EVERYTHING THAT CONCERNS YOUR MONEY

THE GREEN DIGEST

PAGES 26 | AUGUST 2021 | 62 MINUTES

OLYMPICS

GOOD SPORT, BAD BUSINESS

FOR PRIVATE CIRCULATION ONLY

Greenvissage

www.greenvissage.com

The Economics of Olympics – How hosting Olympics doesn't favour the hosts and its taxpayers

Prologue

Olympics – once in every four years, athletes and teams from around the world compete against each other – a global event in a true spirit. Ever since the first modern games in 1896, the Olympics have evolved dramatically. The sports have become competitive and it's a pride to watch national athletes compete at a global level – something that brings people of a nation together irrespective of the differences within. However, the business end of the event has suffered adversely. The costs of hosting and the revenue produced by the spectacle has increased rapidly over the past years and this has led to controversies over the burdens that a host country has to shoulder. An increasing number of economists argue that both the short term and long term benefits of hosting the Olympics are exaggerated and even non-existent as it leaves many host countries with large debts and maintenance liabilities. There's no doubt that the Olympics is an event appreciated and loved across the world, however, if the economies of hosting the Olympics do not support the games, how long will it survive?

Backdrop

When the sportsperson and the support staff arrived at the Tokyo Olympics, they discovered something unusual about the beds in the athletes' village – they were made of Cardboard, no wood, no metal but completely using cardboard. The beds have been made by Japanese Company Airweave and while many were surprised how these beds would hold, the beds are more solid than wood and sturdier than they look, according to the company. The Japanese organisers opted for the cardboard beds instead of wood, to recycle them after the event is completed, as the beds are made out of recyclable materials.

A study by Oxford University suggests that the Tokyo 2020 Olympics is already the most expensive in history. The costs involved in upgrading infrastructure, the postponement of the games from 2020 and a blanket ban on spectators to curb the rising rate of coronavirus cases in Japan have all been pivotal reasons behind the skyrocketing of the hosting finances. While the event is important, once the event is over these infrastructures which are specially built for the Olympics become a waste, or the cost of maintaining them is so high that most Olympics sites are abandoned instead. Hosting the Olympics is becoming a burden than an exciting opportunity.

How do the hosts countries earn?

Hosting countries earn from ticket sales, sponsors, investment companies, hospitality companies and television broadcasting rights in the country and across the world. Owing to the COVID-19 pandemic, spectators are not allowed in the Tokyo Olympics 2020 and thus, the projected USD 800 million income from ticket sales for the Tokyo Olympics Committee is now blown away in thin air. However, the Olympics Committee expects to earn around USD 3 billion from 60 Japanese companies who have invested in various areas across the games and at least USD 200 million by the additional sponsors to secure contracts. The Tokyo Olympics has also managed to secure around USD 2 billion from TV rights, sponsorships and hospitality. Broadcasting contracts across Asia, Europe and the States have also pumped in further USD 3 billion for the hosting committee.

What are the costs of hosting?

Bidding

To being with, submitting a bid to the International Olympic Committee (IOC) to request hosting the Olympics itself costs millions of dollars to the applicants. Cities typically spend USD 50 - 100 million in fees for consultants, event organizers, and travel-related to hosting duties. All these expenses are good for nothing if they do not win the bid. For example, Tokyo lost approximately USD 150 million while bidding for the 2016 Olympics and spent approximately USD 75 million on its successful 2020 bid.

Public Infrastructure

Now coming to hosting the games which are even more costly than the bidding process, the host country has to arrange for infrastructure in the city as people from around the world would be visiting the city. The roads have to be prepared and even added specifically for the Olympics to manage the traffic. Airports are to be enhanced so that they can have the capacity to manage the high frequency of flights. Public Transport such as Buses, Rails and Metros have to be upgraded to accommodate a large number of tourists and also to provide relief to the road traffic. These are public infrastructure and its up-gradation is helpful for the country in the long run. However, certain expansions such as the expansion of airports, railways and new special roads usually do not have much use once the city returns to its normalcy. The construction of these special-purpose infrastructures happens at the cost of town planning as the event is of high importance and result in problems in later years.

Hospitality

Apart from infrastructure, the hosts have to prepare housing for all the athletes in a special Olympic village as well as make available at least 40,000 hotel rooms and specific facilities as a part of hospitality – all in one city. While the developed nations may already have a part of this capacity, the same does not apply to every city and other country. Besides, similar to public transportation infrastructure, once the event is over, the hotels may not be in much business unless the tourism of the city shoots up. The Tokyo Olympics 2020 opting for recyclable beds explains that the beds are usually of no further use after the event and thus, it is important to make sure that they provide some benefits in return – in this case, recycling would fetch recovery of costs.

Sports Facilities

The host nation has the more important responsibility of developing world-class stadiums and sports facilities for all the sports games which are part of the Olympics. However, post completion of the Olympics, the cost of maintaining such facilities is a burden for the host country and while they are useful for the athletes of the particular country, they won't be useful longer if they don't find the upkeep money.

Overall, infrastructure costs anything between USD 5 billion to USD 50 billion and often exceed the revenue.

Profitability of hosting Olympics

While on most occasions, Olympic games have managed to provide a profit to the hosting committees, the host country's economy has suffered losses owing to the Olympics except the Los Angeles Olympics in 1984. Olympic Games which were held in Rio 2016, Sochi 2014, Athens 2004 and Montreal 1976 have been economic disasters, as the host countries are still in debt after years with losses worth billions. By the time Montreal finished paying off its debt from the 1976 games, it was 2006, 30 years passed by. Russian taxpayers pay almost USD 1 billion annually to clear the debt from 2014 Winter Games in Sochi.

London paid USD 14.6 billion for hosting the Olympics and Paralympics in 2012. Of the total, USD 4.4 billion came from taxpayers. Beijing spent USD 42 billion on hosting in 2008. Athens spent USD 15 billion hosting the 2004 Olympics. Taxpayers in Athens continue to be assessed payments of approximately USD 56,635 annually until the debt is paid in full. Sydney paid USD 4.6 billion hosting the Olympics in 2000 and taxpayers covered USD 11.4 million. Rio de Janeiro is expected to pay over USD 20 billion by the end of the 2016 Olympics.

Income from the games often covers only a portion of expenses. For example, London brought in USD 5.2 billion and spent USD 18 billion on the 2012 Summer Olympics. Vancouver brought in USD 2.8 billion, after spending USD 7.6 billion on the Winter Games in 2010. Beijing generated USD 3.6 billion and spent more than USD 40 billion for the Summer Olympics in 2008. As of 2016, Los Angeles is the only host city that realized a profit from the games, mostly because the required infrastructure already existed.

The Japanese Economy is no different. Depreciation of the currency Yen with comparisons to the stronger currencies like the US Dollar and Euro has made import costs much higher with the renovation of National Stadium and Gymnastic venue alone costing over USD 2 billion after scraping costlier renovation plans. The Badminton Plaza cost USD 330 million, the Aquatics centre cost USD 540 , the Volleyball arena cost USD 320 million. Building the Games village cost USD 2 billion. Part of the reason for the inflated renovation costs is also attributed to the lack of labour in Japan. The added cost of USD 900 million to ensure COVID-19 Standard Operating Procedure became another additional burden. Japanese Government Auditors have estimated that the costs of Tokyo Olympics 2020 could also shoot to around USD 26 billion including the post-games infrastructure maintenance. While the revenue is nowhere close in comparison.

