EVERYTHING THAT CONCERNS YOUR MONEY

THE GREEN DIGEST

PAGES 26 | OCTOBER 2022 | 61 MINUTES

MELTDOWN

"IS CREDIT SUISSE THE TRIGGER?"

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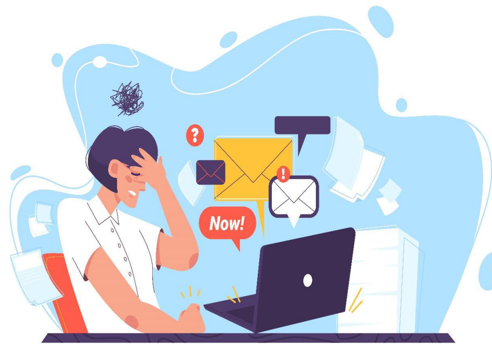
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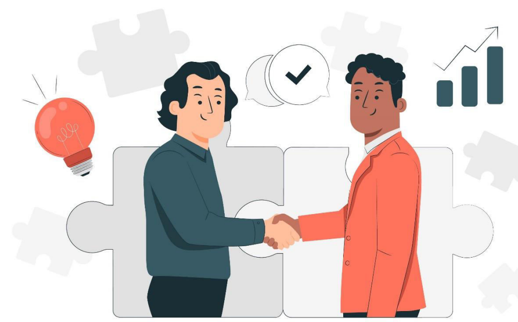
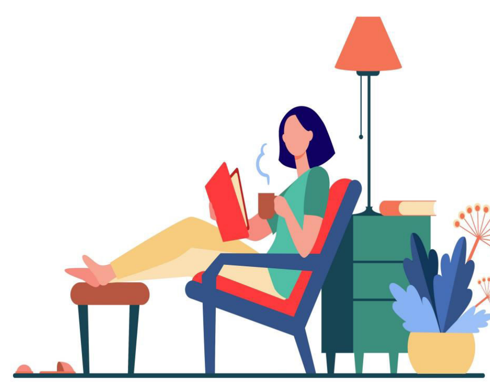
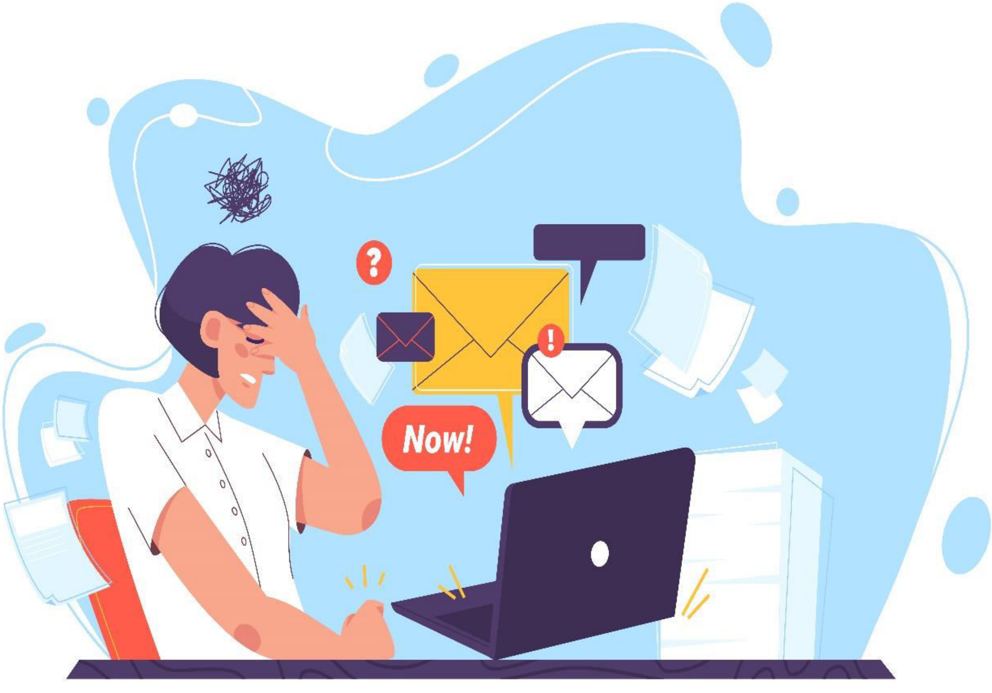




Investors recalling the disastrous 2008 financial crisis. Will Credit Suisse trigger a new global financial crisis?



Background

A few weeks ago, the bankrupt Lehman Brothers which triggered a global financial crisis, concluded their liquidation, 14 years after the 2008 crisis. The company's 1.1 lakh customers, secured and unsecured creditors were paid USD 115 billion in a settlement. The company was United States' fourth-largest investment bank in 2008, before filing for bankruptcy with USD 600 billion in debt. A decade has passed by, but a conversation about Lehman Brothers and the global financial crisis that followed the same sends shivers down people's spines who experienced those tough times. We are once again talking about the 2008 global crisis because these are tough times right now.

Governments across the world have taken several spontaneous measures to recover from the COVID-19 pandemic. While news such as 'the economy has reached back to pre-pandemic levels' is making the rounds, it doesn't necessarily convey that the global economies are in a healthy state. We have discussed this in our earlier newsletters as well. The pandemic resulted in deflation and boost the economy Governments infused liquidity into the economy. Businesses became heavily leveraged, individuals borrowed money to thrive, and now we are seeing inflationary times (something expected as a result of liquidity infusion). Russia's attack on Ukraine and OPEC+ controlling oil supply has added to the woes. Central Banks are finding it difficult to control inflation and are taking the necessary steps by increasing policy rates. However, all these signs did not signal a global crisis, until... the share price of Credit Suisse started falling!

What is happening at Credit Suisse?

Credit Suisse is a global investment bank and financial services firm, based in Switzerland. It was founded in 1856 and today is one of the largest banks in the world. It is one of the nine 'bulge bracket' banks of the world. The bulge bracket is the term used for banks that provide advisory and financing services, along with sales, marketing, and research of financial products including equities, commodities and their derivatives. These banks also invent new financial products such as mortgage-backed securities (MBS) in the 1980s, credit default swaps in the 1990s and collateralized debt obligations (CDO) in the 2000s. The latest addition is carbon emission trading and insurance-linked products. Credit Suisse is one of the world's most important banks upon which international financial stability depends. However, the concerns over its financial stability are at their peak.

The share price of Credit Suisse has tanked more than 50% in the last 6 months. Its market capitalisation has reduced to USD 11 billion. Even Indian banks – HDFC Bank, Axis Bank, State Bank of India, ICICI Bank and IndusInd Bank have a higher market capitalisation than that. Besides, the premium to buy the credit default swap (the insurance that investors buy when investing in bonds) has also skyrocketed. They are currently at their highest levels since 2008. These are signs that company is in financial distress.

What went wrong at Credit Suisse?

Over the past three quarters alone, Credit Suisse has incurred losses that have hit nearly USD 4 billion. The ratings have also downgraded its financing costs. The bank has been affected heavily by the collapse of Archegos Capital Management which cost the bank USD 5.5 billion last year and further losses this year from supply-chain finance company Greensill Capital. These losses have increased the bank's cost of capital and therefore, the heavy losses. Besides, there have been multiple changes in its top leadership since 2020. The company has been assuring its staff, counterparties, clients and investors that its liquidity and capital position are strong. CEO Ulrich Koerner made an assuring statement that there are many factually inaccurate statements being made in the media and that the day-to-day stock price performance should not be confused with the strong capital base and liquidity position of the bank. However, even the Lehman Brothers had made a similar statement before it collapsed in 2008. More importantly, the issue isn't restricted to Credit Suisse alone. Other banks who are usual suspects such as Deutsche Bank and UBS have also seen their CDS rising. And therefore, nobody is just ready to accept that statement.

