GREEN DIGEST

EVERYTHING THAT CONCERNS YOUR MONEY

ISSUE 33
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28 PAGES
55 MINUTES

LITHIUM

IN THIS ISSUE

ABOUT US

Greenvissage is a CFO consulting firm with the passion and expertise in helping companies set up in India and in managing their finances, accounts, payroll, taxes and compliances.
At Greenvissage, our constant endeavor is to help companies achieve growth that is scalable, sustainable and hassle-free through our CFO Consulting and Business Advisory Services.
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Greenvissage Business Consulting LLP

LLPIN: AAB-9132

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

904, 9th Floor, Bhumiraj Costarica,
Off Palm Beach Road, Sector 18, Sanpada,
Navi Mumbai – 400705, India

Google Maps

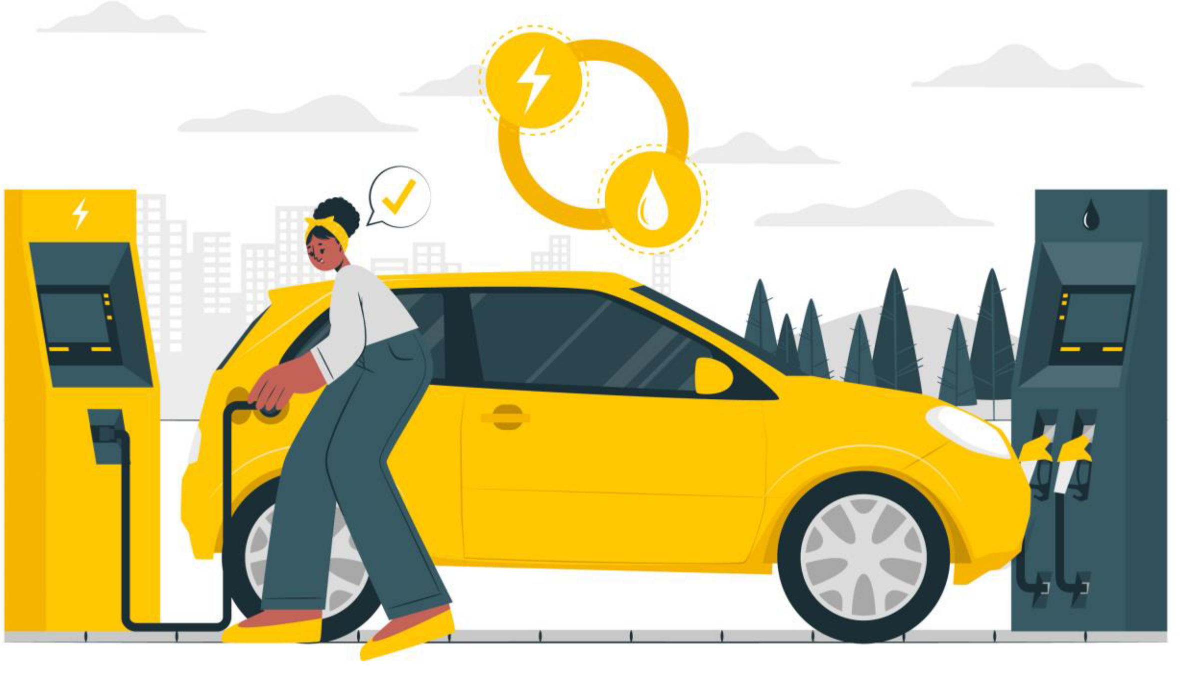
Email: info@greenvissage.com

Call: +91 20 6764 0900

THE BIG STORY

Greenvissage

White Gold – How the latest discovery of Lithium will mark India's place in the global marketplace



Context

"Where golden birds fly every morning, that India is my country" – the latest leap taken by India has awakened the feeling of patriotism amongst the citizens once again. The Union Ministry of Mines has announced that 5.9 million tonnes of lithium reserves have been found in Salal – Haimana area of Jammu and Kashmir. This is news to celebrate because not only this is the first-ever discovery of lithium in India, but also the seventh-largest deposit of the metal in the world. Lithium is used for manufacturing rechargeable batteries for electric cars, smartphones, and laptops. It is one of the most important contenders for replacing fossil fuels. Currently, the demand for lithium carbonate stands at about 0.5 million metric tonnes and is expected to reach 3-4 million metric tonnes by 2030 owing to the push for reducing greenhouse gas emissions to zero, as per the Paris Climate Pledges.

However, lithium reserves are rare and given their unique characteristics, it is unlikely to be replaced by any other metals. Therefore, it is commonly termed as 'White Gold' and countries all around the world are mining in search of the same. Thus, from being no one, India has suddenly become an important global market for lithium.

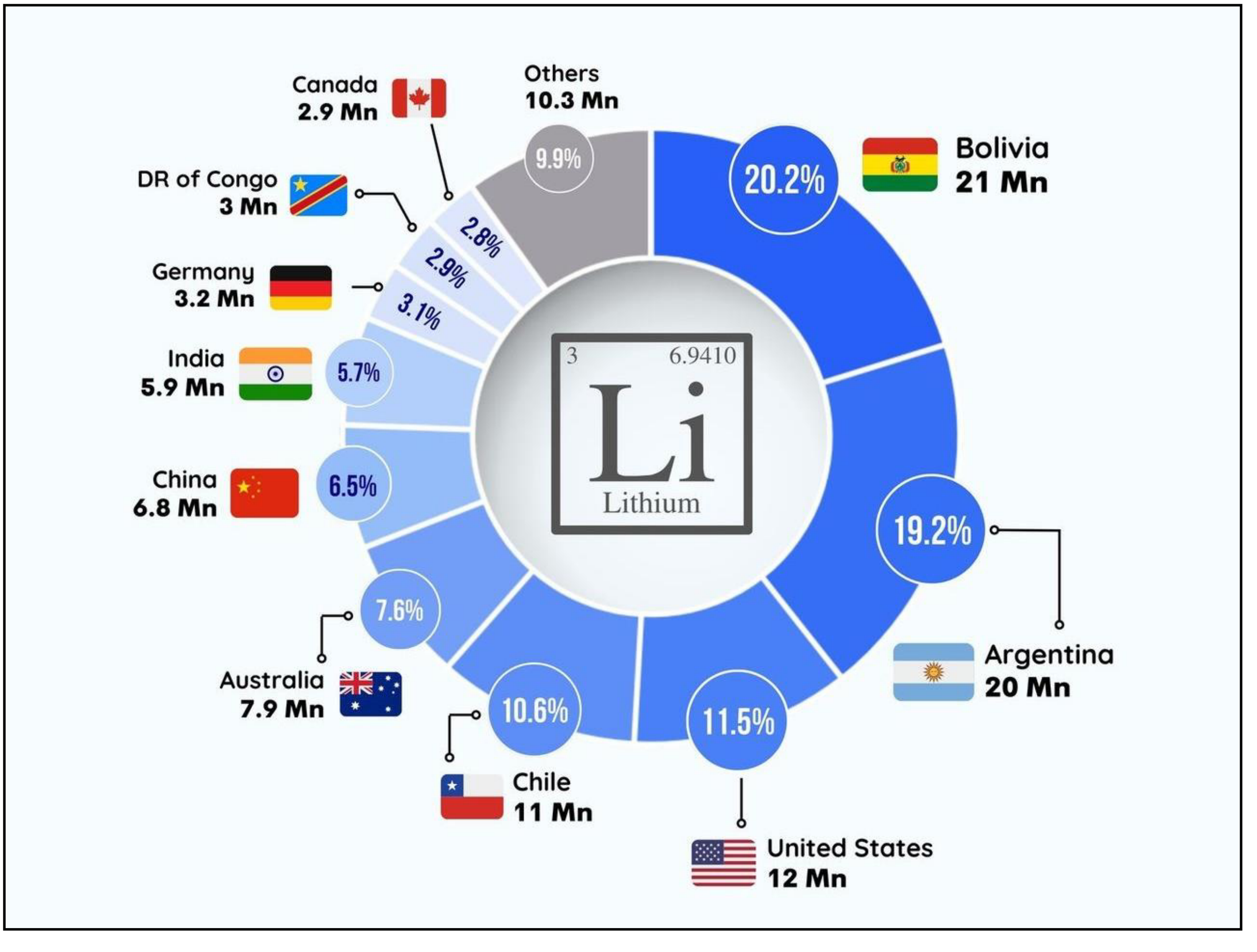
Why is lithium so important?