The boost in jobs for the host cities from the Olympics is not always as beneficial as it is perceived to be. For example, Salt Lake City added only 7,000 jobs, about 10% of the number that officials mentioned prior to the event when the city hosted the 2002 Olympics. Most jobs go to workers who are already employed and it does not help the unemployed workers. Most of the profits made by the construction companies, hotels, and restaurants go to international companies rather than to the host city's local companies, as the event is huge and high standard brings higher reputation.

Making Olympics more manageable

There's a growing consensus that the Olympic Games needs reforms to make them affordable. The IOC bidding process encourages wasteful spending as it favours the applicant with the most ambitious plans. This so-called winner's curse means that bids are often overinflated by the local construction and hospitality lobbying and overshoot the actual value of hosting. the International Olympics Committee (IOC) has lately, promoted reforms under the 'Olympic Agenda 2020' which include reducing the cost of bidding, allowing more flexibility in using existing sports facilities, encouraging sustainability strategy, and increasing auditing and transparency. However, more drastic measures are necessary. Few authors recommend one city be made the permanent host to allow the reuse of expensive infrastructure. City plannings of the host need to ensure that the games fit into a broader strategy and promote development that outlives the event.

The Bottom Line

Hosting Olympics most often results in severe losses for the economies and unless a city already has the existing infrastructure to support the excess crowds that pour in during the Olympics, not hosting the Olympics is the best option.

Factoring – How bill discounting can revive the MSME sector by tapping the blocked working capital

By Amit Chandak, Associate Director, Greenvissage

Prologue

Businesses are often stuck between debtors who won't pay on time and creditors who won't wait. In between, a businessperson often ends up offering higher discounts to their debtors for early clearing of receivables or buying at higher prices from its creditors who may offer a longer credit period to settle the bills.If you are a businessperson, you might have already experienced how essential it is to manage working capital and review it periodically. Many studies suggest that poor management of working capital was most often the reason behind the failure of businesses. This is because if a few receivables turn bad, bankrupt or won't pay owing to pending litigations and even deliberately sometimes, it affects your working capital, although it seems healthy on your balance sheets.

Backdrop

India is a developing country and our economy majorly consists of micro, small and medium enterprises (MSMEs). The MSME sector comprises small businesses, manufacturers, wholesale and retail traders who belong to the middle-class strata of the society. For a long time, this section of the economy has been neglected as the early focus after independence was on large scale industrialisation and self-sufficiency, and later the focus shifted on liberalisation and foreign investments. In between raising people from poverty and serving the rich industrialists by policy-making, the MSME sector never received the push that it needed from the economy and the middle-class people have stayed where they were. However, the Governments have realised that a small push or an initiative for the MSMEs can have a ripple effect on the economy. And thus, lately, the Governments have been bringing up initiatives with a focus on the MSME sector. One such initiative taken recently has been 'factoring' – solving the principal problem of the MSMEs – blocked working capital.

Post-pandemic, most businesses have faced one of the toughest times in managing their working capital. Although their receivables exceed the payables, they are still unable to clear the dues as their customers haven't paid the outstanding bills. MSMEs are usually unorganised and therefore, there are long chains of businesses that buy from one business and sell to the other, before the goods ultimately reach the retail customers. Similarly, in industries where products are processed at multiple stages such as food processing, textile manufacturing, etc. the goods from farms have a long distance to travel before they reach the ultimate customers. In such situations, if one of the businesses in a chain of such businesses defaults, or is unable to pay his dues, the entire chain preceding such buyer is blocked, as MSMEs have limited funds in their business. Factoring can resolve such problems by financing a business with funds and avoids failure of the entire chain of business.

What is factoring?

When you sell your goods, you offer a credit period. Selling to smaller customers is riskier as your receivables are more to bad debts and hence, the focus is always on bringing in bigger customers who also place orders in bulk. However, big customers come with large negotiation power as well and one area which gets negotiated without many talks is the credit period. Small businesses are in the realm of large customers and have to live by their terms. This often results in blocked working capital funds and borrowings from banks and sometimes even friends and relatives. Factoring aims at solving this problem.

A factor is an intermediate financial agent who provides cash or financing to the selling party by purchasing their bills receivables. Factoring services are usually provided by banks and finance companies. So, if you sell to a buyer, the factor will pay you instantly against the bill and release your working capital pressure. Later, when the bill becomes due and the buyer pays the same, the factor collects the proceeds of the bills. The factors earn by way of commission and fees based on the value of the bill and other factors such as the dependency of the buyer, the turnover and records of the seller, etc. So when factor pays you instantly they deduct their commission and fees, and you receive the balance proceeds. Factoring of bills receivable is also known as 'Bill Discounting' as you receive the discounted value of the bill. Factoring helps the seller by providing them with short-term cash needs by selling their receivables in return for an injection of cash from the factoring company. For the buyer, it is usual business, except that the payment when due is to be paid to the factor and not the seller.

Basics of Factoring

Following are a few things, you must know in relation to factoring.

Full Factoring and Recourse Factoring

Usually, the factor pays your proceeds of the bill after discounting and later collects the payments from the buyer. What if the buyer fails to pay the proceeds and the receivables turn into bad debt? In such cases, depending on the factoring arrangement, the liability may or may not fall back to you. If you enter into a 'Full Factoring' or 'Factoring without Recourse', your liability will be dismissed as soon as the factor pays you. If the debt thereon turns bad, it won't fall back to you. However, if you enter into a 'Recourse Factoring' or 'Factoring with Recourse', you will not be resolved of your liabilities until the buyer pays the factor on the due date. If the buyer fails to pay, it would become your liability to pay the factor. Thus, in recourse factoring, there is no debt protection. Accordingly, it is obvious, the bank charges a higher commission for 'Full Factoring' as it involves more risk than in 'Recourse Factoring'.

No collateral securities

The key feature of factoring arrangements is that it does not involve any kind of mortgage of collateral properties as in the case of term loans. Further, there is no need to submit any working capital statement every month as in the case of working capital overdrafts or cash credits. The factors collect documents such as business registrations, past financial statements, current business profile and details of top customers. They have access to your credit scores and the same of your buyers. There is a processing fee involved at the time of registration. Once registration i.e. factoring agreement has been signed, merely submission of the invoice and related documents, and thereafter acceptance of the same by the buyer is sufficient to receive the funds from the factor.

Disclosure to buyer

A factoring arrangement is usually disclosed to the buyer, as the buyer has to pay directly to factor, instead of the seller. The name of the factor and other details are to be disclosed in the invoice. However, there are also Undisclosed Factoring Arrangements where the details of factoring are not disclosed to the buyer or in the invoice. There are different ways of dealing with collections in such cases. Usually, the documentation is made in such a way as if the goods have been sold to the factor first who in turn sells the same to the intended buyer and appoints the seller as an agent to recover the debt from the buyer. Instead of merely financing the arrangement, the factor assumed the responsibility of non-payment. Sometimes, the factor maintains the sales record of the seller and the amount advanced is recorded as borrowing by the seller and the seller is liable to repay the debt when his dues are cleared.

