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LAY OFFS

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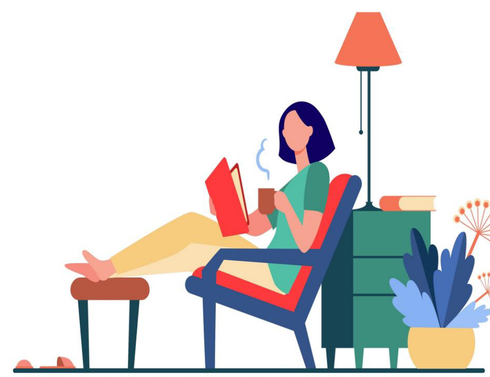

Tech Layoffs – Why are companies in technology industry laying off employees globally?

Introduction

Often young children get inspired by the people in their vicinity and aspire to become the same in the future. These aspirations come true when people land a job in their dream company, after completing their rigorous education and training. Such people end up giving their hundred and ten per cent at the job out of sheer passion and love for their job. And in turn, companies often lay out for them their future in the organisation, the increments, expected bonuses and promotions. People begin to relish their life, living a premium lifestyle and taking up long-term loans for purchases of dream assets, based on the prospects that their company has promised them. It all seems rosy and settled until one fine day the board of the company announces that they need to lay off employees to cut down costs. And all of a sudden, all dreams turn into a nightmare as a sword hangs around their job. There's a frightening silence in the offices behind all the conversations with a question hanging in the minds of many if not all – "Will I be amongst the ones who will be laid off?" These are a few spine-chilling moments in life and the employees in the tech industry globally are living the same currently.

Background

Amazon, Airbnb, Blinkit, BlueStacks, BYJU'S, Cars24, Cineplex, CityMall, Clear, Coinbase, Conde Nast, DiDi, Ford, Furlenco, HP, Klarna, Lido Learning, Meesho, Meta, MFine, Microsoft, Netflix, Noom, OkCredit, Peloton, Primark, Robinhood, Royal Mail, Rupeek, Spotify, Shopify, Tesco, Tesla, TikTok, Trell, Twitter, Uber, Udaan, Unacademy, Vedantu, Walmart, Zomato, Zillow – This is not a list of companies in the tech industry. This is a list of tech companies who have announced to lay off employees this year, and this yet doesn't cover the other companies who have announced to freeze hiring. Every week there's a new headline that a particular company in the tech sector is beginning its layoffs. At the beginning of the year, the companies and the numbers were smaller, however, towards the end of the year, even behemoths of the industry like Meta and Amazon have also joined the bandwagon. The tech industry is going through major turmoil this year as many companies have announced to lay off employees. Many corporations are witnessing their highest-ever layoffs since their incorporation. On a broad level, some common reasons quoted for layoff by the companies are – a) Inability to adapt to the new world after the lockdown and pandemic b) Rising inflation c) Financial difficulties d) Slowdown of investor funding e) Ukraine invasion by Russia whereby many companies have stopped doing business with the latter f) Cost cutting and inefficiency of the workforce g) Restructure and modernisation of the company. The reasons quoted by the companies are different from case to case, however, the result is the same – layoff employees. And it's not just a few companies or companies of a particular region, or a particular niche activity – the phenomenon is everywhere. Is this an indication of something bigger than the public eye can perceive? Is the tech industry going through a recession? Is the tech bubble about to burst? Is this the end of the startup frenzy? There's a lot that we can ponder.

Overhiring during pandemic

In many ways, the current round of layoffs is to fix a mistake previously made. During the pandemic, there was no work commuting, no Saturday nights and no outdoor hobbies. Everyone was forced to stay home and spend more time online. Online shopping became the only mode of shopping, the streaming services took the places of cinemas, and food delivery services replaced dine-outs, lunch breaks and date nights. Despite the global turmoil, the upsurge in online activity led to a boon for the tech companies and they pulled in record levels of revenue and thereon profits. This fueled a hiring frenzy with fat salaries and larger benefits. Many companies believed that this was the beginning of a new normal and that this shift to work from home would become a new permanent. So, the tech companies expanded their teams, created new ones and grew at a very fast rate. Most companies hire additional employees in every team although there wasn't enough work for all the employees hired to ensure the smooth functioning of work and protection against health emergencies due to the pandemic. This is a common phenomenon in the tech industry. Hence, most of the companies who are laying off employees had likely overhired during the pandemic to sustain higher usage. However, the world has mostly returned to normalcy after the pandemic and therefore, those extra employees hired are of no use to the tech companies.

Potential recession

The overhiring wouldn't have been a major concern if there were healthy growth prospects in the tech industry. Hiring too many people a little early before a growth outbreak isn't a big problem, as most employees would need training and gain acquaintance in the new work environment. If new clients or assignments are 6 to 12 months away then having too many employees on the payroll isn't going to break the bank for stalwarts like Meta or Alphabet. However, with a recession looming on the head, the short-term future for tech companies doesn't look rosy. It's been in the news for months now that the United States is heading into a recession, Brian Armstrong, Elon Musk, Mark Zuckerberg, Jeff Bezos and many others have already called out the same. Recession entails lower consumer spending and, therefore, for many tech companies, lower advertising spending. Thus, with a recession in sight, tech companies have to realign themselves from the hiring frenzy during the pandemic to the cost-cutting measures in the recessionary times and the same has begun to reflect in the layoffs.