Lithium is a grey, shiny and non-ferrous metal. It has the unique characteristics of being lightest in weight, yet the dense of all metals. It is highly reactive and the third element in the periodic table only heavier than gases like hydrogen and helium. This is the reason why it is highly suitable for electric gadgets, especially electric vehicles. Gadgets such as mobiles and laptops run on electricity and need batteries that are lighter in weight to reduce the overall weight of the gadget itself, and yet powerful enough to provide longer battery backup – lithium addresses both concerns quite efficiently. Lithium-ion batteries are highly efficient and have a higher energy density, low self-discharge rate, compact size, and longer lifespan as compared to any other battery. Hence, today, most mobile phones and laptops run on lithium-ion batteries. However, the need for lithium is much higher for electric vehicles. Electric vehicles do not have engines and they work on motors that are powered by battery packs. The lithium ions help to run these batteries and create an electric current. Since lithium-ion batteries are lightweight and yet powerful they can power vehicles without bulging them with weight or reducing their running capacity.

Now, several nations around the globe have invested heavily in the production of electric vehicles, with China leading the pack. China currently holds almost 60% global market share to process raw lithium into battery-grade chemicals. With the government's push through the 'Faster Adoption and Manufacturing of Hybrid and Electric Vehicle (FAME)' scheme in 2019, for the adoption and production of electric vehicles, India too has increased its manufacturing capacity. However, lithium had to be imported and India is currently the second largest importer of lithium in the world. A bulk of this import – as much as 72 per cent - originated from China and Hong Kong.

Until now, India didn't have any lithium or cobalt reserves – the key components of cathodes and electrolytes. Therefore, the cost of manufacturing batteries in India was high with inadequate infrastructure to manufacture other components and their assembly adding further to the costs. However, the latest discovery of 5.9 million metric tonnes in Jammu and Kashmir will boost the entire chain of economic activities.

Lithium also has one important utility apart from powering electric vehicles, mobiles and laptops. Solar companies are increasingly preferring lithium over others, to store solar energy captured by solar panels because lithium batteries are efficient and hold more energy than other batteries with very low maintenance costs. Thus, lithium has wide arrays of importance and its extraction can take us closer to our dream of becoming a solar superpower. Yes, it is a still long way to go with several challenges to overcome, however, India certainly has an edge in the 'Sustainable Energy Era'.



EXPERT OPINION

Greenvissage

How National Logistics Policy will be a game changer for India?

By Amit Chandak, Managing Partner, Greenvissage

Context

In 2020, Finance Minister Nirmala Sitharaman made an ambitious announcement in the annual budget speech – to reduce the logistics cost from 14% of GDP to less than 10% of GDP by 2022. Even the developed nations do not have such higher logistics costs. India's logistics sector consists of more than 20 government agencies, 40 partner agencies, 37 export promotion councils, 500 certifications, 10,000 commodities and a 160 billion market size. It also involves a 12 million employment base, 200 shipping agencies, 36 logistics services, 129 Inland Container Depots, 168 Container Freight Stations, 50 IT ecosystems, and banking and insurance agencies. The logistics sector was highly defragmented and therefore, the budget announcement aimed at integrating the same to reduce the overall costs. Firstly, the 'PM Gati Shakti National Master Plan' was launched in 2021 to multimodal connectivity infrastructure to all economic zones. Projects like Bharatmala, Sagarmala, inland waterways, UDAN, etc. are sub-projects under the same master plan. Later, the 'National Logistics Policy' was launched in 2022 to provide the digital services and regulatory framework for the same. This new policy is being touted to revolutionize the transportation sector in India, similar to what UPI achieved in banking and digital payments. While Gati Shakti focuses on the development of infrastructure, the National Logistics Policy aims to provide the framework for the logistics ecosystem in India.

Why is logistics policy important?

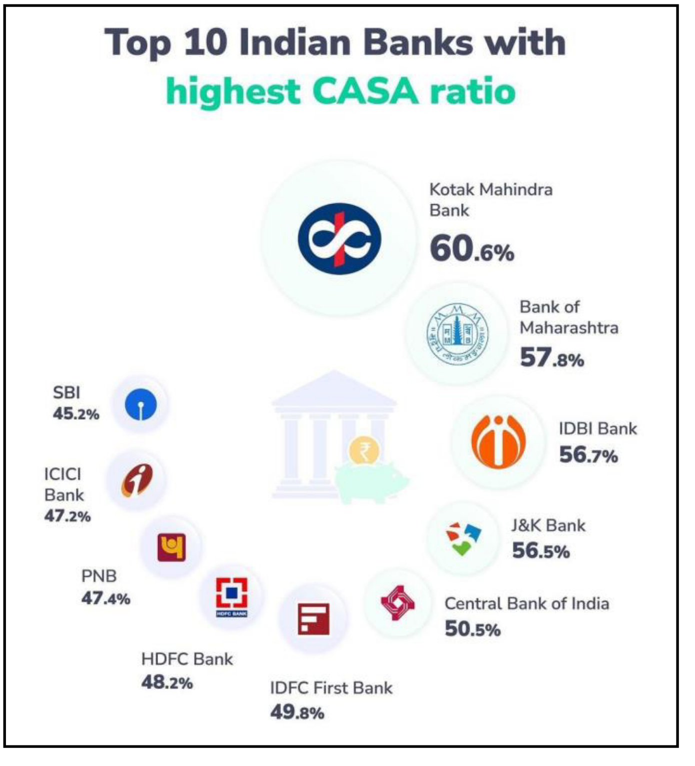
The economic state of a country is directly correlated to infrastructural development. Last year, the Government announced a 100 lakh crore national infrastructure plan. India is aiming at a 5 trillion economy, and therefore, infrastructure is going to be key. China has been known as 'the world's factory' for a while now. In 2019, China's exports itself were USD 2.5 trillion, almost equal to India's GDP. However, after the Covid pandemic, India has become the spotlight. That's when the Government launched the 'Make in India' campaign – whereby it invited manufacturing in India to lure investors to divert their activities to India, instead of China. It is for the same reason that the Government initiated the technology-based master plan — National Logistics Policy (NLP). The policy will revamp, digitize and revolutionize logistics. Logistics is key to facilitating trading activities and it not only involves transportation services but also storage and warehousing, and government permissions like licensing and customs. The more seamlessly the goods move across the country, the more the trading activity will increase. The government has large plans for building logistics parks to provide warehousing facilities and multi-modal connectivity. Therefore, NLP is focusing on collaboration and data-driven decision-making, while the national infrastructure is being developed. The National Logistics Policy (NLP) also mentions Ease of Logistics (E-Log) to help exporters and manufacturers resolve operational issues by directly reaching out to the government.

What is ULIP under NLP?