Benefits of Factoring to Seller

Liquidity

Instant availability of finance helps in maintaining the liquidity in the business. The factoring arrangement regularises the business's cash flow and increases the working capital. Thus, making more funds available at your realms and thereby more power to negotiate with your vendors.

Guarantee

One of the major risks for businesses is certainly that of being unable to collect the proceeds of their sales i.e. bad debt risk. In a factoring arrangement, the factor who is often a bank or financial company whose job is to provide finance, the risk can be eliminated by opting for factoring without recourse.

Credit Investigation

The factor makes a thorough investigation of the buyer's creditworthiness, financial strength, and market reputation. This also helps you minimize your collection risks and develop a high-quality customer portfolio for your business.

Time

Time is money. Wasted time is a luxury that no one can afford in a business. Investigating the customer, managing and making collections, handling credit procedures, etc can all take up time and by taking advantage of factoring services you can put the time to better use by developing better business plans and competitive advantages.

Lower Costs

Factoring reduces the time, effort and money involved in bookkeeping. It allows you to make cash payments to your suppliers and thus, you can avail cash discounts from vendors and reduce costs. As against loans from banks, it does not involve heavy documentation or mortgage of properties which take way too much time and attention away from the core business activity.

Financial Strength

Factoring makes it possible for a business to finance its operations from its receivables. The average collection time of receivables will be lowered and thereby, your trade payables as well. The reputation of the business will improve owing to prompt payment of dues and thus, the financial structure will also be stronger. The need for loans or funds from investors for working capital can be avoided.

How does factoring company earn?

Factoring companies are not one-size-fits-all. Many companies cater to specific industries such as automobiles, construction or staffing. Banking companies also offer factoring services, but the majority of factoring companies are independent financers. When a business factors their invoices, the factor advances up to 90% of the invoice value to the business. When the factor collects the full payment from the end customer, they return the remaining 10% to the business, minus a factoring fee. The fee is typically between 1% and 5% depending on multiple factors, like the age of the invoice, the risk involved and creditworthiness.

The factoring company usually has investors or borrowings from other financiers. Against the funds available, the factoring company offers the seller instant payment of their bill. The factoring fee covers their interest dues to investors and lenders, the collection costs, the administration costs and the profit margin for the risk undertaken. The business model is similar to banks who lend money to businesses except that the financing here is of smaller quantum, for a brief period like 3 to 12 months, and riskier as there is no collateral security. To cover the risks, the factors also take insurance against all such outstanding collections. Of course, the factoring business has more margin than the banks have in their loans, however, the stake is also higher.

Why is factoring not popular?

Factoring is a popular mode of working capital financing in the developed economies, as it provides a complete financial package that combines working capital financing, credit risk protection, accounts receivable bookkeeping and collection services.

However, factoring hasn't been much successful in India owing to a few reasons.

Double-credit on same receivables

The factoring companies often offer their services to customers who already have working capital borrowings from the banks who offer the same as a 'Cash Credit' against the working capital gap. Many borrowers do not exclude the factored receivables from their Receivables Statements while submitting to the bank periodically for the cash credit facility. This results in double financing of the same receivables. The loopholes have been exploited by many sellers in the past.

Availability of loans

Banks have deeper roots in India than factoring companies. Most MSMEs who are located in smaller towns and cities have banks available to finance but not the factoring companies. Most factoring companies are also sector-specific and thus, they haven't been able to reach their intended customers.

Frauds and Collusions

Factors in India have to face frauds and collusions such as fake bill scams, deliberate rejection of goods by buyers to avoid payments, direct cash settlements with sellers, etc. There is no authenticated document verification mechanism in place and also no credit insurance cover against the same. Documentations for sales are weaker in India and MSMEs usually do not maintain a thorough record of inventory, shipping, delivery and acceptance of goods. This further makes the process cumbersome.

The weak legal system for recovering

Factors are unsecured lenders and thus, in case of bankruptcy of the buyer or the seller, the factor would always be amongst the last ones in the queue. In the absence of access to debt recovery tribunal (DRT), factoring litigations take time as the legal system in India is already overburdened. Thereby, the risk appetite of factors is significantly deterred.

Deterrence by buyers

Often buyers avoid agreeing to a factoring arrangement by the seller, in fear of being chased by third party financing companies who are equipped to take legal actions in case of non-payment.

What are the latest amendments?

The Parliament has cleared the amendments to Factoring Regulation (Amendment) Bill, 2020. Following are the changes that have been approved which will improve the factoring market in India.

1. The amendments make it possible for approximately 9,000 Non-Banking Financial Companies (NBFCs) in India, to participate in a factoring arrangement. Earlier, only companies with banking license from the Reserve Bank of India (RBI) were allowed to act as a factor and only NBFCs whose (i) 50% of financial assets were in factoring business, and (ii) 50% of the gross and net income was from factoring business, were allowed to act as factor. The amendment now removes this threshold for NBFCs to engage in the factoring business.

2. The Government will soon make it mandatory for all companies with a turnover above INR 250 crores to register on the TreDS platform.

4. Factors are required to register the details of every transaction within 30 days. These details were recorded with the Central Registry setup under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act, 2002. The company and each officer failing to comply could face a fine of up to five thousand rupees per day if they fail to do so. The bill has now removed the 30 days period and new rules concerning the period, manner of registration, and a late fee will be announced soon.
5. Factoring business was defined as the business of (i) acquisition of receivables of an assignor by accepting assignment of such receivables, or (ii) financing against the security interests of any receivables through loans or advances. The bill now amends this to define factoring business as the acquisition of receivables of an assignor by assignment for consideration. Thus, now the acquisition should be only for the collection of the receivables or for financing against such assignment.

The Future Ahead

Factoring is capable of unlocking the blocked working capital funds of MSMEs and also help them resolve the problem of delayed collection of bills. The new changes have been brought keeping in mind the difficulties faced by the MSME sector during the lockdown and pandemic. The government's official website 'MSME Samadhan' which mediates the problem of bad debts and delayed payments of MSMEs displays that at the end of July 2021, 84,362 applications have been filed by MSMEs of which only 8,134 cases have been resolved by the council, 22,106 are under consideration while 30,676 cases are not yet opened by the MSME. Other applications were either mutually settled or rejected. This explains that the earlier system of monitoring payments has failed to serve its purpose and therefore, a new mechanism was necessary.

The government feels that factoring can solve the problems of the MSME sector in India. The changes are promising and make factoring more accessible and reliable, however, the lack of a legal system to support the factors is a hurdle that needs to be addressed soon. Factoring arrangements are a great option for MSME businesses and if successfully implemented and nurtured thereon, this can lead to a major economic revival of the MSME sector which the sector has been waiting for, for a long time.

" TGIF – Thank God, It's Factoring!
Now, I can relax in peace. "

Government Policies

- The Factoring Regulation (Amendment) Bill, 2020 has been passed by the Lok Sabha. The bill seeks to help Micro, Small and Medium Enterprises (MSME) to tide over issues of delayed payments as it broadens the participation of entities under factoring and also aims to enhance traction on the TReDS platform introduced by the Reserve Bank of India in 2014, for entrepreneurs to unlock working capital tied in their unpaid invoices. According to the Government's delayed payments monitoring portal, MSME Samadhaan, over 83,000 applications have been filed by MSMEs, as of July 26 involving INR 22,311 crore, of which only 7,920 applications involving INR 1,433 crore were disposed.