Every bear market has produced national and corporate victims who get speared. In 1997-98, it was Thailand's economy and the LTCM Hedge Fund. In 2008, it was Iceland's economy and Lehman Brothers. It's 2022, is it Switzerland's economy and Credit Suisse this time that will get skewered? More importantly, will it trigger another global financial crisis?

The impact and turnaround

Credit Suisse's Indian branch has a balance sheet size of only INR 20,732 crores as of FY2022. While the European economies are expected to be most affected by a possible collapse of the company, the repercussions would be felt around the world including India. According to market analysts, Indian markets may see a temporary correction. The bank has launched a strategic review that will focus on strengthening the bank's flagship wealth management business and reducing investment banking into a capital-light, advisory-led business. The company is also considering asset and business sales. The company has also offered to buy back debt securities for cash worth approximately 3 billion Swiss francs (USD 3 billion). However, given the negative news flow, analysts believe that there is significant execution risk in any new strategic plan that the bank may come up with. The investors are now closely watching the action from the Swiss government and awaiting whether the company will be able to execute its restructuring plan.

SME Exchanges in India – Funding for small business enterprises

By Amit Chandak, Associate Director, Greenvissage

Introduction

Unlike the western world where corporate behemoths rule the markets, in India, small and medium-sized enterprises (SMEs) are the largest contributors to the economy. The SME sector has emerged as a crucial component of the Indian economy over the last five decades providing large employment opportunities at low capital cost as compared to large industries and more importantly, industrializing the rural and backward areas of the country. In India, SMEs complement large industries as ancillary units catering for the specific requirements of large manufacturers. However, without adequate funding, the SME sector cannot reach its full potential. The Reserve Bank of India (RBI) has specified Small and medium enterprises under the priority sector of lending imploring banks to dedicate funds to small businesses. There are many other policy measures such as Government e-marketplace (GeM), Trade Receivables Discounting System (TReDS), and Open Network for Digital Commerce (ONDC) that the Government has taken over the years to ensure small businesses emerge, grow and survive. However, with the growing financing needs of small businesses, there is a need for different avenues of financing apart from private loans from banking companies, non-banking companies and alternative investment funds. One such less explored option is listing on exchanges where the enterprises can raise funds from the general public. While most people believe that only large corporations can list on the stock exchanges, India has dedicated platforms for the listing of small business enterprises - SME Exchanges.

What is SME exchange?

'SME Exchanges' are trading platforms of recognised stock exchanges that have nationwide trading terminals permitted by the Securities Exchange Board of India (SEBI) to list specified securities following Chapter IX of

SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018. It does not include the main board exchanges such as National Stock Exchange (NSE) or Bombay Stock Exchange (BSE). These are separate stock exchanges dedicated to working for SMEs. It is an ideal platform to raise funds for companies that are on a growth path but are not large enough to get listed on national exchanges. Currently, India has two SME Exchanges formed by the popular main board companies– NSE Emerge and BSE SME Platform, both launched in 2012. These SME exchanges provide a great opportunity for small and medium enterprises to raise equity capital for their organic or inorganic growth and expansion plans. The SME Exchanges handle the trading of securities of small and medium enterprises who would otherwise find it a difficult and costly affair to get listed on a recognised stock exchange. There are around 394 companies listed on the BSE SME and 235 on NSE Emerge with a combined capitalisation of more than INR 34,000 crores. These numbers are rapidly increasing in the post-pandemic economy where the companies going for IPOs has spurred.

What is the benefit of listing on SME Exchanges?

SME Exchanges are capital markets for small and medium enterprises which provide a credible and efficient marketplace, converging sophisticated investors and small businesses with growth potential. The investors get an opportunity to invest in emerging businesses while the companies get the benefit of raising capital from the public.

1. The listing of the company would bring enormous financing opportunities by offering equity and bringing public funds into the business. Since equity does not carry periodic interest it has a relatively lower cost of borrowing.
2. The listing also leads to improvement in credit rating and thereby allows raising other loans at low interest.
3. Apart from all the other benefits, one prominent and under-recognised benefit of the listing is the brand recognition and business visibility that the company gets after listing.
4. With the listing, the company opens its affairs to the public at large. This gives more assurance and adds to the comfort of stakeholders such as customers, lenders, and creditors who transact routinely with the company. At times, this confidence also reflects in increased orders, and better negotiations of business terms like credit period, margin, etc.
5. Listing unlocks the hidden value of the unlisted companies which is otherwise never realised until the public investors reflect their perception through the stock price. The stock price acts as the fair value of the company and its potential, making its shares exchangeable like currency for various purposes such as offering as collateral, mergers and acquisitions etc.
6. There is no tax on the equity infused at a premium exceeding its fair price. As per the Finance Act 2012, a company is liable to pay tax on equity shares issued at a premium exceeding the fair value. However, this tax is not applicable if the company shares are listed. Besides, buying shares of an unlisted company below its net worth attracts tax on the investors, however, in the case of listed companies there is no such tax incidence. Further, listed companies are also exempt from paying taxes on the buyback of shares which is otherwise taxable at 20% in the case of unlisted companies.
7. The listing also helps companies in strengthening their internal governance systems which leads to better internal controls and unlocks efficiencies.

General listing requirements of SME Exchanges

For a company to get listed and raise funds on the SME Exchanges, it must fulfil the following requirements:

- The company must be a public company incorporated in India under the Companies Act.
- The post-issue paid-up capital of the company at face value should not be more than INR 25 crores.
- The company should have a positive net worth. The net tangible assets and net worth excluding revaluation reserves should be more than INR 1 crore as per the latest audited financial statements, to be listed on BSE SME.
- There should not be any change in the promoters of the company in the preceding year from the date of applying with the exchange.
- The company, its promoter, promoter company or its erstwhile legal structure such as Limited Liability Partnership, Partnership or Sole Proprietorship enterprise must have a combined track record of at least 3 years. Otherwise, if the company has been funded by banks or financial institutions or the Central or State Government for at least 2 years out of the past three years, it would be considered as fulfilling the condition of track record.
- The company or its erstwhile legal structure should have distributable profits (positive cash accruals before depreciation and tax) in at least two of the past three years.
- A company which is currently referred to the Board for Industrial and Financial Reconstruction (BIFR), also cannot apply. Also if there are any winding-up petitions against the company which have been admitted by a court or a National Company Law Tribunal (NCLT), it cannot apply.
- There should not be any material regulatory or disciplinary action taken against the company in any of the past three years by a stock exchange or regulatory authority.
- The issue has to be a 100% underwritten issue with Merchant Bankers underwriting at least 15% on their accounts. There should be at least 50 investors while listing through IPO.
- The company should agree to facilitate trading through a Demat account with both the depositories – Central Depository Services Limited (CDSL) and National Securities Depository Limited (NSDL).
- The company must have a website.

Listing procedure of SME Exchange

The highlights of the listing procedure of SME exchange are as follows:

Appointment of Intermediaries – Initially the company has to appoint Merchant bankers registered with the Securities Exchange Board of India (SEBI) to act as Lead Managers on the issue. Popular merchant bankers include Yes Bank, ICICI Securities, Kotak Mahindra, Axis Bank, Goldman Sachs, Barclays, Citigroup, Morgan Stanley, Karur Vysya Bank, State Bank of Bikaner and Jaipur, SBI Capital Markets, Punjab National Bank etc. The company will also need to appoint underwriters and legal advisors.