Today the movement of goods is multi-modal involving a combination of road, rail, air or water networks. However, bureaucracy and red-taping result in the delayed shipment of goods. There are around 20 government agencies, and 40 government partner agencies looking over the logistics sector. So we can imagine how difficult it would be to bring coordination between these groups. Therefore, for logistics infrastructure to develop, these agencies must be organised under one umbrella with a common interface. That's what the Unified Logistics Interface Platform (ULIP) aims to achieve under the National Logistics Policy (NLP), just like UPI did in digital payments. ULIP aims to bring all services about logistics under one single digital portal to free the manufacturers and exporters from all the tedious processes. ULIP aims to enable submission at one single portal to get all related work done. Thus, the portal would also be able to collect data and provide real-time statistics as well, currently a part of which is achieved through GST e-way bills. The real-time data can also be used to know the exact state of the consignment and to identify freight vehicles going back empty or less than full capacity.

The way ahead

Indian logistics is heavily dependent on the railways. However, the rail sector itself suffers from structural deficiencies which need to be eliminated, if the logistics cost is to be halved as per global benchmarks. The average speed of a freight train in India is merely 25 kmph for decades and this certainly needs to be doubled, at the least. Railways must aggregate the goods at the source, and disaggregate at the destination, to capture the small-load but high-value business. India also needs to work on eco-friendly and cost-effective inland waterways freight movement, learning from its Chinese counterpart who puts key emphasis on port infrastructure. For road logistics, there is a desperate need to organise small operators with government-supported aggregation apps. Air logistics too needs improvement for the transportation of high-value and perishable items. The increased focus on the national infrastructure with logistics as the key priority is certainly a step in the right direction. The formation of the National Logistics Policy certainly explains the government's understanding of the key issues involved, however, India needs large-scale infrastructure development and that too, at a brisk pace, to make the most of the global economic situation.



GREENVISSAGE EXPLAINS

Greenvissage

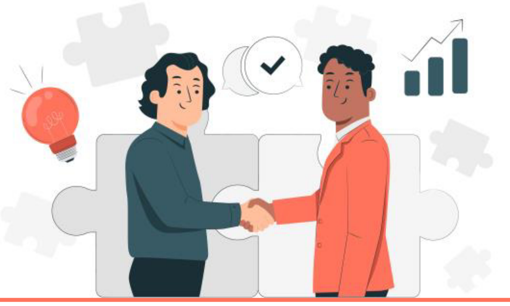
Why do billionaires have family offices?

Bill Gates is one of the largest private farmland owners in the United States. Yes, Bill Gates, the co-founder of Microsoft, owns almost 3 lakh acres of farmland and nearly all of this was purchased after 2010. In the context of land acquisitions, we would call it relatively recent. Now, being a business magnate, Bill Gates surely has investments in stocks, bonds, startups, and similar assets. However, he also owns a lot of alternative assets like hotels and, yes, farmland. When Microsoft was listed on exchanges in 1986, Bill Gates owned almost 50 per cent of the company. However, today his ownership is slightly above 1 per cent. And that is completely by choice - not Bill Gates' choice, but Michael Larson's choice. Who is Michael Larson? Michael Larson is head of Cascade ventures, his family office.

Now, you might have heard many times how billionaires are setting up their family offices somewhere. There are quite a few popular family offices in India — Deepika Padukone's KA Enterprises, Narayan Murthy's Catamaran Ventures, Azim Premji's Premji Invest, and the Mariwala family's Sharp Ventures. This trend of having family offices is catching on these days – with Mukesh Ambani being the latest in news. Now, these people are so filthy rich that it is tough for them to manage their family money. And not just money, even running their day-to-day family expenses becomes tough. And that's why they set up family offices. Of course, the family office gets paid handsomely. However, the annual expense of running a billionaire family itself can run into a few hundred crores, so spending a few crores over consultation is quite reasonable.

We often invest in a mutual fund, so that the fund manager invests and manages the stocks or fixed-income securities, for us. Similarly, family offices are entrusted with managing practically everything. They constantly keep analysing and providing consultation to their billionaire client and also execute the same once they get a nod from their client. They invest money in stocks, IPOs, bonds, deposits, etc. the easier part of their job. And then, they also invest money in real estate properties, hotels, office spaces, warehouses, etc. These family offices also take care of alternate investments such as startups and venture funding, if the owner of the money wishes to. They build a complete portfolio of investments with all the necessary diversification, without worrying the owner with research, analysis, documentation or legal formalities. However, investing is not the only thing they take care of. Taxes go hand in hand with wealth management. How much tax is to be paid, when is it to be paid, how can the person save on taxes – all these are taken care of by the family office. They also manage the insurance of the owners and their assets.

Family offices are more like the head of the family making decisions, and not just a fund manager.While some families limit their scope to certain aspects such as finance and wealth management, while others go much beyond. For example, some family offices are tasked with teaching the next generation of the family about investing and finances. They also draw up plans for what happens when a person dies naturally or unexpectedly. Family offices also allocate money and define limits for lifestyle use — sports cars, watches, boats, etc. These offices also look after all the spending — ensuring the cars are serviced, the hotels are booked during travel, etc.



How is Air India disrupting the aviation sector?

Air India, an Indian Airline, has placed an order for aircraft and this announcement is being made by Joe Biden, the President of the United States, along with Indian and French counterparts. Well, it's a record-breaking order for sure, however, the same is also going to employ one million Americans and therefore, the agreement is a win-win not just for the companies involved but also for the three economies and their people. For Air India, it is the right time to capitalize as other airlines are either debt-ridden, cash trapped, or simply shutting down. Most of Air India's aircraft are old and therefore, were due for replacement. The per-unit cost of customers is likely to go down as the company consolidates all its airline brands.

Indigo is currently the leading aviation industry operating 55 per cent of the total fleets in India. It has no equal competition today, however, after the takeover of Air India by the Tata Group (where it belonged originally), the throne is once again up for grabs. The Tata Group has already announced plans to integrate its brands of airlines – Air India, Vistara and Air Asia – a consolidation that will make it the second-largest airline in India. And now, it is also adding 470 new aircraft carriers to it. So, Tata Group which is currently operating 220 aircraft, about 34 per cent of the total market, will further strengthen its base with new carriers and even surpass Indigo. Of the total, 220 aircraft will be from US-based Boeing and 250 aircraft from France-based Airbus.

For the Indian economy, Indian air traffic is expected to grow at the compounded growth rate of 7 per cent every year for the next two decades, making India the third-largest aviation market in the world. This will increase direct, indirect and induced employment, as more personnel will be required to operate and maintain the aircraft, service providers would be needed for navigation and fuel suppliers, call centres, lawyers, etc. will also be required. Now, the existing infrastructure will not be able to support the deployment of more than 450 aircraft. So, Government will escalate its infrastructure expansion which in turn will again create more jobs. Meanwhile, customers can also expect the prices of air tickets to go down as a result of the competition. This increase in air travel would also take some load off the existing transportation systems i.e. rail and road. This will also boost tourism within the country.

How did Decathlon overtake other sports brands in India?

In 2015, Nike and Adidas were struggling to create a market in India since India had no major sporting culture. However, just a few years later, a newcomer arrived and snatched away their market in a small period of three years – Decathlon. Decathlon is today the number one sports brand in India. The company sources majorly from India which helps it to minimize the global supply challenges. It even embodies 'Born in France, Made in India' in its philosophy. Currently, more than 60 per cent of sales in India are 'Made in India'. However, the sporting culture is the major reason behind the brand's success. Customers not just shop at their store but experience the entire celebration of sports. The company has cracked the formula that others have failed to.