- The Insolvency and Bankruptcy Code (Amendment) Bill 2021 has been passed by the Lok Sabha whereby the threshold of default has been set to INR 1 crore for initiation of a pre-packaged resolution process. The Bill introduces an alternate insolvency resolution process for micro, small, and medium enterprises (MSMEs), called the pre-packaged insolvency resolution process (PIRP), unlike CIRP, PIRP which may be initiated only by debtors. The debtor should have a base resolution plan in place. During PIRP, the management of the company will remain with the debtor. PIRP may be initiated in the event of a default by a corporate debtor classified as an MSME under the MSME Development Act, 2006.

- The Minister of State for Civil Aviation V K Singh has apprised in the Lok Sabha that the Government fetched INR 738 crore by selling its real estate assets of Air India, since 2015, selling 115 properties owned by Air India. The Government in its latest round of auctions on July 8 aimed to sell apartments as well. He also reported that during the last three years, the Government of India has given 'in-principle approval for setting up of two Greenfield Airports across the country namely Jewar (2018) in Uttar Pradesh and Hollongi (2019) in Arunachal Pradesh. The Government has also spent more than INR 17,780 crore on Airport infrastructure during the last 5 years.

- The Minister of State for Petroleum and Natural Gas Rameswar Teli has informed in Lok Sabha that the Government collected INR 3.35 lakh crore tax from petrol and diesel in the year ending March 31 when the excise duty was raised on petrol was INR 32.9 per litre and on diesel was INR 31.8 per litre.

Goods and Services Tax

- The Goods and Services Tax (GST) department has started tracking Radio Frequency Identification (RFID) tags on commercial vehicles to detect GST evasion and fraud by business owners. The authorities are comparing electronic permits issued for transporting goods and RFID tags that commercial vehicles use to pass through toll plazas to identify mismatches. By comparing details furnished at the time of generating e-way bills for goods movement with the actual movement of commercial vehicles at toll plazas, GST officials are trying to identify tax evaders. E-way bills are required for the transportation of goods valuing more than INR 50,000.

- A Public Interest Litigation (PIL) has been filed in the Supreme Court seeking directions to the Centre for setting up of the Goods and Services

Tax Appellate Tribunal as mandated under the Central Goods and Services Act, 2017 to avoid hardships caused to litigants and to curb huge backlog of cases. Even after 4 years of the GST law coming into existence, the tribunal has not been constituted. The PIL states that the government is deliberately not setting up the GST tribunal.

- The Madras High Court has ruled in a case relating to Resident Welfare Association (RWA) that the Goods and Services Tax (GST) applies only on the monthly maintenance amount exceeding INR 7,500 and not on the entire amount, overturning 2019 circular issued by the Central Board of Indirect Taxes and Customs (CBIC) which granted exemption only if the charges are below INR 7,500 per month and the full amount would be taxed if the charges are beyond the limit. The ruling has also quashed the Authority of Advance Rulings (AAR) Ruling of 2019 which pronounced that exemption was permissible only if the contribution was up to INR 7,500 and that the exemption would not be valid if charges exceed INR 7,500 and the full amount would be taxed.

- The Goods and Services Tax Network (GSTN) has enabled a new feature concerning Annual Aggregate Turnover (AATO) on the GST Portal. These are as follows:

  1. Taxpayers can now see the exact Annual Aggregate Turnover (AATO) for the previous financial year
  2. Taxpayers can also see the Aggregate Turnover of the current financial year based on the returns filed to date
  3. Taxpayers can update the turnover in case taxpayers feel that the system calculated turnover displayed on their dashboard varies from the turnover as per their records.
  4. The taxpayer can amend the turnover twice within a period of one month from the date of roll out of this functionality. Thereafter, the figures will be sent for review to the Jurisdictional Tax Officer.

- Authority for Advance Ruling (AAR), Maharashtra has ruled that the processing fee of all tenders are liable to Goods and Services Tax at the rate of 18% wherever the tender forms are bought, whether online or offline. This brings the Government's tendering process under the GST umbrella. There have been divergent views before where some believed that the tendering process should be exempt, while others held that tender processing fees are not specifically mentioned in the exemption notification and thus, would automatically become taxable.

- Authority for Advance Ruling (AAR), Karnataka has observed that GST is payable only on the margin between the sale price and the purchase price in the case of a jeweller who purchases used or second-hand jewellery from individuals and does not change the form or nature at the time of sale. The bench observed that the applicant was not melting the jewellery to transform it to bullion and recreating it into new jewellery, but merely cleaning and polishing the old jewellery without changing the form of the jewellery purchased. Currently, the industry usually charges GST at 3% on the gross sale value received from the purchaser. Thus, the jewellers will have to pay GST only on the profit earned on the resale of second-hand gold jewellery, as per the AAR ruling. The application to the Authority for Advance Ruling (AAR) was filed by Bengaluru-based Aadhya Gold Private Limited seeking clarity on whether GST is to be paid only on the difference between the selling and purchase price.

- Authority of Advance Ruling (AAR), Maharashtra has ruled that the Input Tax Credit (ITC) is not allowable on Food and Beverages consumed in an industrial canteen, in the case of Ordnance Factory Chanda (OFCh), a unit of Ordnance Factories Board (OFB) functioning under the Department of Defence Production and Supply who manufactures ammunition like bombs, shells, cartridges, rockets etc. The said products are supplied mainly to Indian defence and military forces. The Authority also ruled that the exemption on payment of GST on the transport of 'military or defence equipment through a goods transport agency' applies to goods transported by the company. Further, it also held that availing of the eligible tax credit on inputs & input services relating to the main business activity is not allowed against GST liability on renting of immovable property. Input Tax Credit is also not allowable in respect of manpower services hired for industrial canteen and LPG cylinders refilled for use in the industrial canteen and also in respect of medicines purchased in factory hospitals and other inputs and input services used in factory hospitals.

- Authority of Advance Ruling (AAR), Kerala has ruled that no GST is payable on the Composite supply of healthcare services. St. Thomas Hospital, the applicant had sought an advance ruling on whether the medicines, surgical items, implants, stents and other consumables used in the course of providing health care services and also the supply of food to patients would be considered as 'Composite Supply' and consequently be exempt under Notification no. 12/2017 Central Tax (Rate) dated June 28, 2017. The AAR ruling in favour of the assessee observed that the eligibility of tax credit paid on inputs and input services used for taxable as well as exempted supplies is governed by section 17(2) of the CGST Act and Rule 42 of the CGST Rules and thus, the eligible input tax credit shall be calculated as per the formula prescribed in Rule 42.

- The Kerala Government has announced that the flood cess would be applicable only till July 31. Goods and services attracting more than 5% tax are subject to an additional 1% cess in Kerala, as per the notification dated June 29, 2019, also known as the Kerala Flood Ces, effective from August 1, 2019. The cess was levied to overcome the crisis caused due to the flood in 2018.