Pre-IPO Stage – After appointing intermediaries, the company has to complete the procedural aspects such as increasing the authorised share capital, passing resolutions for the issue of share capital, restructuring the board of directors, appointing the directors to satisfy the conditions of the Companies Act and SEBI regulations and conditions of the Companies Act and SEBI regulations and all other such regulatory requirements. The company cannot proceed to apply for the exchange until these requirements are fulfilled.

Preparation Stage – At this stage, the lead manager conducts due diligence of the company to ensure that all the documentation including all the financial documents, material contracts, approvals, promoter details etc. are available, authentic and fulfil the requirements of the exchange. This exercise also helps in preparing offer documents.

Draft Prospectus – The merchant banker prepares the draft prospectus and files the same along with the other documents following the SEBI (ICDR) regulations and other statutes, as applicable.

Application to SME Exchange – After completion of due diligence and in principal approval of the draft prospectus, the company applies with the stock exchange for an admission of their securities at their exchange.

Filing of Prospectus – The Merchant Banker then files these documents with the Registrar of companies indicating the opening and closing date of the issue. Once approval is received from the registrar, the same is intimated to the Exchange along with the required documents.

Basis of Allotment and Issue of Shares – The stock exchange then finalizes the basis of allotment and issues the notice regarding listing and trading.

Why is OPEC reducing oil production?

Once again, the Organisation of the Petroleum Exporting Countries (OPEC) and its allies, together known as OPEC+, the world's largest oil-producing countries, have collectively decided to cut oil production by 2 million barrels per day, the largest cut since the beginning of COVID-19 pandemic. This would mean that oil production would be reduced and therefore, a short supply of petroleum products. However, the demand for the same isn't declining, and therefore, many people chasing less quantity would mean a price rise. Globally, inflation is already at its peak and if oil prices go up further, it would mean more inflation. So why is OPEC+ doing the opposite of what it should be doing? Well, OPEC was established in 1960 by Iran, Iraq, Kuwait, Saudi Arabia and Venezuela, and later expanded to include 8 more countries. Recently, 11 other major oil-producing countries including Russia have also joined as allies to form OPEC+. The OPEC+ accounts for roughly 40 per cent of the world's crude oil and 80 per cent of the globe's oil reserves, according to 2018 estimates. The economy of most of these countries heavily relies on the supply of oil. Therefore, OPEC was formed to coordinate and unify the petroleum policies and ensure the stabilisation of oil markets. However, it has been alleged that OPEC behaves more like a cartel, to control the supply of oil, and thereby, its price in the world market. After Russia invaded Ukraine, the prices of oil skyrocketed, benefitting these countries heavily. However, since then, the prices have been dropping sharply due to fears of a recession in Europe and reduced demands from China. Therefore, to make sure that the oil prices return to their high levels, the OPEC+ members have reduced the supply, to create an artificial short supply and thereby, protect their profits through increased prices. Within the group, only the United Arab Emirates (UAE) and Kuwait have expressed concern over reducing supply, as they had earlier announced an increase in oil output capacity after pressure from the United States. For the general public and the industrialists, the prices of petroleum products are set to rise further globally and with the same general inflation as well.

What is NavIC and why is the Indian Government looking to replace GPS?

The use of the Global Positioning System (GPS) has become pretty common these days. From industrial use to food delivery apps, for navigation by humans to self-driving cars, GPS has become an essential part of our lives – it's always ON on our devices, and we aren't even looking into it. Most people think that GPS is a common technology available to all, however, to the surprise of many, GPS isn't a publicly owned service – it is owned by the United States Department of Defense which developed it and was kind enough to allow global public usage of the same. GPS is not the only system available as Russia has its Global Navigation Satellite System (GLONASS), China has the BeiDou Navigation system and the European Union uses Galileo. India too has developed a similar system known as Navigation with Indian Constellation (NavIC) which operates using eight satellites floating in the earth's orbit and sending electronic magnetic signals through space. Unlike GPS which gives precise locations up to 20-30 metres, NavIC gives more positional accuracy up to 5 metres as it sends two bands of electromagnetic signals where the second signal helps to provide more precision. The reason why GPS is more popular is that it is a global system providing details of navigation on the entire globe while NavIC is a regional navigation system and is limited to Indian landmass. Besides, NavIC has been operational for only four years, now. However, the Indian government is pushing to make NavIC mandatory in phones from January 2023 which means NavIC could soon be in everyone's pocket. Mobile phone companies are not much happy with the decision as it would mean developing new chips, new antennas and radio components compatible with the NavIC system, and also the one-year timeline to adjust isn't reasonable. The Government has its reasons to promote NavIC instead of GPS. The NavIC project was approved in 2006 because, during the Kargil War 1999, the global navigation satellite systems could have helped India in the war, however, the United States declined to provide the same. Adopting the NavIC system would reduce India's dependency on the United States and further the goal of Aatmanirbhar Bharat.

How did the PM Kisan Yojana turn into 4,000 crore scam?

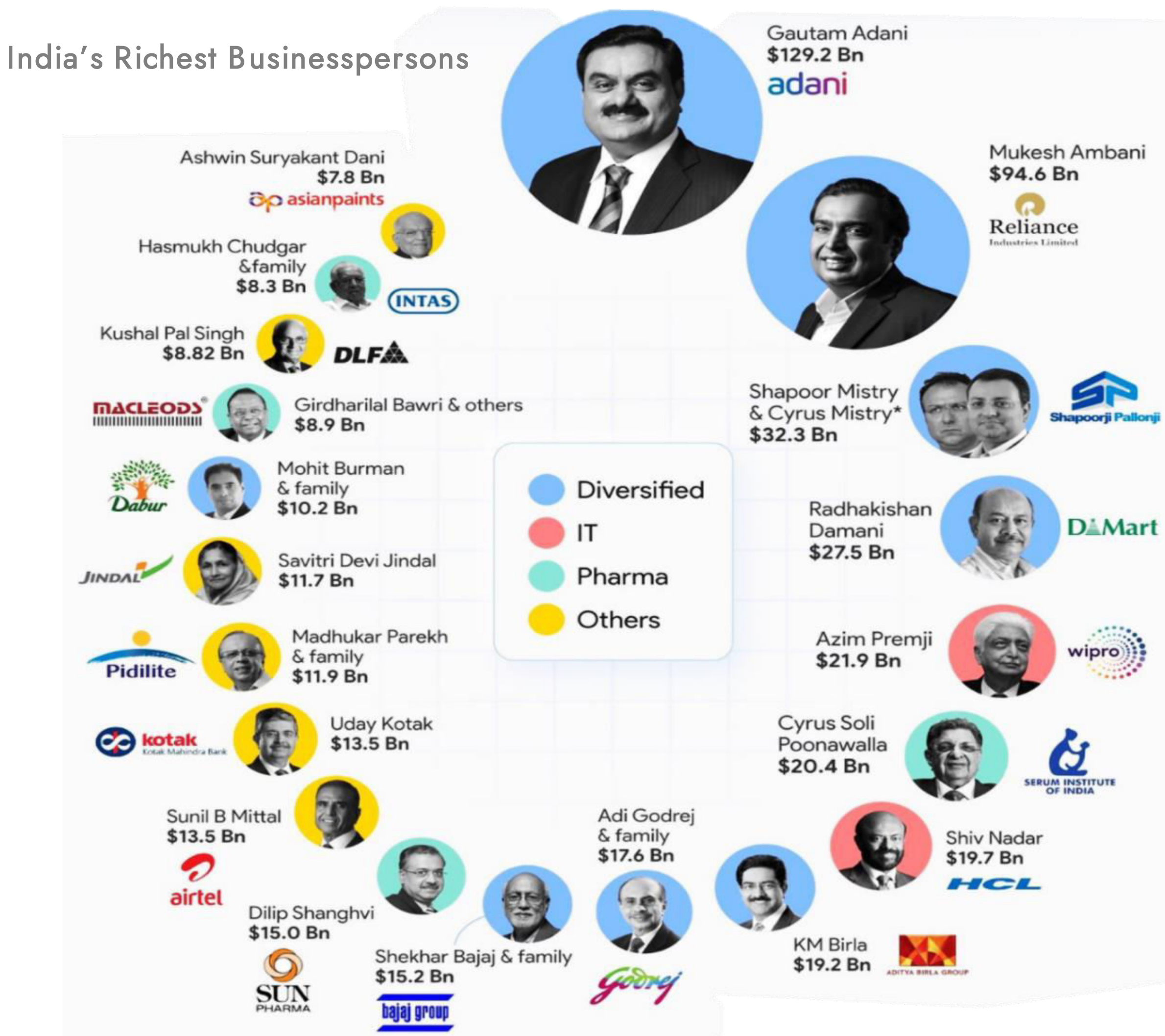
In February 2019, right before the General Elections, the government launched a new scheme called 'PM Kisan