Here are some of the key things that decathlon stores do –

1. The company has stores all across the country where customers can try out different things without being interrupted by the staff.
2. Its stores also have different game courts on its premises which carry out tournaments throughout the year, which attracts the young crowd and builds a customer base.
3. Despite products at affordable prices, Decathlon gives out hefty discounts at check-out.
4. Like Ikea, most Decathlon stores are built like warehouses, designed in such a way that you tend to touch every product before exiting.
5. The stores also do not look luxurious and that is intentional. This is done to ensure the look and feel of the store is rugged and appears sporty.
6. The stores are always big in size and spacious with countless options to choose from. It's hard to walk out without buying anything.
7. The people on the staff are not ordinary salespersons but are selected through a series of interview rounds. They look for people who are alert, agile, efficient, fit to play a sport and have a passion for sports. This ultimately enhances the customer experience when someone with zero knowledge of a sport enters the store and the staff can fully assist and cater to their requirements.
8. However, the customers do not need to depend on the staff assistance, because products are well categorized and tagged with details.

Why does Maharashtra get such a low share in budget?

Governments' receipts include direct tax, indirect taxes and borrowings. Direct tax contributes approximately 30 per cent to the total receipts of the Government that the Central Government directly collects itself. Indirect taxes are collected by the state governments and returned to the Central Government. The Central Government distributes the tax collected to the State Government for running the state and its projects. However, out of every INR 100 that the states collect indirectly, Maharashtra gets back only INR 7 while Uttar Pradesh gets back INR 333, and Bihar gets INR 922. So, why does Maharashtra get such a low share from the Central Government's receipts? Well, there is a set formula by which the distribution is decided which is known as the Finance Commission, currently, the Fifteenth Finance Commission. The formula takes into account several factors. Some of the key factors are as follows:

1. Income distance – How far is the state's per capita income from the state with the highest per capita income? This redistributes collections from richer states to relatively poorer states and helps in developing them.
2. Area – Larger the state, the higher would be its needs to spend on building and maintaining infrastructure like roads, airports, highways, and civic services.
3. Population – The allocation will be used to spend on education, healthcare, sanitation, and housing. Therefore, the states with higher populations would have higher allocations.
4. Demographic performance - While population carries weight in the formula, it should not be an incentive for states to grow their population unsustainably. So demographic performance is based on progress in population control. This is a recent addition to the formula.
5. Forest cover - States which maintain their forest cover are giving up some of their economic potential for conserving the environment. This is to compensate and incentivise nature conservation.
6. Tax effort - This is an incentive for states which have higher tax collection efficiency. It is the ratio of the average per capita own tax revenue and the average per capita state GDP. However, it has the lowest weightage (2.5%).

Therefore, even though Maharashtra does relatively better on most parameters, the highest weight goes to income distance, which favours states with lower per capita income. That is why Bihar gets 10.06% of the tax devolution as compared to Maharashtra's 6.14%.

COMPLIANCE UPDATES

Greenvissage

Goods and services tax

Recommendations of the 49th GST Council Meeting The 49th GST Council made the following key recommendations – a) Government will clear the entire pending balance GST compensation of INR 16,982 crores for June 2022 to states. With this release, the Central Government would clear the entire provisionally admissible compensation due for five years as envisaged in the GST (Compensation to States) Act 2017. b) The GST rate for 'Rad' has been decreased from 18% to 5% if sold prepackaged and labelled and Nil if sold otherwise. c) The GST rate for pencil sharpeners is reduced from 18% to 12%. d) The time limit for making an application for revocation of cancellation of registration be increased from 30 days to 90 days, which may be extended by the Commissioner for a further period not exceeding 180 days. e) Presently, a late fee of INR 200 per day, subject to a maximum of 0.5% of the turnover is payable in case of delayed filing of annual returns. The council has recommended rationalising this late fee for FY 2022-23 onwards. Thereby, registered persons having an aggregate turnover of up to INR 5 crores will have to pay a late fee of INR 50 per day, subject to a maximum of 0.04 per cent of turnover. Meanwhile, registered persons with aggregate turnover of more than INR 5 crores and up to INR 20 crores, will have to a late fee of INR 100 per day, subject to a maximum of 0.04 per cent of turnover. (Press Information Bureau)

Negative values in GSTR-3B Government to vide Notification 14/2022 – Central Tax dated July 5, 2022, has notified changes in Table 4 of GSTR-3B. According to the changes, the net input tax credit is to be reported in Table 4(A) while the reversal of the same, if any, is to be reported in Table 4(B). These changes will enable the taxpayers to report correct information regarding ITC availed, ITC reversal and ineligible ITC in Table 4 of GSTR-3B. Further, credit notes which are being auto-populated in Table 4B(2), as ITC reversal, will also be accounted for on a net basis in Table 4(A). Accordingly, the changes have been made in the GST portal. This is for the first time in the GST regime that taxpayers will be allowed to enter negative values in the GSTR-3B. (GSTN)

Multiple portals for generating e-invoices The Invoice Registration Portals (IRPs) act as registrars under the GST e-invoicing rules and assign Invoice Reference Numbers (IRNs) to each invoice, credit note or debit note. Taxpayers are expected to upload the invoice details onto the IRP and generate the IRN of the invoice uploaded. Only such invoices with an authorised IRN will be considered valid as per law. Currently, NIC-managed IRP, which is maintained by the Government, is in use at einvoice1.gst.gov.in. However, Government is now in the process of enabling other private players to provide similar services. These portals will now be available with subsequent numbering in the website host name. The GSTN has announced that einvoice3.gst.gov.in (Cygnet TaxTech IRP), einvoice4.gst.gov.in (Clear IRP) and einvoice6.gst.gov.in (IRIS IRP) are going to be functional soon. (GSTN)

Geocoding of address under GST The Goods and Services Tax Network (GSTN) has announced that the functionality to geocode the principal place of business address i.e. the reporting of an address or location in geographical coordinates, is now available on the GST Portal. The feature ensures the accuracy of address details in GSTN records and also streamlines the address location for the verification process. (GSTN)

(For queries or more information about goods and services tax, contact our colleague Ashish at ashish.gandhi@greenvissage.com)

Income tax

Income tax return forms for FY 2022-23 released The income tax department has released the forms for income tax returns well in advance to enable taxpayers, professionals and software companies to accommodate the changes in their calculations and reporting systems.

The key changes to the forms are as follows:

1. ITR-1 cannot be filed by a person who has deposited more than INR 1 crore in the current account, and is filing a return only for this reason as per the seventh proviso to section 139, and was not otherwise liable to file the return.
2. The checkbox for self-occupied under Schedule HP (House Property) has been removed in the case of companies in

form ITR-6 as companies cannot claim property to be self-occupied.

2. The checkbox for self-occupied under Schedule HP (House Property) has been removed in the case of companies in form ITR-6 as companies cannot claim property to be self-occupied.

3. A new schedule VDA (Virtual Digital Assets) has been included in ITR 2, 3, 5, 6 and 7, for reporting crypto assets, Non-fungible tokens (NFTs), and any other digital asset. The schedule seeks details like the date of acquisition, date of transfer, head under which income is to be taxed, cost of acquisition in case of gift and consideration received.

4. Reference to dividend income taxable under section 115BBD has been removed from Schedule OS (Other Sources) in ITR-6 since the same has been abolished.

5. Turnover from intraday trading is now required to be reported separately in ITR 3 and ITR 5 under Part A – Trading Account.

6. Foreign Institutional Investors (FII) and Foreign Portfolio Investors (FPI) will now have to report their SEBI Registration Number in Part A – General Information.

7. In ITR 1 to ITR 7, section 153C has been included in the return as an option for the section under which the return has been filed. Section 153C can be selected if the return is being filed in response to a notice under that section.

