel such firms were doing anything drastically new.

“We were forced to digitise even before the pandemic and the digital players came into the picture because we are a low-margin and low-ticket sized industry,” said Dasgupta.

“The role of insurers is changing from a risk transfer company to a risk prevention and management one. In order to do this, we have to partner others because we may not have all the capabilities,” he added, explaining how insurtechs and legacy companies can collaborate.

“Insurance was always a push product. It was not even a secondary, but a tertiary product. With digitisation, insurance is becoming a primary product and many of these start-ups have realised that insurance creates a great pull for their business model. For insurance companies, insurtechs become an extended way of creating a conceptual promotion of your product,” said Jain.

Customer engagement has been one of the pain points for insurers, historically. “This is where technology will play a critical role and collaboration is the right way and probably on the services side, we will see a lot of engagements and developments,” he added.

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Union Bank of India

75 Azadi Ka Amrit Mahotsav

Operations Department, Central Office, World Trade Centre, The Arcade, Tower 4, Cuffe Parade, Mumbai-400005.

**Request For Proposal (RFP)**

Union Bank of India, a leading Public Sector Bank with pan India presence, having its Central Office in Mumbai, invites offers for the following:  
**Supply, Installation, Training, Commissioning & Maintenance of Note Sorting Machines Under Rate Contract**  
Please visit the Bank's website [www.unionbankofindia.co.in](http://www.unionbankofindia.co.in) or the Government portal [www.eprocure.gov.in](http://www.eprocure.gov.in) for downloading the RFP document, to know the eligibility criteria and other details. The last date of receipt of RFP response is **December 3rd, 2021 till 16:00 Hrs.**  
Any amendments/modifications/changes including any addendum in the RFP shall be notified on the Bank's website only.  
**Date: 08.11.2021** **General Manager (Operations)**

DYNAMIC ARCHISTRUCTURES LIMITED				
CIN: L45201WB1996PLC077451				
Regd. Office: 408, Swaika Centre, 4A, Pollock Street, Kolkata (W.B.) 700 001. Ph: 033-22342673				
Website: <a href="http://www.dynamicarchistructures.com">www.dynamicarchistructures.com</a> Email: <a href="mailto:info@dynamicarchistructures.com">info@dynamicarchistructures.com</a>				
UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED ON 30 <sup>th</sup> SEPTEMBER 2021				
(Rupees in Cr. Except EPS)				
Sl. No.	Particulars	Quarter ending/Current Year ending 30.09.2021	Year to date Figures/Previous Year ending 30.09.2021	Corresponding 3 months ended in the previous year 30.09.2020
1	Total income from operations	0.83	1.97	1.07
2	Net Profit / (Loss) for the period (before Tax, Exceptional and/or Extraordinary Items)	0.85	1.55	0.91
3	Net Profit / (Loss) for the period before tax (after Exceptional and/or Extraordinary Items#)	0.65	1.55	0.91
4	Net Profit / (Loss) for the period after tax (after Exceptional and/or Extraordinary Items#)	0.56	1.42	0.84
5	Total Comprehensive Income for the period [Comprising Profit / (Loss) for the period (after tax) and Other Comprehensive Income (after tax)]	0.56	1.42	0.84
6	Equity Share Capital	5.01	5.01	5.01
7	Earnings Per Share (of Rs. 10/- each) (for continuing and discontinued operations) -			
1. Basic :		1.12	2.84	1.67
2. Diluted :		1.12	2.84	1.67
Note:				
a The above is an extract of the detailed format of Quarterly Financial Results filed with the Stock Exchanges under Regulation 33 of the SEBI (Listing and Other Disclosure Requirements) Regulations, 2015. The full format of the Quarterly Financial Results are available on Stock Exchange website, <a href="http://www.bseindia.com">www.bseindia.com</a> & on the company website, <a href="http://www.dynamicarchistructures.com">www.dynamicarchistructures.com</a>				
b # - Exceptional and/or Extraordinary Items adjusted in the Statement of Profit and Loss in accordance with INDAS Rules.				
Dynamic Architectures Limited Sd/- Danmal Porwal Chairman Cum Managing Director DIN - 00581351				
Place: Kolkata Date: 08.11.2021				

Andhra Paper Limited

(Formerly known as International Paper APPM Limited)

Corporate Identity Number: L21010AP1964PLC001008

[(An ISO 9001, ISO 14001, ISO 45001 and FSC® Certified Company (FSC®- C119477))]

Registered Office: Rajahmundry - 533 105, East Godavari District, Andhra Pradesh, India. Phone: 0883-247 1831 to 1835, Fax: 0883-246 1764

Corporate Office: "Krishe Sapphire", 8th Floor, 1-89/3/B/40 to 42/KS/801, Hi-Tech City Main Road, Madhapur, Hyderabad - 500 081, Telangana, India.