Samman Nidhi Yojana (PM Kisan)' to support farmers and offload some of their financial burdens. Under this heavily publicized scheme, the farmers are eligible to receive INR 6,000 per year, directly into their bank accounts. The direct credit into the bank account meant no middlemen, no bribery and no other hassles for the farmers in receiving what they were eligible to receive. For eligibility and distribution, a system was developed where farmers could self-register and the state officials were asked to validate the data. However, the news of fake farmers began to emerge rather quickly and the Government found various dubious entries in the database. Following an investigation, the Government found that the state of Uttar Pradesh had 21 lakh fake farmers, Assam had 8.35 lakh fake farmers who siphoned off INR 558 crores, Tamil Nadu had 6.97 lakh fake farmers who siphoned off INR 321 crores and Karnataka had 4 lakh fake farmers who siphoned off INR 440 crores. The scamsters used publicly available Aadhar numbers and created fake Aadhar cards to open bank accounts. Thereafter, they self-registered on the PM Kisan portal with dubious land record details, and surprisingly, the registrations were approved. Shockingly, the names of Lord Hanuman, actor Riteish Deshmukh, and ISI spy Mehboob Rajpoot were also used for registering the fake farmers and the officials couldn't spot the anomaly or rather were paid to turn a blind eye. The officials were given daily targets for registration (since the elections were around the corner, and huge numbers were important) and therefore, the officials didn't dive into details and kept hitting the daily target. Further, in Assam, the farmers were also permitted to only provide bank details as a unique ID, instead of Aadhar. So, people smartly opened multiple bank accounts and received the money multiple times. In some cases, the Government has also found that people had hacked into the system and registered themselves as Government officials, and thereafter, approved the fake profiles registered. As a result, an estimated INR 4,000 crores of taxpayers' money landed in the wrong hands, instead of those who were eligible to receive it.

Why are banks levying heavy fees on rent payments through credit cards?

Apps like Cred, PayTM and NoBroker have become popular for paying rent in recent times, as they allow paying rent using credit cards. When you pay rent through these apps, using a credit card, the apps charge anywhere between 1-2% extra as facilitation charges which it, in turn, pays to the banks and payment gateways. Usually, people may opt for other means instead of paying extra, some people have found it worth paying. This is because credit cards offer exciting cashback, reward points and benefits. Also, there are annual spending requirements to avoid annual charges and thus, paying rent through credit card, also helps towards the same. Not to forget, credit cards offer a 30-45 days free credit period for the funds. The rent payment apps are also offering further incentives to promote such transactions. So, it is beneficial enough for the credit card holder, even if they have to pay 1-2% extra. However, recently, HDFC Bank has levied several restrictions on rewards points earned for such rent transactions and RBL Bank has restricted the number of such transactions allowed through the credit card. ICICI

Bank has gone a step further to charge a 1% fee on all rental payments. The restrictions and fees have surprised credit cardholders as the banks are already earning enough on these transactions through the MDR charges (Merchant Discount Rate). However, there are some caveats here. A credit card was originally designed to incentivize consumers to spend more while transacting with merchants such as shops, stores, websites, e-commerce portals, etc. However, when people are paying rent using a credit card, they are not transacting with a merchant, but instead with a landlord. And this is something that banks aren't comfortable with. You might be aware that withdrawing money from an ATM using a credit card carries about 3% extra charges, without any grace period and reward points. Banks realise that you desperately need the money and hence, the cash withdrawal using a credit card. Therefore, such cash advances are treated like personal loans. However, when paying rent on these apps, using a credit card, people are still withdrawing cash, but in a roundabout manner, without the restrictions and charges. Someone can simply pretend to be a landlord, receive the payment, withdraw the cash using a debit card and hand it over back to you. So, a credit card becomes a free personal loan for 30-45 days. Since the platforms don't ask for a rental agreement, it's all a pretty cakewalk. Banks have now finally woken up to these risks and therefore, the restrictions. Soon most banks will also follow the lead and levy heavy charges to ensure such transactions aren't worth doing or at least earn the bank decent fees from such transactions.



Signal :
Positive
Negative
Mixed

Government policies

Delhi adopts mandatory PUC at petrol pumps Gopal Rai, Delhi's Environment Minister, has announced that the pollution under control (PUC) certificates are now mandatory for all vehicles refuelling at any petrol pump after October 25. If a vehicle owner is caught without a valid certificate, they may face imprisonment for up to six months or a fine of up to INR 10,000 or both. The PUC certificate is a validation that the emissions from the vehicle are below the pollution norms set by the Government. According to the estimates of the Delhi Transport Department, there are over 17 lakh vehicles including 13 lakh two-wheelers and 3 lakh cars that were driving without PUC certificates till July 2022.

Team Gati Shakti pushes for mapping before 5G rollout The Department for Promotion of Industry and Internal Trade (DPIIT)'s Team Gati Shakti has issued an office memorandum to all states asking them to rapidly map four categories of data layers – electric poles, traffic light poles, bus terminals & shelters and Government buildings. The reason is small cell technology for the 5G rollout. Small cells are portable, low-powered radio access nodes or base stations that have a coverage range from a few meters to a few hundred meters. Uttar Pradesh and Gujarat have nearly completed the exercise while other states are being nudged by the centre to complete the same at the earliest.

Government to pay fuel retailers to ease cooking gas prices The Government has announced its plans to pay about INR 20,000 crore (USD 2.5 billion) to the state-run fuel retailers such as Indian Oil Corporation to compensate for losses and keep a check on cooking gas prices. The Ministry of Petroleum and Natural Gas (MoPNG) has sought compensation of INR 28,000 crore, however, the finance ministry approved only INR 20,000 crore cash payout. The three biggest state-run retailers, which together supply more than 90% of India's petroleum fuels, have suffered the worst quarterly losses in years by absorbing record international crude prices.

Goods and services tax

Window to claim transitional credit opened again The Central Board of Indirect Taxes and Customs (CBIC) has issued a set of guidelines for businesses to claim credit for the taxes paid in the pre-GST era. This will be processed from October 1 onwards. The order said that the taxpayers can file fresh forms or revise earlier forms for the GST transitional credit on the common portal. Taxpayers will also be allowed to download previous copies of transitional forms. Earlier, the Supreme Court had extended the deadline to open the portal for filing forms Tran 1 and Tran 2 to early October.

GST credit can be utilised to pay deposit Bombay High

Court in a case relating to Oasis Realty has held that the amount remaining in the electronic credit ledger i.e. GST credit balance can be utilized to pay pre-deposit tax as per section 107(6) of the Maharashtra GST Act, 2017. Under section 107(6) a petitioner has to pay a sum equal to 10% of tax in a dispute. The tax department contended that the GST credit cannot be utilised for the same, however, the court has permitted its usage.