8. In ITR 2, 3, 5 and 6, the donation Reference Number i.e. ARN is required to be mentioned, if any donation is being claimed for deduction under section 80G.

9. In ITR 3 and ITR 6, reference to section 80-IB has been removed.

10. In ITR 2, 3, 5, 6 and 7, additional columns have been added under schedule TCS to allow passing TCS credit to another person under the Portuguese Civil Code, 1860.

11. In ITR 2, 3, and 4, schedule S (Salary) and Schedule OS (Other Sources) have been updated to include reference to Section 89A applicable to Non-residents who become residents in India.

12. ITR 3 and ITR 4 now seek information if the assessee has ever opted out of the option under Section 115BAC i.e. the new tax regime.

13. In ITR 5, in case of a change in a partnership firm, additional details such as the name of the partner, whether admitted or retired, date of such admission or retirement and percentage of share in the partnership.

14. In ITR 3, the sources of funds under the balance sheet now require separate disclosure for advances received. These advances are to be further classified as received from persons specified under section 40A(2)(b) i.e. related parties, and received from others.

15. In ITR 7, a separate table Part B3 has been added for total income chargeable to tax under the twenty-second proviso to Section 10(23C) or Section 13(10).

16. In ITR 7, a new schedule AI has been inserted that requires details of accumulated income in case of a trust, that has been taxed in the previous year.

17. In ITR 7, The details of investments under section 11(5) were to be provided in Schedule J. Now, only the details of corpus investment or deposits made under Section 11(5) are required. The new ITR also seeks the details of investment held at any time during the previous year in concerns in which persons referred to in section 13(3), and the twentieth proviso of section 10(23C) have a substantial interest.

18. In ITR 7, the breakup of the total application of funds in the balance sheet is to be further classified into the investments made in the modes specified under section 11(5) and others. Schedule R has been added to provide a reconciliation of the corpus as mentioned in the balance sheet and the same as per Schedule J.

19. In ITR 7, the breakup of the total application of funds in the balance sheet is to be further classified into the investments made in the modes specified under section 11(5) and others. Schedule R has been added to provide a reconciliation of the corpus as mentioned in the balance sheet and the same as per Schedule J.

20. In ITR 7, Schedule 115TD is now required to be filled in by institutions having approval under section 10(23C). Another new schedule 115BBI has also been included to report specified income taxable at the special rate under section 115BBI.

21. In ITR 7, Schedule LA is required to be filled in by the Political Parties. Earlier, political parties were required to provide only the registration details under Section 29A of the Representation of People Act, 1951. However, now they also need to disclose whether that party is recognised by the Election Commission of India and the date of such recognition. (Taxmann)

Exemption-free tax regime Sanjay Malhotra, the Revenue Secretary, said after the budget that the government is looking to eventually move to a simple and exemption-free tax structure with lower rates. According to an analysis by the Revenue Department, individuals earning INR 15 lakh in a year will have to claim deductions of at least INR 3.75 lakh under the old tax regime, otherwise, the new revamped tax regime with lower rates proposed in 2023-24 will be more beneficial. (Financial Express)

Fresh norms for equalisation levy The Central Board of Direct Taxes (CBDT) has introduced fresh norms 'Centralised Processing of Equalisation Levy Statement Scheme, 2023' for filing statements for equalisation levy by companies. The norms now allow the tax commissioner to reject the returns if they deem them to be invalid. Further, the personal appearance of assessees for clarifications will not be required. The equalisation levy was introduced in 2016 to tax the digital economy. Companies have to file the equalisation levy statement by June 30 of a financial year. (Financial Express)

Tax audit of charitable trusts The Central Board of Direct Taxes (CBDT) has issued a new audit report form for the audit of Charitable trusts. The new audit report requires more information to tighten the reporting norms for charitable trusts. The audit report will be in Form 10B with details on income exceeding INR 5 crore, and any foreign contributions or income from outside the country in the previous year. The report also requires the auditor to certify certain additional information which was previously only reported in the income tax return. Further, various standard reporting clauses applicable to other assessees under the tax audit regimes have now been made part of the Form 10B auditor's report. (Financial Express)

(For queries or more information about income tax, contact our colleague Sneha at sneha.halder@greenvissage.com)

Customs and foreign trade

FME can import urea for agricultural purposes Fertiliser Marketing Entities (FME) are now authorised by the government to file the bill of entry at Indian ports for the import of urea for agricultural purposes on government accounts. This new provision has been added to the import policy condition of urea. (Ministry of Commerce)

No export of Sugar The Government has announced that India will not allow any further export of Sugar on concerns about weaker production which may threaten domestic supplies. The government has decided not to approve new sugar shipments after meeting with some sugarcane officials from major producing regions. Thus, there would be no further exports of sugar beyond the 6 million tonnes which were allowed this season. (Moneycontrol)

Government hikes import duty on toys The Central Board of Indirect Taxes and Customs (CBIC) through a notification has increased the import duty on toys and their components to 70 per cent to cut inbound shipments of products. This has been done to boost domestic manufacturing activities. Similarly, the import duty on bicycles has also been hiked to 35 per cent from 30 per cent. Import duty hike on toys and parts of toys excludes parts of electronic toys. (Business Standard)

(For queries or more information about customs and foreign trade, contact our colleague Adnan at adnan.ginwala@greenvissage.com)

Corporate and allied laws

Amendment to Competition Bill The Central Government has accepted the recommendations of the Parliamentary

Standing Committee on Finance to include cartels within the scope of the settlement mechanism proposed under the Competition (Amendment) Bill 2022. The Competition (Amendment) Bill was introduced on August 5 in Lok Sabha and was sent to House Panel for examination and Report. (BusinessLine)

MCA extends the filing of certain forms Due to the migration of the MCA21 portal from Version 2 to Version 3, and changes in filing, the Ministry of Corporate Affairs (MCA) has decided to allow further additional time till March 31 for filing 45 forms launched on January 23, without additional fees, based on the request of the stakeholders. (PIB)

(For queries or more information about corporate and allied laws, contact our colleague Adnan at adnan.ginwala@greenvissage.com)

Finance and banking

Draft Paper on Securitisation The Reserve Bank of India has mentioned in a draft paper that the framework on the securitisation of stressed assets (SSA) may be extended to standard assets with a certain threshold. The paper also discussed the inclusion of retail and large corporate loans under the SSA framework. (Financial Express)

Highlights of Monetary Policy Committee Meeting The Monetary Policy Committee (MPC) at its latest meeting has resolved to increase the repo rate under the LAF by 25 basis points to 6.50 per cent. Consequently, the standing deposit facility (SDF) rate will also be adjusted to 6.25 per cent and the marginal standing facility (MSF) rate and the Bank Rate will increase to 6.75 per cent. The decisions have been taken to achieve the medium-term target for CPI inflation of 4 per cent within a band of 2 per cent. (Reserve Bank of India)

Offline payments under RBI sandbox HDFC Bank has announced that it is attempting to execute digital payments in an offline mode under a regulatory facility to test innovations. The bank has begun the pilot in a partnership with Crunchfish, IDFC Bank and M2P Fintech under the RBI's regulatory sandbox programme after getting the nod in September 2022. The offline transaction amount would be limited to up to INR 200 per transaction. (Moneycontrol)

Two NBFC licenses cancelled for irregular lending practices The Reserve Bank of India (RBI) has cancelled the certificate of registration of two Non-Banking Finance Companies (NBFC) - Kudos Finance and Investments and Credit Gate for engaging in alleged irregular lending practices. The registration certificate of these NBFCs has been cancelled on account of violation of RBI guidelines on Outsourcing and Fair Practices Code in their digital lending operations undertaken through third-party apps. RBI further said that these companies were not complying with the regulations about charging excessive interest and had resorted to undue harassment of customers for loan recovery purposes. (Moneycontrol)