(For queries or more information relating to GST, contact our colleague Ashish Gandhi at ashish.gandhi@greenvissage.com)

Income Tax

- The Karnataka High Court has ruled that the companies are allowed to set off business losses brought forward against any 'Non-business income' or non-core operations, irrespective of the head under which they are taxed. The court observed that the income tax act uses the phrase 'profits or gains if any of any business' and does not refer specifically to the head Profits and Gains of Business or Profession (PGBP). The concerned company had set off its brought forward business losses against capital gains arising from the transfer of a business asset i.e. land.

- The Income Tax Department has extended the due date for filing Form 15CA and Form 15CB manually owing to the technical issues on the new income tax portal, to August 15. Earlier, the due date was extended to July 15, and before the same up to June 30. As per the Income Tax Act, it is mandatory to file Form 15CA and Form 15CB electronically.

- The Central Board of Direct Taxes (CBDT) has extended the time for processing refunds in non-scrutiny cases for the financial year 2016-17 to September 30.

- The Central Board of Direct Taxes (CBDT) has notified new rules concerning computation of short-term capital gains (STCG) and written down value (WDV) where depreciation on goodwill has been obtained, affecting the tax liability of enterprises who have undergone mergers or acquisitions in recent years. Finance Act 2021 had amended that 'goodwill' will not be as an 'intangible asset' and therefore, depreciation would not be available effective April 1, 2020.

- Ministry of Finance has said that it expects the technical issues of the New Income Tax Portal will be resolved soon and the website will be fully functional by the first week of August.

(For queries and more information relating to Income Tax, contact our colleague Sneha Halder at sneha.halder@greenvissage.com)

Corporate Laws

- The Securities and Exchange Board of India (SEBI) has said that the appointment of independent directors will now need a special resolution i.e. the voting threshold in favour of the appointment should be 75% which was earlier passed by an ordinary resolution i.e. 50% majority vote. This rule has been brought to bring down the monopoly of promoters in the appointment of an independent director who holds more than 50% shareholding of their companies.

- The amendments to Limited Liability Partnership (LLP) Act have been passed in the parliament which decriminalises offences under the law to improve ease of doing business and encourage start-ups. After the amendment for decriminalisation is approved, the total number of penal provisions in the Act will be reduced to 22, the number of compoundable offences will be only seven, the number of non-compoundable offences will be only three, and the defaults will be only 12.

- The Supreme Court has ruled messages exchanged on social media platforms have no evidential value and that the author of such WhatsApp messages cannot be tied to them, especially in business partnerships governed by agreements. According to the bench, 'Popularity is not a measure of reliability as anything can be created and deleted on social media and thus, we cannot attach any value to the WhatsApp messages. The issue related to the December 2016 Concession Agreement between South Delhi Municipal Corporation (SDMC) and a consortium comprising A2Z Infraservices and another entity for collection and transportation of waste materials.

- The Ministry of Corporate Affairs has announced that the Companies (Incorporation) Rules, 2014 is amended concerning Section 16 which relates to rectification of a company name, including the right of government to direct change in company's name if it is identical or resembles an existing company. In case such a direction is issued, the same has to be implemented by the company concerned within three months. The rules now allow the Ministry of Corporate Affairs to tag the company name with 'ORDNC' (Order of Regional Director Not Complied) if the company does not comply with the directions within the specified period. Further, the Registrar of Companies (RoC) will accordingly make the entry of the new name in the register of companies and Certificate of Incorporation (CoI) will also stand amended. The company is also expected to attach 'ORDNC' in brackets below the name of the company wherever its name is printed, affixed or engraved. The amended rules shall be effective from September 1.

- New companies incorporated from April 2021 to June 2021 has increased to 36,191 as compared to 18,968 new companies in the corresponding period last year.

(For queries and more information on Corporate Laws, contact our colleague Adnan Ginwala at adnan.ginwala@greenvissage.com)

Customs and Foreign Trade

- The Government has invited suggestions from importers, exporters, domestic industry and trade associations and industry bodies on customs exemptions which have been identified for review, by August 10 on the 'MyGov.in' portal. The products covered under the list include fabrics, games and sports requisites, specified parts for PCB, magnetron for microwave manufacturing, routers, set-up box, broadband modem, contraceptives, artificial kidney, magnetic tapes, photographic, filming, sound recording, radio equipment, parts or raw material for manufacturing off-shore oil exploration, specified machinery and parts of the textile industry.

- The Union Cabinet has approved the proposal to allow 100% Foreign Direct Investment (FDI) in public sector refiners, to expand the scope for foreign investments in the privatization of Bharat Petroleum Corporation Ltd (BPCL). The approval will enable the sale of the Government's 53% stake in BPCL. FDI will now be allowed up to 100% under the automatic route in cases where a public sector undertaking has received in-principle approval for strategic divestment in the oil and gas sector. The current FDI policy allowed 49% FDI in public sector refining and 100% in the private sector.

(For queries and more information relating to Foreign Trade, contact our colleague Adnan Ginwala at adnan.ginwala@greenvissage.com)

Banking and Finance

- The Reserve Bank of India (RBI) has raised the limit of the personal loan amount that can be granted by lenders to directors of other banks and their families to INR 5 crore from the existing limit of INR 25 lakh. This shall apply to all scheduled commercial banks, except regional rural banks (RRBs), small finance banks and all local area banks. Personal loans are loans given to individuals and consist of consumer credit, education loans, loans given for the creation or enhancement of immovable assets and those given for investment in financial assets.

- The Foreign Contribution (Regulation) Act, 2010 which was amended last year and regulates the acceptance and utilisation of foreign contribution by individuals, associations and companies. Under the Act, certain persons are prohibited to accept any foreign contribution which includes election candidates, editor or publisher of a newspaper, judges, government servants, members of any legislature, and political parties, among others. Public servants (as defined under the Indian Penal Code) have also been added to this list, after the amendment. Public servant includes any person who is in service or pay of the government or remunerated by the government for the performance of any public duty. Foreign contribution is the donation or transfer of any currency, security or article (of beyond a specified value) by a foreign source.

- The Reserve Bank of India (RBI) has enabled authorized Non-bank Payment System Providers (PSPs) to take part in Centralized Payment Systems (CPS) such as Real-Time Gross Settlement (RTGS) and National Electronic Fund Transfer (NEFT), as direct members. PSPs comprises Prepaid Payment Instrument (PPI) issuers, card networks, white label ATM (WLA) operators, and TReDS.

- The Reserve Bank of India (RBI)'s digital payments index (DPI) hiked to 270.59 as against 207.84 in March 2020 representing significant growth in digital transactions. RBI had declared the construction of a composite RBI – Digital Payments Index (RBI-DPI) with March 2018 as a base to capture the extent of digitization of payments across the country.

- The National Bank for Financing Infrastructure and Development Bill, 2021 passed earlier this year will establish the National Bank for Financing Infrastructure and Development (NBFID) as the principal development financial institution (DFIs) for infrastructure financing who provide long-term finance for segments of the economy where the risks involved are beyond the acceptable limits of commercial banks and other ordinary financial institutions. Unlike banks, DFIs do not accept deposits from people. They source funds from the market, government, as well as multi-lateral institutions, and are often supported through government guarantees. NBFID will be set up as a corporate body with an authorised share capital of one lakh crore rupees., to be held by (i) central government, (ii) multilateral institutions, (iii) sovereign wealth funds, (iv) pension funds, (v) insurers, (vi) financial institutions, (vii) banks and others. Initially, the central government will own 100% shares of the institution which may subsequently be reduced up to 26%.