Availment of ITC for FY 2021-22 The time limit to issue credit notes, debit notes and availment of input tax credit for the financial year 2021-22 is now extended to November 30, as against September 30 every year.

No GST on land with basic works The Authority for Advance Rulings (AAR), Karnataka bench, has held that goods and services tax (GST) is not applicable on the sale of plots even if they are sold after completion of works related to necessities such as land levelling, installation of sewage lines, etc. The land is not subject to GST, however, there are several litigations around the applicability of GST on the sale of plots where basic development has been carried out. The AAR ruling now clarifies the situation in favour of taxpayers.

Telangana High Court stays GST on Nursing college fees Telangana High Court has passed an interim direction to the State and Central governments to not insist on payment of Goods and Service Tax (GST) by nine colleges offering courses in nursing, after hearing a writ petition filed challenging the demand notice for payment of 18% GST on the affiliation and inspection fee.

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

Income tax

Due date for filing tax audit report extended The Income Tax Department has extended the due date for filing tax audit reports for the financial year 2021-22 by 7 days to October 7, instead of September 30 after considering the difficulties faced by the taxpayers and other stakeholders. Taxpayers who need to get their accounts audited by a chartered accountant are required to file the tax audit report by September 30.

Loan waivers and settlements not covered by 194R The Central Board of Direct Taxes (CBDT) has clarified that banks will not be required to deduct 10% tax at source (TDS) on one-time settlement (OTS) or loan waivers, as the same shall not be treated as a benefit or a prerequisite. The exemption is available to all public financial institutions, scheduled banks, cooperative banks, rural development banks, state financial corporations, and state industrial investment corporations.

Finance minister urges faster processing of refunds Finance minister Nirmala Sitharaman has urged the income tax department employees to assess tax returns and process tax refunds faster, and redress pending grievances of assessees.

Income tax notices for online gaming prizes Nitin Gupta, Chairman of the Central Board of Direct Taxes (CBDT) has said that the income tax department is issuing notices to various individuals who have won a total of INR 58,000 crore prize money in the last three years by winning in online games. The department is alerting the winners on the tax compliance dashboard wherever there is a mismatch in income and tax payments.

Direct tax collection increases by 23% The net direct tax collection has increased by 23% to INR 7.04 lakh crore in the current financial year, as per the statistics maintained by the income tax department. A record high of INR 14.09 lakh crore direct tax was collected in 2021-22. The new e-filing portal has facilitated 5.83 crore tax return filing as of July 31 of which a record 72 lakh returns were filed on the portal on a single day.

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

Customs and foreign trade

Concessional import duties on edible oils extended The Central Board of Indirect Taxes and Customs (CBIC) through a notification has extended the existing concessional import duties on specified edible oils up to March 31, 2023. The move is aimed at increasing domestic supply and keeping prices under control.

New Foreign Trade Policy postponed further The Ministry of Commerce and Industry has once again decided to postpone the release of the much-anticipated Foreign Trade Policy (FTP). The FTP is a set of five-yearly guidelines and instructions that focuses primarily on boosting exports. The FTP 2015-2020 already expired two years ago and hasn't been released thereafter, first due to the Covid-19 pandemic and now due to uncertain global economic conditions. This time the document was almost ready, however, the officials disagreed on the timing of its release. The new policy will now be unveiled after six months only.

Exporters seek GST exemption on Ocean Freight In a letter to finance minister Nirmala Sitharaman, the Federation of Indian Export Organisations (FIEO) has said that overseas freights have increased 300-350% from pre-Covid level and refund of GST through Input Tax Credit comes with a lag of 2-3 months which affects cash flows. Therefore, FIEO has requested an extension of the previously granted exemption from GST on export freight. The exemption from GST on export freight ended on September 30 post which exporters are required to pay 18% GST on export ocean freight. The exemption was extended twice after being introduced in 2018 with the last extension ending on September 30 after two years.

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

Corporate laws

Small company benefit extended The Ministry of Corporate Affairs has widened the scope of small companies. The small company threshold limit has been revised to increase the limit of paid-up Capital from INR 2 crore to INR 4 crore and turnover from INR 20 crore to INR 40 crore. The amendment will take effect from September 15.

Amended CSR rules Ministry of Corporate Affairs (MCA) has issued amended Corporate Social Responsibility rules. Accordingly, if a company has any 'Unspent CSR' balance due to an ongoing project, the constitution of the CSR committee will be mandatory. Earlier, CSR once applicable remained applicable for 3 years, however, now CSR rule 3(2) has been omitted and therefore, CSR provisions once becoming applicable will remain applicable forever. According to the new rules, CSR activities can be undertaken through a registered public trust/society, exempted u/s 10(23C)(iv), (v), (vi), and (via) or registered under section 12A and 80G of the Income Tax Act, 1961. The threshold to book expenditure towards impact assessment has been amended to 2% of total CSR Expenditure of the financial year or INR 50 lakhs, whichever is higher.

Absolute figures in Form AOC-4 The Ministry of Corporate Affairs (MCA) has clarified that given the amendment in schedule III, companies can provide rounded-off figures as per financial statements, or even absolute figures in e-forms AOC-4 and the same shall not be treated as incorrect certification by the professionals. Form AOC-4 is for filing the company's financial statement for every financial year with the Registrar of Companies. The company is responsible for duly furnishing the form within 30 days of its Annual General Meeting.

SEBI allows pre-filing of offer documents for IPOs The Securities and Exchange Board of India (SEBI) has approved the proposal to allow companies holding initial public offerings (IPOs) to submit confidential pre-filing of offer documents. Disclosure requirements under the pre-filing mechanism are limited. Companies only have to make a public announcement that they have pre-filed offer documents with SEBI and Exchanges and have to state that pre-filing doesn't necessarily mean it will hold an IPO. The new mechanism allows companies to carry out limited interactions without having to make any sensitive information public.

NSE mandates the use of digital signatures The National Stock Exchange (NSE) has prescribed that all the listed companies shall submit all corporate announcements using digital signatures (DSC) except for prescribed disclosures & events as mentioned in circular.

DIR-3 due date extended The Ministry of Corporate Affairs has decided to allow filing of DIR-3-KYC without any filing fee up to October 15, 2022.

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

Banking and finance

Loan apps to display partner links Google Play Store has implemented measures to ensure that loan disbursal apps mandatorily show a clickable link to the partner bank or non-banking finance company, the institutions underwriting the loans. The move comes after the company executives held talks with the Reserve Bank of India (RBI) and the Ministry of Electronics and Information Technology (MeitY). The apps had time until September 19 to adhere to the policy, failing which the apps will get deleted from the Play Store. Google was facing the heat from the government over hosting illegal loan disbursal apps which practised unscrupulous activities such as charging excessive interest fees, using harsh recovery practices and violating money laundering and other government guidelines.

RBI launches UPI Lite Shaktikanta Das, the RBI Governor along with the National Payments Corporation of India (NPCI) launched major upgrades to the UPI network including its expansion to RuPay credit cards. The NPCI had earlier announced at the Global Fintech Feast 2022 that UPI will now be linked to credit cards issued by Punjab National Bank, Union Bank of India, and Indian Bank. NPCI is now also rolling out the new UPI Lite which allows small transactions up to INR 200 to be made in near-offline mode by loading money into an on-device wallet through the BHIM app. It has been made available for eight banks — Canara Bank, HDFC Bank, Indian Bank, Kotak Mahindra Bank, Punjab National Bank, State Bank of India, Union Bank of India and Utkarsh Small Finance Bank. The RBI has also launched UPI 123Pay which extends UPI functionality to feature phones002E

Tokenisation of debit and credit cards The Reserve Bank of India's (RBI) tokenisation rule for credit and debit cards which prohibits all merchant websites from saving card details on their server for processing online transactions, will be effective from October 1. Tokenisation aims to make the online shopping experience using credit and debit cards safer. Tokenisation is an option for cardholders and is not mandatory. Card users have to either allow tokenisation of the card and allow their favourite websites to save for future use or enter the card details each time they make an online payment. The token masks the details of the cards and doesn't allow merchant websites to store the details. Therefore, in case of a data leak, the fraudster cannot obtain card details as the website itself won't have them.