Website: [www.andhrapaper.com](http://www.andhrapaper.com); E-mail: [aravind.matta@andhrapaper.com](mailto:aravind.matta@andhrapaper.com)

Extract of Statement of Standalone Unaudited Financial Results for the Quarter and Half Year Ended September 30, 2021

(Rs. in Lakhs)

Sl. No.	Particulars	Quarter Ended			Half Year Ended		Year Ended March 31, 2021
		September 30, 2021	June 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020	
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	Total income	35,865.32	27,054.95	15,870.19	62,920.27	28,278.13	90,196.62
2	Net Profit / (Loss) for the period (before tax, exceptional items)	2,537.18	3,520.56	(1,701.71)	6,057.74	(4,686.53)	(178.94)
3	Net Profit / (Loss) for the period before tax (after exceptional items)	2,537.18	3,520.56	(1,701.71)	6,057.74	(5,127.38)	(619.79)
4	Net Profit / (Loss) for the period after tax	1,887.32	2,614.21	(1,593.14)	4,501.53	(4,100.66)	(459.86)
5	Total Comprehensive Income / (Loss) for the period [Comprising Profit for the period (after tax) and other Comprehensive Income (after tax)]	1,887.32	2,614.21	(1,671.33)	4,501.53	(4,260.88)	(63.78)
6	Paid up Equity Share Capital	3,977.00	3,977.00	3,977.00	3,977.00	3,977.00	3,977.00
7	Reserves (excluding Revaluation Reserve)	-	-	-	-	-	93,544.51
8	Earnings Per Share (of Rs.10/- each) [(Not annualized) for continuing operations] [Basic and Diluted] (Rs.)	4.75	6.57	(4.01)	11.32	(10.31)	(1.16)

Notes:  
1. The detailed Unaudited Financial Results and this Extract of Results for the quarter and half year ended September 30, 2021 were reviewed and recommended by the Audit Committee and approved by the Board of Directors in their Meetings held on November 8, 2021.  
2. The above is an extract of the detailed format of Statement of Standalone Unaudited Financial Results for the quarter and half-year ended September 30, 2021 filed with the Stock Exchanges under Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The full format of the Statement of Standalone Unaudited Financial Results for the quarter and half-year ended September 30, 2021 are available on the Company's website ([www.andhrapaper.com](http://www.andhrapaper.com)) and on the websites of BSE Limited ([www.bseindia.com](http://www.bseindia.com)) and National Stock Exchange of India Limited ([www.nseindia.com](http://www.nseindia.com)).  
3. During the current quarter, the production and earnings were impacted owing to the Planned Annual Outage at the manufacturing facility of Rajahmundry conducted for 13 days which was executed without any safety incidents.

By order of the Board for ANDHRA PAPER LIMITED  
Anish T. Mathew  
Director - Commercial & Chief Financial Officer

Place : Hyderabad  
Date : November 8, 2021

TENDER CARE — Advertorial

SBI YOUTH FOR INDIA FELLOWSHIP VALEDICTION PROGRAM

SBI Youth for India Fellowship-2020-21 valediction was organized on 2nd November 2021 at the State Bank of India's Learning and Development Institute located at Sector-14 Panchkula. On this occasion, fellowship certificates to 95 SBI fellowship awardees were given. The SBI Youth For India fellowship involved work in social 13 months in rural areas across the country. SBI Youth For India fellowship are awarded every year by SBI Foundation to selected candidates from all over India. On this occasion Smt. Manjula Kalyanasundaram, Managing Director, SBI Foundation congratulated the fellows who successfully completed the fellowship program and said that they should work to take the rural society forward in the future life and cooperate in the progress of the country. Chief General Manager, State Bank of India, Chandigarh Circle, Mr. Anukool Bhatnagar was present in this program as the special guest. While addressing the gathering, he said that this fellowship provides an opportunity for the educated youth of the country to make them aware of the ground realities and encourage them to contribute towards building a strong and united society.