Payment aggregators for loan repayment The Reserve Bank of India (RBI) has allowed payment aggregators (PA) who also work as lending service providers (LSP) to be used for loan repayments. In frequently asked questions on digital lending guidelines, the RBI has mentioned that PAs can also perform the role of an LSP, however, they must comply with the Digital Lending Guidelines. Earlier, the repayment of loans would go directly from regulated entities like banks to customer accounts. (Moneycontrol)

RBI grants authorisation to 32 payment aggregators The Reserve Bank of India (RBI) has granted in-principle authorisation to 32 existing payment aggregators to act as online payment aggregators. Amazon Pay, Google India, Infibeam Avenues, Reliance Payment Solutions, and Zomato Payments amongst others have been granted in-principle authorisation. Applications for additional 18 existing payment aggregators are under process. Meanwhile, RBI has also returned the applications of prominent online non-bank payment aggregators such as Freecharge Payment, PayTM, PayU Payments, and Tapits Technologies for authorisation under the Payment and Settlement Systems Act, 2007. However, these four PAs have been allowed to apply afresh within 120 days from the date of return. (Moneycontrol, BusinessLine)

Daily reporting of foreign remittances The Ministry of Home Affairs had earlier mandated the State Bank of India (SBI) to report all details of overseas donors including the purpose of remittances on daily basis. Now, the Reserve Bank of India (RBI) has also made necessary changes in NEFT and RTGS systems for Foreign Contribution (Regulation) Act (FCRA) related transactions. Under the FCRA, foreign contributions must be received only in an FCRA account of the State Bank of India, New Delhi Main Branch (NDMB). The instructions will be effective from March 15. The contributions to the FCRA account are received directly from foreign banks through SWIFT and from Indian intermediary banks through NEFT and RTGS systems. (Economic Times)

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

Accounting and management

NFRA discusses with the Insurance industry To discuss the proposed changes in Ind AS 117 — accounting standard for insurance contracts, the National Financial Reporting Authority (NFRA) held an interaction with members of the life insurance industry. Ind AS 117 is based on high-quality global standard IFRS 17 insurance contracts issued by the International Accounting Standard Board of IFRS foundation. Ind AS 117 is specifically designed to capture the unique features of the insurance and investment contracts of the insurance entities. Discussions were also held with representatives of the Insurance Regulatory and Development Authority of India who provided insights into the intricacies of the proposed Ind AS 117, in capacity building and knowledge sharing to equip companies and professionals (accounting, actuaries and technology teams) to handle change. (BQ Prime)

(For queries or more information about accounting, contact our colleague Rahul at rahul.mundada@greenvissage.com)

Payroll and personal finance

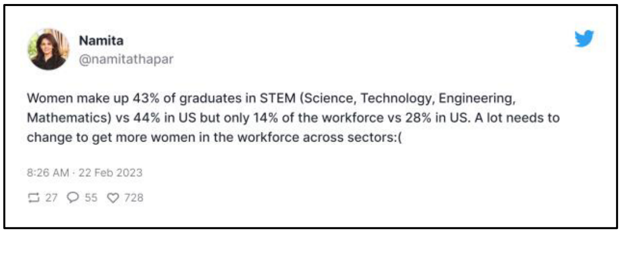
EPFO launches District Outreach Programme The Employees Provident Fund Organisation (EPFO) has re-launched a revamped Nidhi Aapke Nikat programme. The programme will not only redress grievances but also disseminate information exchange to employers, employees, and district-level authorities of various State and Central Government departments. (Press Information Bureau)

F&O Traders are in losses Nine out of ten individual traders in the equity Futures and Options segment incurred net losses during both the years FY 2018-19 and FY 2021-22, according to a study by market regulator SEBI. There has been a significant increase of over 500 per cent in the number of individual traders in the equity F&O segment in FY 2021-22, as compared to FY 2018-19. Ninety-eight per cent of individual traders in the equity F&O segment traded in options during FY 2021-22. (Business Standard)

Faster redemption of mutual funds The Association of Mutual Funds in India (AMFI) has announced that the AMCs of all Mutual Funds in India will now move to the T+2 redemption payment cycle for equity schemes. The move will be implemented uniformly with effect from February 1, 2023. The announcement has come on the heels of Indian equity markets moving to a T+1 settlement cycle for all stocks, shortening the settlement cycle by a day. (Moneycontrol)

NSE to launch Social Stock Exchange The National Stock Exchange (NSE) has announced that it has received final approval from markets regulator SEBI to set up a Social Stock Exchange (SSE) as a separate segment on its platform. Social Stock Exchange segment will provide a new avenue for social enterprises to finance social initiatives, provide them visibility and bring in increased transparency in fund mobilisation and utilisation by social enterprises. (Economic Times)

(For queries or more information about payroll and personal finance, contact our colleague Snigdha at kumari.snigdha@greenvissage.com)



BUSINESS NEWS

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Government

Paperless police verification for passports The Ministry of External Affairs (MEA) has introduced the mPassport Police App to streamline and expedite the process of police verification during the issuance of Indian passports. As part of Digital India, the Passport Seva has introduced an online passport police verification process to fast-track passport applications. Police verification and submission reports will now be paperless and the verification time will be reduced from 15 days to 5 days. (Economic Times)

India launches E20 Fuel India has launched a pilot for E20 fuel i.e. petrol blended with 20% ethanol, at the India Energy Week in Bengaluru. E20 simply means that one litre of fuel contains 800ml of petrol and 200ml of ethanol. E20 will be available at 84 petrol pumps of three state-owned fuel retailers in 11 states and union territories during the pilot phase. (Times of India)

ChatGPT to be used for Government schemes The Ministry of Electronics and IT (Meity) has announced that it is exploring ways to integrate ChatGPT with WhatsApp to create a search engine for key Government schemes. Bhashini, a team within the ministry, is developing a WhatsApp-based chatbot utilizing ChatGPT's generated information. The chatbot will allow users to ask questions through voice notes and receive relevant responses. (Techminis)

UPI for foreigners travelling to India UPI will now be available for anyone travelling to India from G20 countries if they visit through certain airports. Fintech companies are now allowed to tie up with banks to offer this as a co-branded service if they are a FEMA-registered foreign exchange transactor. This will allow non-Indian travellers to use UPI. A person can get a full-KYC wallet linked to a (non-Indian) mobile phone and load it using a foreign-issued debit/credit card, or any such payment system. Such foreign nationals would have to give passports and visas for verification. The wallet can be used through UPI payments, however, only for merchant payments. The wallet can be reloaded with a foreign card or any other forex transaction. When such a person leaves India, they can request a redemption back to the source. The wallet will be valid for one year. (Indian Express)

Economies

Data consumption in India According to Nokia's Annual Mobile Broadband Index (MBIT) study, the average data consumption per user in India has reached 19.5 GB per month in 2022, which is equivalent to 6,600 songs. According to the research, the monthly mobile data use in India has increased from 4.5 exabytes in 2018 to 14,4 exabytes in 2022, a 3.2 times increase in five years, reaching over 14 exabytes per month. 4G and 5G customers combined account for nearly all of the country's mobile data traffic. (Fossbytes)

Rentals in cities increased 23% in 4 years According to the latest report by Anarock, the average monthly rentals for two-bedroom flats of 1,000 square feet area have risen by up to 23 per cent since 2019 across seven major cities. Key residential hotspots saw up to 23 per cent growth in average monthly rentals between 2019 and 2022. The results were based on average rent for a standard 2BHK (2 bedroom) unit of 1,000 square feet area. (Moneycontrol)