RBI revises policy rates In the latest Monetary Policy Statement, the Reserve Bank of India has revised the policy rates to increase the same by 50 basis points upwards. Thereby, the latest policy rates are as follows:

- Policy repo rate – 5.90%
- Standing deposit facility rate – 5.65%
- Marginal standing facility rate – 6.15%
- Bank rate – 6.15%
- Fixed reverse repo rate – 3.35%
- Cash reserve ratio – 4.50%
- Statutory liquidity ratio – 18%

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

Accounting and auditing

In Focus: Audit Materiality

Audit Materiality, guided by the Standard on Auditing (SA 320) is an important consideration in an audit wherein the auditor will consider a misstatement in the financial statement, only if exceeds the audit materiality threshold. Audit materiality is decided based on both the quantitative and qualitative aspects.

The concept of materiality is fundamental to the entire audit process, as it is helpful to the auditor to determine the nature, timing and extent of audit procedures, identify and assess the risks of misstatement, determine the audit procedures for collecting audit evidence, evaluate the effect of misstatements and uncorrected misstatements, and finally to form the overall audit opinion on the financial statements in the auditor's report.

When establishing the audit strategy, the auditor determines the 'overall materiality' of the financial statements as a whole. This is a threshold above which the financial statements would be materially misstated.

However, during the audit, materiality is set at an amount lesser than the overall materiality to provide a safety buffer against the risk of misstatements. This is known as 'Performance materiality'. All audit procedures are set based on performance materiality.

When certain transactions, balances, or disclosures where the risk of misstatements is higher rather than the risk in totality, specific materiality is set for the particular transactions or balances and thereafter audit procedures are carried out using the same threshold. Similar to performance materiality, 'specific performance materiality' is set lower than the specific materiality to provide a safety buffer against the misstatement of a particular transaction or balance. Disclosures relating to Related party transactions and balances, Significant management estimates or valuations including sensitivity analysis, Director's remunerations, Director's expense accounts, etc. are usual items which may require specific materiality.

Materiality is usually determined as a percentage of the benchmark selected. The benchmark can be Profit before tax, Total revenue, Gross profit, Total expenses, Total equity, Net asset value, etc. The benchmark is selected carefully after considering the elements of the financial statements, items of particular interest, the nature of the entity, the life cycle, the industry and the economic environment. The relative volatility of the benchmark also needs to be considered.

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

Payroll and investments

Change in interest rates of small savings schemes The Department of Post has announced changes in the interest rates of a small savings scheme for quarter 3 of the financial year 2022-23. The interest rates of Kisan Vikas Patra have been increased by 0.10% to 7.0% while the same for the senior citizens' savings scheme has been increased by 0.2% to 7.6%. Apart from the aforesaid changes, the Government has made small adjustments to the interest rates of fixed deposits. Rates of the Public Provident Fund, Sukanya Samriddhi Account and other popular instruments have remained unchanged.

New credit card rules effective from October 1 Earlier, the Reserve Bank of India released master directions for credit and debit card issuance which are now effective from October 1. As per new rules, card issuers will have to obtain a One-Time Password (OTP) based 'consent' from the cardholder for activating a new credit card if the same has not been activated by the customer for more than 30 days from the date of issuance. This rule is introduced to avoid misuse of a credit card. The card issuers also have to close credit card accounts without any cost to the customers. Card issuers also have to ensure that the credit limit as sanctioned and advised to the cardholder is not increased without seeking explicit consent from the cardholder.

NPS e-nomination process simplified From October 1 onwards, the e-nomination process for National Pension System (NPS) government and corporate sector subscribers will become easier. At present, online requests to update the nominations need to be authorised by the nodal offices or employers. However, from October 1, the Pension Fund Regulatory and Development Authority (PFRDA) has decided that once the subscriber/employee puts in the e-nomination request, the nodal offices will be given the option to either accept or reject it and in case of no reply within 30 days, the request will be automatically accepted by the system.

Taxpayers cannot contribute to APY From October 1 onwards, Atal Pension Yojana (APY), a scheme available under the National Pension System, targeted at unorganised sector workers in the lower income groups, will not accept contributions from people whose income fall in the taxable category. Contributions made before October 1, will continue to be eligible for deductions under income tax under the threshold of 1.5 lakh. Unlike NPS, which is a defined contribution scheme, APY offers a pre-decided pension i.e. INR 1,000 – INR 5,000 per month, at the age of 60, depending on subscribers' age at enrolment and contribution during working years.

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

Economic indicators

COMPLIANCE UPDATES

Key Economic Indicators

Indicator	As on	Current	Prior
GDP Growth (%)	Jun-22	13.50	4.10
Inflation (%)	Aug-22	7.00	6.71
Unemployment (%)	Aug-22	8.30	6.80
Trade Balance ($m)	Aug-22	-27.98	-30.00
GOI Bond 10yr (%)	Sep-22	7.40	7.18
Manufacturing PMI	Aug-22	56.2	56.4
Services PMI	Aug-22	57.2	55.5

Global Indices

Equity Index	Country	%
NIFTY 50	India	−3.13
BSE SENSEX	India	−2.70
INDIA VIX	India	+9.08
NIFTY BANK	India	−2.44
DOW JONES	USA	−8.28
NASDAQ	USA	−9.07
S&P 500	USA	−8.63
FSTE 100	UK	−5.32
NIKKEI 225	Japan	−5.58
SHANGHAI COM	China	−5.09
MOEX	Russia	−20.80
CAC 40	France	−6.57
DAX	Germany	−7.17
ASX 200	Australia	−5.21
BOVESPA	Brazil	−0.75
KOSPI	South Korea	−10.54
HANG SENG	Hong Kong	−12.55

Commodities Future

Commodity	Expiry	Price	%
Gold	Dec 5	50,430	+0.07
Silver	Dec 5	57,424	+4.96
Crude Oil	Oct 19	6,697	−2.35
Natural Gas	Oct 27	548	−13.21
Aluminum	Oct 31	192	−4.13
Copper	Oct 31	643	−1.60
Cotton	Oct 31	30,940	−15.92

Currency Exchange Rates

Currency Pair	Current	Prior	%
INR/1 USD	81.55	79.40	−2.71
INR/1 GBP	90.77	92.01	+1.35
INR/1 EUR	80.11	79.55	−0.70
INR/100 YEN	56.44	56.96	+0.91

Cryptocurrencies

Currency	Pair	Price	%
Bitcoin	BTC/USD	19,314	+0.04
Ethereum	ETH/USD	1,312	−19.75
XRP	XRP/USD	0.47	+41.49
Btc Cash	BCH/USD	118	−6.87

Small Savings Schemes

Scheme	Current	Prior	%
Savings	4.00	4.00	0.00
FD (5 years)	6.70	6.70	0.00
NSC	6.80	6.80	0.00
PPF	7.10	7.10	0.00
KVP	7.00	6.90	0.00
SSA	7.60	7.60	0.00

Signal :
Positive
Negative
Mixed

Corporates

Reliance Jio to launch budget laptop 'Jiobook' Reliance Jio has announced that it will soon launch a budget laptop priced at INR 15,000 with an embedded 4G sim card in India dubbed as 'JioBook'. The laptop will run Jio's JioOS operating system with apps that can be downloaded from the JioStore. The laptop will be powered with a Qualcomm chipset while Microsoft will provide support for some apps. Enterprise customers, including schools and government institutions, will be able to purchase the laptop this month, with a consumer launch expected within three months. A total of 14.8 million PCs were shipped in India last year, led by HP, Dell, and Lenovo.