(For queries and more information on banking and finance, contact our colleague Kethaan Parakh at ksparakh@greenvissage.com)

Accounting and Auditing

- In continuation of its theme of Ease of Doing Business, the Government has increased the thresholds for classification as Small and Medium-Sized (SMC) companies, to reduce the compliance burden and the time required to prepare the financial statements. As per the new rules, for categorisation as an SMC, the upper limit for Turnover has been increased to INR 250 crores from INR 50 crores and the same for borrowings has been increased to INR 50 crores from INR 10 crores. The same shall be applicable for accounting periods commencing on or after April 1, 2021. Although an SMC is exempted from complying with Accounting Standard 3 'Cash flow statement', with new higher thresholds in place, the exemption shall only be available for companies with Paid-up Capital up to INR 50 lakhs and Turnover up to INR 2 crores, as preparation of cash flow statement is mandatory under section 2(40) of the Companies Act 2013, beyond these limits.

In Focus: IndAS-115

- *Is IndAS 115 applicable to real estate developers?* Yes. IndAS 18 requires real estate developers to account revenue as per Guidance Note on Accounting for Real Estate Transactions. However, after IndAS 115 becoming effective, the same is withdrawn and therefore, the revenue of real estate developers should be accounted for according to IndAS 115.

- *An Export Oriented Unit (EOU) exports all its products and as per the Foreign Trade Policy in India, is eligible to claim 2% of its FOB value of exports as export incentives in the form of scrips which could be used for payment of customs duty against imports or could be sold in the open market. Should such export incentives be accounted for as revenue?* The export incentive is like a government grant and does not fall within the scope of Ind AS 115, as it is not revenue arising from the contract with a customer. Such export incentives are benefits given by the government to incentivise companies to export more products. Thus, the company must apply the principles of IndAS 20 to such incentives.

- *An internet-based advertising services company helps in publishing companies. The company purchases advertisement space on various websites from publishers as per the following scenarios: (i) pre-purchases the advertisement space from the publishers before it finds advertisers for that space. (ii) provides the service of matching the advertisers with the publishers. Which party will be identified as the customer?* Paragraph 6 of

Ind AS 115 states that "an entity shall apply this Standard to a contract, only if the counterparty to the contract is a customer. A customer is a party that has contracted with an entity to obtain goods or services that are an output of the entity's ordinary activities in exchange for consideration. The identification of the performance obligations in a contract has a significant effect on the determination of which party is the entity's customer. In Scenario 1 where the company pre-purchases the advertising space on various websites, the companies to whom the company shall provide the advertising space will be identified as customers. In Scenario 2, the company does not provide any ad-targeting services or purchase the advertising space from the publishers before it finds advertisers for that space. It only provides the service of matching the ad placement for advertisers with the publishers. Accordingly, the publisher to whom the company is providing services will be identified as its customer.

- *If a television channel company released an advertisement in a Newspaper and instead of paying for the same, the company allowed a free advertisement on the TV channel to the Newspaper company. How revenue for these non-monetary transactions in the area of advertising will be recognised and measured?* Paragraph 5(d) of Ind AS 115 excludes non-monetary exchanges between entities in the same line of business to facilitate sales to customers or potential customers. In industries with homogenous products, it is common for entities in the same line of business to exchange products to sell them to customers or potential customers other than parties to exchange. However, in the current scenario, the two companies are not in a similar line of business as the company is a television channel while the counterparty is a newspaper. As per paragraph 47, an entity should consider the terms of the contract and its customary business practices to determine the transaction price. Further, the transaction price is the consideration which an entity expects to be entitled to in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties e.g. taxes. Paragraph 66 provides that to determine the transaction price for contracts in which a customer promises consideration in a form other than cash, the entity should measure the non-cash consideration at fair value. Thus, the company and the counterparty should measure the revenue promised in the form of non-cash consideration as per principles of IndAS 115.

- *A company manufactured certain goods exclusively for a customer, however, the Letter of Credit against which such goods were to be despatched has not yet been arranged as the same it is in process. When should company the recognise the revenue?* As per paragraph 9, an entity should account for a contract with a customer only when all of the following criteria are met: (a) the parties to the contract have approved the contract (in writing, orally or following other customary business practices) and are committed to performing their obligations; (b) the entity can identify each party's rights regarding the goods or services to be transferred; (c) the entity can identify the payment terms for the goods or services to be transferred; (d) the contract has commercial substance (i.e. the risk, timing or amount of the entity's future cash flows is expected to change as a result of the contract); and (e) it is probable that the entity will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer. In evaluating whether the collectability of an amount of consideration is probable, an entity shall consider only the customer's ability and intention to pay that amount of consideration when it is due. In the given case, as the customer has liquidity issues and a letter of credit has not been received, the collection is not considered to be probable. Accordingly, till the time the Letter of Credit is arranged from a nationalised bank in favour of the company, the criterion as mentioned in paragraph 9(e) is not met. Thus, the company should not recognise revenue until letter of credit is received.

(For queries and more information relating to Accounting, contact our colleague Rahul Mundada at rahul.mundada@greenvissage.com)

Payroll and Personal Savings

- The date of implementation for filing ECR with Aadhaar verified UANs has been extended to September 1, deferring the directions to mandatorily link Aadhar with UAN, as the Ministry of Labours realised that mismatch of data will result in a delay in statutory deposits and deprive the EPFO beneficiaries of their legitimate dues and may lead to misappropriation of funds.

- The Ministry of Labour and Employment is considering extending the Atmanirbhar Bharat Rojgar Yojana (ABRY) to March 2022 the existing June 30, in a bid to boost fresh hiring in the country amid the pandemic. Under the scheme, announced in December last year, the government pays the mandatory employees provident fund contributions of workers as well as employers for recruits for a period of two years. The outlay of the scheme was INR 22,810 crore covering workers recruited from October 1, 2020, to June 30, 2021.

In Focus: National Pension Scheme (NPS)

- National Pension System (NPS) is a pension cum investment scheme launched by Government to provide old age security to citizens. Any individual citizen of India whether resident or Non-resident in the age group of 18-65 years can join NPS scheme. Only one NPS account can be opened for one individual, multiple accounts are not allowed. Upon successful enrolment, a Permanent Retirement Account Number (PRAN) is allotted.

- There are two sub-accounts under each PRAN – Tier I and Tier II. Tier I is the primary account, has restrictions on withdrawals and requires minimum contribution of INR 500 at the time of opening and INR 1,000 each year thereon. Tier II account is optional, with no restrictions on withdrawals and requires INR 1,000 contribution at the time of opening and there is no minimum contribution thereafter for each year.

- NPS contribution to Tier I accounts can be claimed as tax deductible investment under section 80CCD(1) where the limit is INR 1,50,000 combined for 80C, 80CCC, 80CCD(1). The deduction is limited to 10% of basic salary + dearness allowance for salaried taxpayers and up to 20% of gross annual income for self-employed taxpayers.

- Any additional contribution to Tier I account is tax deductible up to INR 50,000 under section 80CCD(2) over and above the limit in 80CCD(1).