Wholesale and retail inflation rates India's wholesale inflation rate fell to single digits in October, after clocking over 10 per cent for 19 straight months including a record high of 16.63 per cent in May. Retail inflation based on the Consumer Price Index, jumped to a three-month high of 6.52 per cent in January, right above the central bank's medium-term target range of 2-6 per cent. (TMC)

India-UAE trade deficit widens Eight months after entering into a Free Trade Agreement (FTA) with the United Arab Emirates (UAE), India’s trade gap has widened by more than USD 5 billion. The increase in global crude oil prices and non-oil trade is one of the key reasons for the same. The India-UAE comprehensive economic partnership agreement (CEPA) came into force on May 1, 2022. Since then, India’s exports to the UAE increased by 11% to USD 20.25 billion, while imports climbed 24.4% to USD 36 billion, as per data from the Department of Commerce. Thus, the trade gap has increased to

USD 15.98 billion, compared to a deficit of USD 10.89 billion last year. India's non-oil trade deficit doubled between May and December 2022 to about USD 2.2 billion from USD 1.01 billion last year. (Mint)

IMF increases global growth forecast The International Monetary Fund (IMF) has increased its global growth projections for the year, however, has also warned that higher interest rates and Russia's invasion of Ukraine would likely still weigh on activity. According to IMF, the global economy will grow 2.9 per cent this year, representing a 0.2-point improvement from its previous forecast in October. However, it said that the revised number would still mean a fall from an expansion of 3.4% in 2022. (CNBC)

Japan permits self-delivery robots New traffic laws in Japan will allow for unmanned deliveries from April 2023 onwards. This will pave the way for a new class of self-driving delivery robots. Technology companies are running trials for the delivery of food and goods by robots. Proponents hope that the machines could address chronic labour shortages and also help elderly people in rural areas to get access to daily necessities. (NPR)

Australia rejects the Great Barrier Reef coal mine Australia, the top exporter of coal, has blocked the proposed Great Barrier Reef coal mine under the Environment Protection and Biodiversity Conservation Act. This is the first time that Australia has rejected a coal mine, marking a major turnaround for Australia. Australia has been long seen as a global climate laggard and one of the world's biggest per-capita polluters because of its huge coal and natural gas export industries. (Bloomberg)

Corporates

Tata Group to buy 470 new planes In a historic order, Tata Group-led carrier Air India has signed agreements with Boeing and Airbus to buy 220 and 250 new aircraft. Indian Prime Minister Narendra Modi, US President Joe Biden and French President Emmanuel Macron took the lead in announcing Air India's order and underlined that the agreements will deepen the partnership between the countries. The airline has signed letters of intent with Airbus and Boeing, making it the largest-ever pipeline of new aircraft ordered by an Indian airline. (Moneycontrol, Indian Express)

SEBI increases scrutiny of Adani Group SEBI has announced that it has increased the scrutiny of deals by the Adani Group over the past year and will study the report issued by Hindenburg Research. India's leading public sector banks have also announced that their exposure to the Adani Group was within the limits prescribed by the Central Bank. The Reserve Bank of India (RBI) does not allow a bank to lend more than 25 per cent of its available eligible capital for exposure, to any one group of connected companies. (Economic Times, Moneycontrol)

Bangladesh seeks revision of deal with Adani Power Bangladesh has sought revision of its 2017 power purchase agreement with Adani Power, citing the price for the coal-generated electricity to be expensive. An official of the state-run Bangladesh Power Development Board (BPDC) told the same to the Press Trust of India (PTI) on the condition of anonymity and without elaborating on the matter. According to various reports, the coal price of USD 400 per metric tonne to be purchased for the Adani plant from Jharkhand was high and the key factor for the dispute. (Business Standard)

Reliance unveils Hydrogen-powered technology for trucks Reliance Industries and Ashok Leyland have unveiled India's first Hydrogen Internal Combustion Engine (H2-ICE) technology solution for heavy-duty trucks at the India Energy Week in Bengaluru. Reliance and Ashok Leyland, along with other technical partners were engaged in developing this technology since the last year with its first engines running in early 2022. (Moneycontrol)

Go First to get INR 210 crore under the ECLGS scheme Go First, the Wadia group-owned airline is expecting to receive INR 210 crore under the government's credit line guarantee scheme next month to boost its financial position and expand operations. The airline aims to have 53 operational aircraft in its fleet by April 2023. Under the Emergency Credit Line

Guarantee Scheme (ECLGS), Go First has so far availed INR 600 crore. (Economic Times)

Startups

PhonePe raises USD 100 million PhonePe has raised USD 100 million in primary capital from Ribbit Capital, Tiger Global and TVs Capital Funds, to scale up its payments and insurance businesses in India. The company is expected to launch and aggressively scale its new businesses such as lending, stockbroking, ONDC-based shopping and account aggregators over the next few years. PhonePe has raised USD 450 million from investors so far year. The company is currently valued at USD 12 billion, the most valued fintech in the country. (INC42, TMC)

PhonePe launches cross-border UPI service PhonePe, the Walmart-backed fintech app, has announced that it has launched a UPI service that allows users travelling abroad to pay foreign merchants using Unified Payments Interface (UPI). 'UPI International' will support merchant outlets in UAE, Singapore, Mauritius, Nepal and Bhutan that have a local QR (quick response) code. Users will be able to make direct payments in a foreign currency from their Indian bank as they do with international debit cards. The company has said that it is the first Indian fintech app to launch such a service. (Business Standard)

Alibaba sells Paytm stake and exits India Alibaba, the Chinese multinational, has sold its entire stake of 3.4 per cent equity in Paytm, thereby, it is no longer a stakeholder in Paytm. (Mint)

Velocity launches ChatGPT-powered chatbot Velocity, an Indian fintech company, has launched its first-ever ChatGPT-powered AI chatbot called Lexi. The chatbot assists e-Commerce owners by offering them business information in a clear manner. The chatbot has been connected with Velocity Insights, the company's analytics tool. According to the company, the integration of ChatGPT with Velocity Insights empowers eCommerce founders by providing them with AI-powered business insights in a conversational manner, freeing up time for critical business functions. (Fossbytes)

Zoox testing driverless taxis Zoox, owned by Amazon, is testing driverless taxis on public roads with real passengers in California. The robotaxi was tested with Zoox employees commuting from the company's headquarters to other office buildings. The company plans to let full-time employees ride in the self-driving taxi between offices during business hours. Unlike other driverless taxi services, Zoox's pod-shaped conveyance has no controls, steering wheel or pedals. (CNET)

OpenAI launches a new tool to detect AI-written text OpenAI, the Artificial intelligence research startup, has announced that it has launched a new tool to figure out if the text is human-generated or written by a computer. OpenAl issued a detector in 2019 alongside a large language model or LLM. The new version is more prepared to handle text from recent AI systems. Earlier, Edward Tian, a Princeton University student, had announced a similar tool called GPTZero and said on its website that it was made for educators. (CNN)

Amazon Kindle flooded by ChatGPT books According to a report, over 200 e-books have been listed on Amazon's Kindle store with 'ChatGPT' listed as its author. These books generated through artificial intelligence are flooding Amazon's Kindle store at prices as little as USD 1. The real number might be higher as many people might publish books using ChatGPT, with their name as the author. Publishers are worried that this trend will result in low-quality books. Amazon is yet to announce any policy change for its Kindle Direct Publishing arm. (TechFastly)