JNPT OBSERVES A WEEK-LONG VIGILANCE AWARENESS WEEK-2021

Jawaharlal Nehru Port Trust (JNPT), one of India's premier container handling ports, observed a week-long Vigilance Awareness Week at JNPT headquarters from 26th October to 1st November, 2021. During this week, various competitions like Essay writing, Slogan Writing and Eloquution, were held for JNPT employees along with a quiz competition especially organized for all women employees. Furthermore, poster making and elocution competitions were organized for college Students. All employees at JNPT took the integrity pledge on 26th October, 2021. An interactive meeting was held with Port Users on 29th October, 2021. A workshop on "Independent India @ 75: Self Reliance with Integrity" was conducted by Shri Narendra Panwar, IRTS, Dy. Chief Vigilance Officer, Central Railway. In addition, two workshops on the theme "Success through Ethical Conduct" were organized for St. Mary High School and R. K. Foundation, JNPT Vidyalaya, JNPT Township. JNPT also organized an awareness campaign on the theme "Independent India @ 75: Self Reliance with Integrity" on leading radio channels on 28th and 29th October, 2021.

HPCL OBSERVES RASHTRIYA EKTA DIWAS 2021

Hindustan Petroleum Corporation Limited observed Rashtriya Ekta Diwas 2021 (National Unity Day 2021) to commemorate the 146th Birth Anniversary of Sardar Vallabhbhai Patel, the Iron Man of India. On the occasion, C&MD, Functional Directors, CVO and other Officials present paid floral tribute to Sardar Vallabhbhai Patel. Thereafter, Rashtriya Ekta Diwas pledge was administered by C&MD and Director HR to all employees thru VC, in presence of Director Refineries, Director Marketing and Chief Vigilance Officer.

BANK OF MAHARASHTRA OBSERVES 'VIGILANCE AWARENESS WEEK 2021'

A week-long 'Vigilance Awareness Week' concluded at Bank of Maharashtra on 1st November, 2021 at its Head Office, Pune. Shri Atulchandra Kulkarni, Additional Director General of Police, Maharashtra was the Chief Guest for valedictory function. Shri AS Rajeev, Managing Director & CEO, Shri Hemant Tamta and Shri A. B. Vijayakumar, Executive Directors along with General Managers were present in the function. Shri AS Rajeev, MD & CEO in his speech asserted to inculcate habits of vigilance culture in the Bank. Shri. AS Rajeev opined that every employee should be vigilant and committed to highest standards of honesty & integrity and support to fight against corruption.

FIRST VISAKHAPATNAM CLASS DESTROYER DELIVERED TO THE INDIA NAVY

Mazagon Dock Shipbuilders Limited (MDL) has delivered First Ship of Project 15B Class Destroyer i.e. Yard 12704 (Visakhapatnam) to the Indian Navy on 28 Oct 2021. The Acceptance Document was signed by Vadm Narayan Prasad, AVSM, NM, IN (Retd) Chairman & Managing Director, MDL and Adm K P Arvindan, VSM, CSO (Tech) at MDL in the presence of Commanding Officer (Designate), MDL Directors and Navy personnel. The ship is constructed using Indigenous Steel DMR 249A and is amongst the largest Destroyers constructed in India, with an overall length of 164 meters and a displacement of over 7500 tons. The ship is a potent platform capable of undertaking a variety of tasks and missions, spanning the full spectrum of maritime warfare. It is armed with supersonic Surface-to-Surface 'Brahmos' missiles and 'Barak-8' Long Range Surface to Air Missiles. Towards undersea warfare capability, the Destroyer is fitted with indigenously developed anti-submarine weapons and sensors, prominently the Hull mounted Sonar Humsa NG, Heavy weight Torpedo Tube Launchers and Rocket Launchers.

HPCL:Q2 HIGHLIGHTS, PAT AT ₹ 1,924 CRORE

Hindustan Petroleum Corporation Limited has recorded Profit after Tax (PAT) of ₹ 1,924 crore for the quarter ended 30th September 2021 vis a vis a PAT of ₹ 1,795 crore for the previous quarter recording 7.2% growth. For the period April-September 2021, HPCL recorded a PAT of ₹ 3,719 crore. Gross sales for the quarter stood at ₹ 87,311 crore as compared to ₹ 61,340 crore during the corresponding previous year period. For the period April to September '21, HPCL recorded gross sales of ₹ 1,64,619 crore as compared to ₹ 1,07,225 crore of corresponding period of the previous year. During Q2, HPCL has achieved the domestic sales volume of 8.79 MMT as compared to 8.10 MMT of previous year for same period representing a growth of more than 8%. The domestic sales of HPCL for the period April-September 2021 was 17.24 MMT as compared to corresponding sales of 15.34 MMT in the previous year, showing a growth of 12%. The major petroleum product has shown growth, with sale of ATF grew by 63%, MS by 23%, HSD by 15% and LPG by 4% during the period April-September 2021.