Vedanta-Foxconn to set up semiconductor facility in Gujarat The Vedanta-Foxconn joint venture has selected Gujarat as the location for setting up its display fabrication and semiconductor facility, on 1,000 acres of land outside of Ahmedabad. In February, Vedanta, the Indian mining giant, signed a deal with Hon Hai Technology Group (Foxconn), the Taiwanese contract manufacturer to form a joint venture to manufacture semiconductors in India. This will be under the government programme to develop local semiconductors and display manufacturing ecosystems. Vedanta had announced that it would invest up to USD 15 billion in semiconductor and display fabrication manufacturing over the next 5-10 years. Earlier, the venture was being discussed set up in Maharashtra's electronics clusters in Pune city, however, the venture did not agree on the incentives and tax breaks. In December 2021, the Indian Union Government approved an INR 76,000 crore incentive plan to encourage semiconductor, display manufacturing, and fabrication units in India.

Wipro lays off 300 employees over Moonlighting Wipro, the technology major, has terminated the services of 300 employees who were found to be Moonlighting – simultaneously working for one of its competitors. Rishad Premji, the Chairman, said the employees were laid off due to an act of integrity violation and that he stands by his recent remarks that 'moonlighting' is a complete breach of integrity. However, Rishad has also mentioned that, as part of transparency, employees are free to have open conversations about playing in a band or working on a project over the weekend. The issue of moonlighting has sparked a debate in the tech industry. Swiggy has allowed its employees to take up work or projects on the side as they have no objection to employees taking up secondary jobs. However, Infosys has taken a strong stance on moonlighting, warning its employees of disciplinary action and termination.

Tata Sons to consolidate companies Tata Sons has announced that it has initiated plans to reduce the number of listed companies from 29 to 15 to boost competitive strength. The group aims to create a larger infrastructure vertical by bringing all the related companies under one roof. Tata Group has said it would merge seven of its metal companies into Tata Steel to reduce costs and simplify its corporate structure. The group also operates three airline companies – AirAsia India, Vistara, and Air India which are expected to be consolidated under the brand Air India by 2024. Earlier, Tata Consumer Products had announced the merger of all businesses of Tata Coffee with itself or its subsidiaries.

Adani Green commissions wind energy plant in MP Adani Wind Energy, a subsidiary of Adani Green, has commissioned a 325-megawatt wind energy plant in Madhya Pradesh's Dhar district. Its operational generation capacity has increased to 6.1 GW. Adani Group's Energy Network Operation Centre platform will manage the plant. It is estimated that an investment of over INR 4.5 crore would be required to set up every 1 MW of solar capacity. Adani Green has a portfolio of 20.4 GW of renewable energy assets, consisting of operational ones, under construction, awarded, and those under acquisition for investment-grade counterparties.

Zee to shut down channels to answer CCI's concerns Sony Group and Zee entertainment have proposed to shut down a major entertainment channel to ease the concerns of the Competition Commission of India (CCI) about the merger. The two firms have submitted fresh concessions, including the shutting down of a channel which commands a 20-30% market share in the entertainment channel market space. The identity of the channel hasn't been disclosed yet. The move comes amid CCI's concern regarding the monopolistic pricing power of the merged entity. Zee and Sony have been struggling to get the approval of the CCI for their USD 10 billion mergers. Although, Sony-Zee had submitted voluntary remedies including pricing incentives and discounts to distributors for a certain period after the deal, however, the CCI believes the merger puts the combined entity in a strong position with 92 channels in India with unparalleled bargaining power. Now, the Sony-Zee venture believes that shutting down one entertainment channel can curb the concerns and keep the dominance under check.

Startups

PhonePe moves its base to India PhonePe, the payments and financial services player has announced that it has completed the process of moving its domicile from Singapore to India ahead of its plans to launch an initial public offering (IPO). The Walmart and Flipkart-owned companies said that they first moved all businesses and subsidiaries of PhonePe Singapore to PhonePe Pvt Ltd (India) directly which included its insurance broking and wealth broking services. Secondly, PhonePe's board approved the creation of a new employee stock ownership plan (ESOP) and migrated 3000+ PhonePe Group employees' by issuing new ESOPs under PhonePe India's new plan. Finally, the company under the newly liberalised automatic Overseas Direct Investment (ODI) rules, moved its ownership of IndusOS Appstore from Singapore to India. The acquisition of IndusOS was completed in July this year.

GST department vs Gameskraft Gameskraft Technology, the unicorn gaming startup filed a plea with Karnataka High Court, on 26 September, against the show-case notice issued by the Directorate General of GST Intelligence (DGGI). The DGGI had served an INR 21,000 crore tax notice to Bengaluru-based Gameskraft Technology, claiming that the company had misclassified as a service while filing taxes, instead of actionable claims, which are taxable at 28%. The intimation notice was issued on 8 September. An intimation notice is issued by the GST department to inform a company of outstanding taxes, and it is usually followed up by a show-case notice (SCN). The intimation notice was served despite an earlier stay order issued by the court on the intimation notice. The Karnataka High Court has now set October 11 as the hearing date, following the plea.

Rivigo to be acquired by Mahindra Logistics Mahindra Logistics (MLL) has announced its acquisition of logistics startup Rivigo's B2B express for INR 225 crore. Rivigo is expected to transfer the customers, team, assets, technology platform, and overall brand of its B2B express business under the agreement. However, the unicorn will continue to own its truck fleet and the rights to the full truckload (FTL) operations. Amid the economic slowdown, Rivigo had struggled to raise funds. It shifted from being an aggregator to an asset-heavy model, however, now has gone back to being asset-light, cutting its fleet size down significantly from 3,000 trucks.

Juno raises USD 18 million in Series A Juno, the Neo-banking crypto startup, has raised USD 18 million in a Series A round led by ParaFi Capital's Growth Fund to expand its digital banking product suite and launch the first tokenised loyalty program. Founded by Indian entrepreneurs Varun Deshpande, Ratnesh Ray, and Siddharth Verma, Juno is the second startup founded by the trio after their previous platform, BeeWise, built for commerce apps, was acquired by Aditya Birla Money. In 2019, Juno started as a neobank Nuo protocol focusing on cross-border remittances for Indian immigrants. In 2020, it shut down to pursue a more regulated approach to crypto.

Aarav Solutions acquires Froot Research Aarav Solutions, a product engineering and IT consulting services provider, has announced that it has acquired Froot Research, a provider of Artificial Intelligence platforms for USD 4 million. The acquisition will expand the company's foray into the world of Artificial Intelligence and enable it to launch future-ready products and platforms. With this acquisition, Froot Research will now be a sister concern of Aarav Solutions and will be operating under its brand.

AgriBazaar launches Kisan Safalta Card AgriBazaar, the Private sector electronic Agri mandi, has launched India's first farmer-centric card, the Agribazaar Kisan Safalta Card in partnership with Yes Bank and RuPay. The Kisan Safalta card is a quick and hassle-free instrument that helps farmers meet their pre- and post-harvest farm requirements and allied expenses. With the Kisan Safalta Card, farmers can avail of the financing facility where the funding is restricted to buying farm inputs. The card comes with a 12-month repayment period. The limit for the card is determined based on the crop yield and is adjustable ranging from INR 10,000 to INR 50,000.