Conglomerates

Google releases AI chatbot Bard Google has released its own Al chatbot known as 'Bard' which is similar to ChatGPT. Bard is powered by Google's Language Model for Dialogue Applications (Lamda). According to the company, Artificial intelligence will use information from the web to make creative responses to queries or provide detailed info on questions asked. Bard has been made available to select testers and will be soon available to the public. (CNET)

Google requests employees to share desks Google has announced a new desk-sharing model 'Cloud Office Evolution' that requires cloud employees and partners to share their desks on alternate days with their deskmates starting next quarter. The company has cited real estate efficiency as the reason for the new desk-sharing model. This policy will apply to Google Cloud's five largest locations in the United States. As a result, some buildings will be vacated eventually. (CNBC)

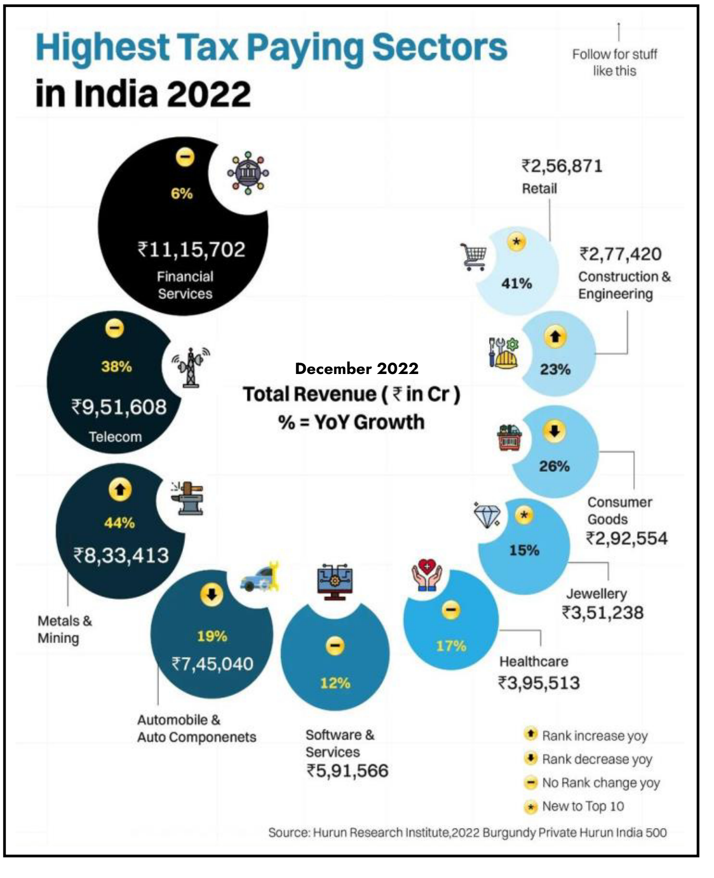
Neal Mohan appointed as CEO of YouTube Neal Mohan, an Indian American, has been appointed as the CEO of YouTube after Susan Wojcicki decided to step down from her role after 25 years. Neal Mohan is an Electric Engineer who graduated from Stanford University. He joined Google in 2007 when the company acquired DoubleClick. He was Chief Product Officer at YouTube since 2015 and has played a pivotal role in building YouTube Shorts, YouTube Music and Subscriptions. (Live Mint)

Samsung announces satellite-based technology Samsung has announced that it has made technology that enables direct communication between smartphones and satellites, and the same will be integrated into Samsung's Exynos modems. This new technology will allow conversations and emergency assistance from Samsung's smartphones. The system will use satellites and other nonterrestrial vehicles to bring connectivity in remote areas like deserts, mountains and oceans and also help in disaster relief efforts, power autonomous aircraft and flying cars. (CNET)

Google to face anti-abuse lawsuit The United States Justice Department has filed a lawsuit against Alphabet's Google over allegations that the company has abused its dominance in the digital advertising business. According to the Government, Google has used anticompetitive, exclusionary, and unlawful means to eliminate or severely diminish any threat to its dominance over digital advertising technologies. Google is the market leader by a long shot, however, its share of the digital ad revenue has been eroding from 36% in 2016 to 29% in 2022. Google's advertising business accounts for approximately 80% of its business revenue.

IBM and SAP to cut jobs IBM and SAP have also joined the list of global technology companies who are slashing jobs following the global slowdown. IBM delivered an upbeat annual sales forecast, however, also announced that it would eliminate about 1.5 per cent of its global workforce which is equivalent to approximately 3,900 jobs. SAP has also planned to cut 2.5 per cent of its global workforce i.e. 3,000 jobs. (Business Standard)

Microsoft partners with Qcells to curb carbon emissions Microsoft, the technology giant, has announced that it is partnering with Qcells, the global solar leader, to curb carbon emissions and power the clean energy economy. The strategic alliance aims to enable a strong supply chain for new renewable electricity capacity projected to require at least 2.5 gigawatts of solar panels and related services, equivalent to powering over 4,00,000 homes. Qcells, owned by Hanwha Solutions is headquartered in Seoul and will work with Microsoft to create solar projects. The company will also provide panels and engineering, procurement and construction to Microsoft under Power Purchase Agreements. (Business Standard)



ECONOMIC INDICATORS

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ECONOMIC INDICATORS

Key Economic Indicators

Indicator	As on	Current	Prior
GDP Growth (%)	Dec-22	4.40	6.30
Inflation (%)	Jan-23	6.52	5.72
Unemployment (%)	Jan-23	7.10	8.30
Trade Balance ($m)	Jan-23	(17.75)	(23.76)
Business confidence	Dec-22	134.00	138.00
Manufacturing PMI	Feb-23	55.30	55.40
Services PMI	Feb-23	59.40	57.20

Commodities Future

Commodity	Expiry	Price	%
Gold	Apr-23	55,737.00	(1.90)
Silver	Mar-23	64,413.00	(5.35)
Crude Oil	Feb-23	6,500.00	2.43
Natural Gas	Feb-23	243.70	8.99
Aluminum	Feb-23	209.40	(5.48)
Copper	Feb-23	757.30	(2.58)
Zinc	Feb-23	268.40	(8.96)

Global Indices

Index	Country	%
NIFTY 50	India	(1.45)
BSE SENSEX	India	(1.70)
INDIA VIX	India	(15.40)
NIFTY BANK	India	(0.60)
DOW JONES	USA	(1.57)
NASDAQ	USA	(2.65)
S&P 500	USA	(2.20)
FSTE 100	UK	0.57
NIKKEI 225	Japan	1.52
SHANGHAI COM	China	1.99
MOEX	Russia	1.06
CAC 40	France	1.58
DAX	Germany	0.66
S&P ASX 200	Australia	(3.60)
BOVESPA	Brazil	(4.29)
KOSPI	South Korea	(1.95)
HANG SENG	Hong Kong	(5.05)

Currency Exchange Rates

Pair	Current	Prior	%
INR/1 USD	82.26	81.74	(0.64)
INR/1 GBP	98.52	100.90	2.36
INR/1 EUR	87.32	88.60	1.44
INR/100 YEN	60.27	62.77	3.98

Cryptocurrencies

Pair	Crypto	Price	%
BTC/USD	Bitcoin	22,350.20	(2.80)
ETH/USD	Ethereum	1,565.55	(0.92)
USDT/USD	Tether	1.00	0.02
BNB/USD	Binance	288.90	(7.17)

Small Savings Schemes

Scheme	Current	Prior	%
SSCS	8.00	7.60	0.40
SSA	7.60	7.60	-
NSC	7.00	6.80	0.20
PPF	7.10	7.10	-
KVP	7.20	7.00	0.20

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