- The rate of return of various small savings schemes of the post office as compared to prior period are as follows:

Scheme	Current	Prior	%
Savings	4.00	4.00	0.00
FD (5 years)	6.70	6.70	0.00
RD (5 years)	5.80	5.80	0.00
NSC	6.80	6.80	0.00
PPF	7.10	7.10	0.00
KVP	6.90	6.90	0.00
SSA	7.60	7.60	0.00

(For queries and more information relating to Payroll, contact our colleague Kumari Snigdha at kumari.snigdha@greenvissage.com)

Economic Indicators

- Latest statistics relating to the key economic indicators of Indian economy stand as follows:

Indicator	As on	Current	Prior
GDP Growth (%)	Mar-21	1.60	0.50
Inflation (%)	Jun-21	6.26	6.30
Unemployment (%)	May-21	11.90	8.00
Trade Balance ($m)	Jun-21	−9,370	−6,280
GOI Bond 10yr (%)	Jul-21	6.21	6.07

- The movement in the major indices of various stock exchanges across the world, during the month of July, 2021 was as follows:

Equity Index	Country	%
NIFTY 50	India	0.53
BSE SENSEX	India	0.51
INDIA VIX	India	−0.29
NIFTY BANK	India	−0.29
DOW JONES	USA	1.30
NASDAQ	USA	1.76
S&P 500	USA	2.30
FSTE 100	UK	−1.55
NIKKEI 225	Japan	−4.96
SHANGHAI COM	China	−5.33
MOEX	Russia	−2.21
CAC 40	France	0.94
DAX	Germany	−0.64
ASX 200	Australia	1.75
BOVESPA	Brazil	0.01
FTSE STI	Singapore	1.21
KOSPI	South Korea	−2.43
HANG SENG	Hong Kong	−10.13

- The movement in the major commodities futures with latest expiry, as per MCX during the month of July, 2021 was as follows:

Commodity	Expiry	Price	%
Gold	05-Aug	49,395	4.34
Silver	03-Sep	68,033	−3.20
Crude Oil	19-Aug	5,465	−2.20
Natural Gas	26-Aug	298	7.11
Aluminum	31-Aug	208	3.74
Copper	31-Aug	757	4.78
Cotton	31-Aug	27,390	10.58

- The movement in the reference rates of major global currencies during the month of July, 2021 was as follows:

Currency Pair	Current	Prior	%
INR/1 USD	74.42	74.18	−0.32
INR/1 GBP	102.37	103.30	0.90
INR/1 EUR	87.61	88.57	1.08
INR/100 YEN	67.49	66.92	−0.85

- Movement in the major cryptocurrencies during the month of July, 2021 was as follows:

Currency	Pair	Price	%
Bitcoin	BTC/USD	40,189.00	20.51
Ethereum	ETH/USD	2,310.66	9.88
Tether	USDT/USD	1.00	0.03
XRP	XRP/USD	0.71	8.53
Btc Cash	BCH/USD	510.80	4.82

- As per the Periodic Labour Force Survey (PLFS) quarterly bulletin April-June 2020, the quarterly unemployment rate as per Current Weekly Status (CWS) in urban areas for July-Sep 2019, Oct-Dec 2019, Jan-March 2020 and April-June 2020 were 8.3%, 7.8%, 9.1% and 20.8% respectively.

Corporate News

- **Reliance Jio** added 3.55 million wireless subscribers in May 2021, the highest in the industry for the fourth straight month. Jio is the only operator to add customers during the month, while the overall wireless subscriber industry base dropped by 6.27 million. Bharti Airtel lost 4.61 million subscribers followed by Vodafone Idea who lost 4.28 mn subscribers.

- **Reliance Industries** have vaccinated nearly 98% of their employees with a Covid-19 vaccine in a chronically resource-crunched country struggling to improve its supply of vaccine jabs.

- **Neuralink**, Elon Musk's brain-chip startup, has garnered USD 205 million in a funding round led by Dubai-based venture capital firm Vy Capital where Alphabet Inc's Google Ventures also took part. Neuralink is researching on implanting wireless brain-computer chips to help cure neurological conditions including Alzheimer's, dementia and spinal cord injuries.

- **Tesla Inc** has offered to compensate USD 1.5 mn to settle claims on a software update that temporarily lowered the maximum battery voltage in 1,743 Model S sedans, according to the documents submitted in court. Owners of the vehicles will get USD 625 each which is ‘many times the prorated value of the interim reduced maximum voltage’ as per the proposed settlement documents.

- **Sterling and Wilson Solar** is diversifying its business through the adoption of new business lines which belongs to Engineering, Procurement and Construction (EPC) projects consisting of hybrid energy power plants, energy storage solutions, and biomass or waste to energy, in addition to offering pure-play solar EPC.

- **TVS Motors** has suffered a consolidated net loss of INR 15 crore for the first quarter ended on June 30, as against a reported net loss of INR 183 crore in the first quarter of the previous year. The company's total income rose to INR 4,692 crore in the first quarter as against INR 1,946 in the same period of FY 2019-20.

- **DLF** is further considering raising its prices selectively across its residential business, owing to the increasing demand for independent floors and luxury housing. The company had hiked prices thrice between November 2020 and March 2021 on independent floors in Gurgaon, besides doing away with some discounts on Camellias.

- **Unacademy**, online ed-tech startup, is offering stock options to educators on its platform known as Teacher Stock Options (TSOPs), to motivate them and sustain quality talent for the company. The stock options shall be fully vested stock grants on completion of 3, 4 and 5 years with Unacademy.

- **Unacademy** has declared taking over Rheo TV, a platform that assists professional game streamers in live streaming their gameplays and monetizes those feeds. Unacademy will wholly take over Rheo TV and let all the existing investors exit. This includes names such as Lightspeed India Partners, Sequoia Capital India’s Surge, AET Fund & others.

- **Devyani International**, the largest franchisee of Yum Brands and biggest operators of chain quick-service restaurants in India has decided the price band of INR 86-90 per equity share for its initial public offering. The public issue will be launched on August 4 and comprises a fresh issue of INR 440 crore, and an offer for sale of 15.53 crore shares.

- **Karvy Financial Services** has been fined INR 10 lakhs for delaying its public declaration to take over shares of Regalia Reality and not making the mandatory public announcement within the allotted period, violating the statutory requirements of law and therefore, penalized.

- **AstraZeneca** has posted losses from its Covid-19 vaccine in Q2 and its earnings have dropped below estimates, highlighting the divide between the company and its peers Pfizer Inc who are profiting from their vaccine sales. The British-Swedish drugmaker had pledged last year to distribute the shot at no profit during the pandemic. The company has already released a billion doses of the vaccine in over 170 countries.

- **Federal Bank** has announced that the equity investment by World Bank arm International Finance Corporation (IFC) will grow green portfolio financing for its projects related to energy efficiency, renewable energy, climate-smart agriculture, green buildings and waste management. IFC and two other investment funds operated by IFC AMC – IFC Financial Institutions Growth Fund, and IFC Emerging Asia Fund have made an equity investment in Federal Bank.

- **Amazon**'s sales have reported better than expected profits in Q2, however, its sales have declined to owe to the normalcy returning after lockdowns.