MapMyIndia unveils Mappls app MapmyIndia has unveiled the Mappls swadeshi consumer app, logistics tech and APIs integrated with the Government of India's ULIP during the launch event of the Government of India's National Logistics Policy. The fully indigenous Mappls app and logistics solutions by MapmyIndia are powered by space technologies including geospatial data and software, drones, GPS & NavIC IoT and navigation that make the movement of goods and people across India better, faster, cheaper and safer.

Conglomerates

Meta freezes company-wide hiring Facebook's parent company Meta has announced a company-wide hiring freeze to cut costs as the company is struggling with an advertising slump and rising competition. The company said in an internal memo that its 2023 budget is going to be tight across all teams as the company is trying to minimise costs. As part of its cost-cutting drive, Google also announced the closure of its Stadia games streaming service. SoftBank's Vision Fund which invests in cutting-edge tech companies has also laid off 30 per cent of its staff.

SoftBank to lay off 30% of employees SoftBank, a Japanese multinational conglomerate, has announced to cut around 150 staff globally at its Vision Fund Unit and SoftBank Group International which will be around 30% of its entire staff around the world. Major cost centres including the United States, Britain, and China, as the fund suffered a record USD 50 billion loss in the six months through June. As the Vision Fund has radically scaled back investing activity, Masayoshi Son said SoftBank's second Vision Fund would primarily manage its existing portfolio. SoftBank has invested heavily in Indian tech startups in recent years as it holds a stake in PayTM, Unacademy, Delivery, OLA, Lenskart, Swiggy, Flipkart, Cars24, etc.

Adani Group becomes India's most valuable conglomerate Gautam Adani's group of companies has continued overtaking the ones under the Tata umbrella to become India's most valuable conglomerate. The market value of all listed stocks of Adani Group stood at INR 22.27 trillion (about USD 278 billion), higher than Tata Group's INR 20.77 trillion (USD 260 billion) on September 30.

Meanwhile, Mukesh Ambani-led Reliance Group is in the third position with a market capitalisation of INR 17.16 trillion (USD 220 billion). Adani Group has nine listed firms while the Tata Group has 27 listed companies, of which Tata Consultancy Services (TCS) accounts for 53 per cent of the conglomerate's market capitalisation. The Mukesh Ambani group also has nine listed companies, of which Reliance Industries (RIL) accounts for 98.5 per cent of the group's market capitalisation. Adani Group's wealth is well divided among its group firms, with Adani Transmission being the most valued INR 4.57 trillion, accounting for only a fifth of the group market capitalisation.

Stock markets

Rupee plunges to lifetime low The Indian rupee plunged to its lifetime low of INR 81.50 against the United States dollar on September 26, as the United States Federal Reserve decided to hike the interest rates with an aggressive policy stance. Several major currencies have also cracked against the US dollar including the British pound and the Euro, with the latter plunging to a two-decade low at USD 0.966. China's yuan and Japan's yen have also been falling sharply against the US dollar.

The US exploring 'Digital Dollar' The United States Government has announced that it is exploring the development of a digital currency issued by the central bank, to help enforce the United States' position as a global financial leader. Earlier, the US Government had issued an order to look at ways to regulate digital assets which also included a point on the creation of a central bank digital currency (CBDC). The report highlighted how 105 countries or 95% of the world's GDP have already explored or have a digital currency. The digital dollar would be a direct liability of the Federal Reserve, and not commercial banks, making it different from existing digital money such as bank balances. China is set to launch its CBDC in 2023 while India, Japan, Russia, and South Korea are already exploring the creation of their digital currencies.

Swastik Pipe IPO subscribed 1.33 times Swastik Pipe SME IPO witnessed a strong response from the retail investor despite negative sentiment in the market. The issue was oversubscribed 1.33 times where the company was offering 62.52 lakhs equity shares at a price band of INR 97-100 per share. The proceeds from the offering will be used by the company for its working capital requirements. The company manufactures and exports mild steel and carbon steel electric-resistance-welded (ERW) black and galvanized pipes and tubes since 1973 from its two manufacturing plants in Haryana and Uttar Pradesh with a production capacity of 20,000 metric tonnes per month.

US Market loses 9% in September For the first time since 2009, the United States markets have lost money for three consecutive quarters, its worst September results, since 2002. September is usually the weakest month for the US stock market every year. The performance in September 2022 has followed the previous trends accurately with key indices ending the month with further weakness. Dow30 posted a fall of 8%, S&P 500 also fell by over 8% while the tech-heavy Nasdaq 100 slumped by 9.32% to end September on a bitter note.

Muhurat trading on Diwali As per Bombay Stock Exchange (BSE), on October 24, 2022, Monday, the exchange will remain closed on account of Diwali-Laxmi Pujan but Muhurat Trading shall be held on October 24, 2022 at timings which will be notified later.

Upcoming IPOs The upcoming initial public offers (IPOs) announced by the companies and expected to be launched in the coming months are as follows:

1. Electronics Mart India
2. Go Airline
3. Arohan Financial
4. MobiKwik
5. Utkarsh Small Finance Bank
6. Ixigo
7. Penna Cement
8. Keventer Agro
9. Sterlite Power
10. Fincare Small Finance Bank
11. Seven Islands Shipping
12. PharmEasy
13. SAMHI Hotels
14. Bajaj Energy

15. Apeejay Surrendra Park Hotel
16. Gemini Edibles and Fats
17. ESAF Small Finance Bank
18. Medi Assist Insurance TPA
19. Inspira Enterprise India
20. Muthoot Microfin
21. Fusion Microfinance
22. Chemspec Chemicals
23. Shri Bajrang Power and Ispat Ltd
24. Hinduja Leyland Finance
25. VLCC Healthcare
26. Studds Accessories
27. Annai Infra Developers
28. Popular Vehicles and Services
29. Narmada Bio-chem
30. Tamilnad Mercantile Bank

Miscellaneous

ED freezes funds of Chinese-controlled loan apps The Enforcement Directorate (ED) on September 16 froze INR 46.67 crore funds of payment gateways Easebuzz, Razorpay, Cashfree and Paytm – all Chinese-controlled loan apps, after it carried out raids under the anti-money laundering law. The searches were launched on September 14 at multiple premises in Delhi, Mumbai, Ghaziabad, Lucknow and Gaya.

Bengaluru's demolition drive after floods The Bengaluru City Municipal Corporation has carried out a demolition drive on the premises of Nalapad Academy of International School in east Bengaluru which belongs to a leader of the opposition Congress, over the floods. It is alleged that several high-profile builders, developers and tech parks are among the list of alleged encroachers who closed up around 700 storm water drains in Bengaluru led to floods last week. The list also includes Wipro, Prestige, Eco Space, Bagmane Tech Park, Columbia Asia Hospital and Divyashree Villas. However, the demolitions are on in full swing for the common man's properties while behemoth companies are yet untouched.

Home loans – best investment of idle money and wealth creation Before you point it out, yes, there's an oxymoron in the title – how can a loan be an investment? However, this is the twenty-first century – the mindset of loans and borrowings being a burden or a negative aspect of finance, is an old school theory. Modern economics teaches us how leveraging the balance sheet can lead to exponential growth in business because the logic is simple – if you can earn at a rate higher than the interest rate for the loan …

The Economics of Olympics – Good Sport, Bad Business! 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…

Factoring – How bill discounting can revive the MSME sector 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 …

Why are Gold Jewellers protesting new hallmarking rules? A man in Kerala was recently arrested by the Customs for smuggling gold in a rather novel way – he had 'painted' gold worth INR 14 lakhs in the inner layers of the jeans that he was wearing, in a paste form. That speaks for Gold and its royal properties, and of course the innovative smuggling methods. Gold has been traditionally the most preferred long term investment for Indians…

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