- **Amazon and Flipkart** have been issued notices by the Maharashtra Food and Drug Authority (FDA) for allegedly selling pregnancy termination kits and pills on their platforms without prescription. The Drugs and Cosmetics Act, 1940 prohibits the online sale of such medicines without any prescription.

- **Flipkart** has approached Supreme Court against the Karnataka High Court order permitting the competition commission of India (CCI) to probe against alleged anti-competitive practices inculcated by Flipkart and Amazon.

- **Paytm** will expand its staff ahead of INR 16,600 crore initial public offering (IPO). It has introduced a Field Sales Executive (FSE) program to provide employment opportunities to undergraduates and educate merchants on digital adoption.

- **LinkedIn** has planned full-time remote work choices for its employees as its offices are gradually reopening. The new policy from Microsoft Corp's professional social networking site is a reversal of the company's earlier hint that during October 2020 that employees would be expected to work from the office 50% of their time when pandemic restrictions are lifted.

- **Sachin Tendulkar** has invested USD 2 million in digital entertainment and technology company JetSynthesys where Adar Poonawalla, Kris Gopalakrishnan, among others are already investors. The company had previously allied with Tendulkar for gaming apps Sachin Saga Cricket Champ and Sachin Saga VR.

- **Rakesh Jhunjhunwala** has announced his plan to acquire 70 aircraft within four years and set up a new airline in India on optimism that more people will travel by air. The billionaire investor is planning to invest USD 35 million and would own 40% of the carrier if it gets a no-objection certificate from India's aviation ministry in the next 15 days.

- **Shilpa Shetty and Raj Kundra** have been imposed a penalty of INR 3 lakh for flouting Insider Trading Rules, by the Securities and Exchange Board of India (SEBI). As per the SEBI order investigation was conducted into the dealings in the scrip of Viaan Industries Limited (formerly known as Hindustan Safety Glass Industries Limited) during the period September 2013, to December 2015. It was observed that Ripu Sudan Kundra, Shilpa Shetty Kundra, and Viaan Industries had allegedly violated the provisions of Regulations 7(2)(a) and 7(2)(b) of SEBI (Prohibition of Insider Trading) Regulations, 2015.

- **Union Bank of India**, the fourth-largest public sector bank in the country has modified loans amounting to INR 15,927 crore under the two resolution frameworks declared by the Reserve Bank of India. A large pile of the restructured accounts were from the retail segment.

- **Wonderla Holidays**, one of the largest amusement parks in India, is now considering new ways to expand. Owing to low footfalls during COVID, theme parks are in financial distress and therefore, the company is considering investing INR 500 crore to acquire parks and start its new properties.

- **Tata Teleservices** is collaborating with Zoom Video Communications, to provide an intuitive, scalable, and secure communications solution to enterprises and individuals alike. Tata Teleservices will leverage Zoom's robust and secure platform for seamless unified communications.

- **Nokia** has registered a net profit of Euro 539 million for the April-June period, up 71% from Euro 316 million last year owing to its new operating model and booming sales of 5G equipment.

- **PVR** has announced a net loss of INR 219.4 crore in Q1 as compared to a net loss of INR 225.7 crore in the same quarter last fiscal. Earnings before interest, tax, depreciation and amortization (EBITDA) loss stood at INR 90.9 crore against a loss of INR 116 crore.

- **Yes Bank and Indiabulls** have signed a strategic co-lending deal to offer home loans to homebuyers at competitive interest rates. The co-lending framework laid down by the Reserve Bank of India provides a collaboration tool to benefit from the low-cost funding model of a bank and the cost-efficient sourcing and servicing capabilities of a non-bank.

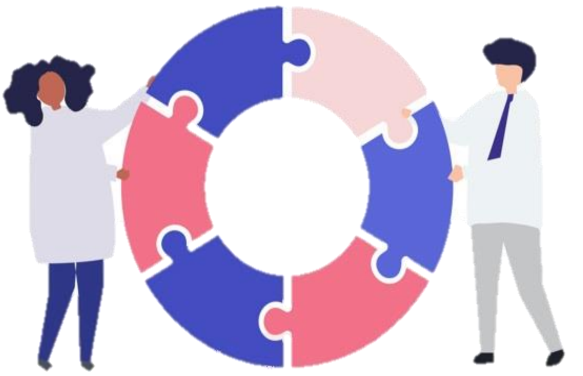
- **American Express** is resuming its business in India while it works to resolve the issues of compliance related to data localisation of its card users that led to a regulatory ban on new card issuance. The company has urged its partner banks and payment operators in India to recommence inviting new merchants on its network from August 7.

- **Ixigo**, the online travel app, has received USD 53 million from its investors led by Singapore sovereign wealth fund GIC, ahead of its suggested initial public offering. It plans to raise INR 1,200-1,500 crore for which it will file its draft red herring prospectus next month.

- **Nykaa**, a life e-commerce company, has turned into a public entity, before its initial public offering (IPO). The stakeholders of the company have issued an exceptional resolution changing the status of the company from private to public and the company is now renamed FSN E-commerce Ventures Limited. The company is expected to file its DRHP soon.

Hindu Undivided Family – A uniquely Indian concept and tax savings India is diverse and unique in many ways. Many of the economic theories and business models fail to hold in India owing to the unique nature of the economy, the country and the citizens. India is deeply influenced by and believes in its traditions passed on from generation to generation. These traditions are not merely restricted to the family rituals, celebrations or …

Why India's Oxygen Supply Chain failed to deliver? Explained Oxygen – ironically earth's most freely available resource, and yet short in supply. Hospitals are suddenly running out of medical oxygen and there is more panic amidst the pandemic than ever before because the belief that the doctors and hospitals could save us has been shaken, as people have died in bulk owing to shortage of oxygen supply. Nobody would have imagined a day where …



Your right to privacy is their highest selling product Facebook wants to bring people together. Google wants to make search more friendly. Amazon wants to make available everything at your doorstep. Jio wants everything available under one platform. Newsrooms want to ensure all the best news reach you, sitting at home. Websites and apps want to provide the best information to you, just a click or tap away. Even the government wants to merge and simplify your …

Recap 2020 – The need to learn from the past and think about future It's a new year. The five-second task of scrapping the old calendars and replacing them with a new one, itself is a refreshing task. Writing date will have a fascination attached to it for the next few days. Finally, the year 2020 is done and dusted. We have a brand new year and a new decade to begin with. New resolution, new plans and new hopes – you don't need public speaker to motivate …

Newsletter by:

Greenvissage

Greenvissage Business Consulting LLP

LLPIN: AAB-9132

Greenvissage is a consulting firm with the passion and expertise in helping companies setup in India and in managing their finances, accounts, payroll, taxes and compliances. Greenvissage serves clients from over 12 countries and wades them through hundreds of statutory and internal target lines every year.

PUNE

106, Mayfair Tower I,
Wakdewadi, Pune – 411005, India

Google Maps

7, Kunal Puram Commercial Complex,
Opp Atlas Copco, Old Mumbai – Pune Highway,
Dapodi, Pune – 411012, India

Google Maps

MUMBAI

236, 2nd Floor, Satra Plaza,
Sector 19D, Vashi,
Navi Mumbai – 400703, India

Google Maps

Call: +91 20 6764 0900 | Email: info@greenvissage.com

If you have any queries, please write to us at info@greenvissage.com