GST Annual Returns and the preparation for Departmental Audits

By Amit Chandak, Associate Director, Greenvissage

Background

It's been more than five years since the implementation of the new Goods and Services Tax (GST) law in July 2017. The new regime of indirect taxes brought a paradigm shift in the way businesses conduct their operations across India. However, the journey has been full of uncertainties and the rules have changed every few months. If one were to reconcile their GST returns across the past five years, it would be an ardent task to complete. Even today, many small businesses are still struggling to cope with all the changes which the government has been introducing repeatedly. One such significant change that the new law brought was 'Departmental Audits'. Under the GST laws, the GST officers are equipped with the option to call for an audit of books of accounts. Departmental Audits will be carried out systematically audit and the procedure thereof has been well clarified. As a significant period has now passed since the introduction of the law, the GST department has started issuing audit notices to many taxpayers for verification and scrutiny of records. The State and Central GST officers have been extensively trained for this and are also equipped with the necessary resources. The Central Board of Indirect Taxes and Customs (CBIC) has also issued a GST Audit Manual for Departmental Audits.

Given the complexity involved in departmental GST proceedings, it has become important for taxpayers to start preparing for audit proceedings by undertaking activities such as re-assessing the tax positions, reconciliations of the tax credit, periodic review of books, etc. to ensure that they are well-prepared to face the departmental audit. Most of the notices have been based on requests for information involving comparison of the data as per books and the same as per returns. This is something which is a significant part of filing Annual Returns. Therefore, with little effort and awareness, one can file annual returns correctly and also simultaneously prepare for departmental audits. This also helps in avoiding errors and sometimes, tax notices altogether. One can also make note of possible conflicts and their resolutions right now when the details are easily available instead of 2-3 years later when the notice is served.

Annual Return (GSTR-9)

The Annual Return is a summary of all the returns filed during the year along with certain additional information. The due date for filing GSTR-9 is December 31 unless otherwise extended. If the taxpayer does not have a turnover exceeding INR 2 Crore, filing an Annual Return is not mandatory. Filing of GSTR-1 and GSTR-3B for all tax periods is mandatory before filing the Annual Return. Form GSTR-9 once filed cannot be revised. Some of the key changes that the Form GSTR-9 has undergone this year are, as follows:

1. Table 4 – Amendments, credit notes and debit notes cannot be shown as net figures in the outward supplies tables. Tables 4I to 4L are now required to be disclosed separately.
2. Table 5 – Exempted and Nil-rated sales can now be consolidated in the 'Exempted' column. However, Non-GST supplies are to be shown separately in 5F.
3. Table 17 – HSN code and summary of outward supplies are now mandatorily required to be submitted. For the same, the data as per GSTR-1 can be used. Such disclosures concerning HSN classification are required at a 6-digit level if the turnover is more than INR 5 crores or else at a 4-digit level if the turnover is less than INR 5 crores.
4. It has been clarified that the disclosures from Table 9A, 9B and 9C of monthly GSTR-1 returns filed during the year are required to be disclosed in tables 10 and 11 of GSTR-9.
5. Wherever in Form GSTR-9 the months 'April – September' of the subsequent period are mentioned for amendments, the same should be read as 'April-November' as the same has been extended recently.

Certain relaxations from the past year that continue to be available are as follows:

6. Table 5 – Unlike taxable sales, exempt, Nil-rated, Non-GST supplies etc. can be disclosed as net figures after considering all credit notes and debit notes
7. Table 6 – Bifurcation of input tax credit into inputs and input services is not mandatory and the entire value can be consolidated under inputs. Further, an input tax credit under the reverse charge mechanism from registered and unregistered persons can also be clubbed under the head registered persons.
8. Table 7 – The reversal of input tax credit can be consolidated under Table 7H. However, the reversal of transitional credit is required to be shown separately.
9. Tables 12 and 13 – Reversal or availment of input tax credit in the previous year is not a mandatory disclosure.
10. Tables 15, 16 and 18 – Refund details, information on inward supplies and deemed supply, and HSN disclosure of inward supplies are optional disclosures and the same are not mandatory.

Reconciliation Statement (GSTR-9C)

Form GSTR-9C is an annual reconciliation statement which requires disclosure concerning reconciliation between books of accounts and the GSTR-9 annual return. The due date for filing GSTR-9C is December 31 unless otherwise extended. This form is no longer required to be certified by a Chartered Accountant and instead the same can be filed on a self-certification basis. Filing of GSTR-9 is a mandatory pre-requirement for filing GSTR-9C. Taxpayers with a turnover of more than INR 5 crore have to file the GSTR-9C form mandatorily while those with a turnover of less than the same may file this reconciliation statement voluntarily or choose not to file the same. Form GSTR-9C once filed cannot be revised. While there are no major changes in Form GSTR-9C there are certain relaxations from the past that continue to be available, as mentioned below:

1. Table 5B to 5N – All turnover-related adjustments can be disclosed under Table 5O instead of providing a detailed reconciliation
2. Table 12B and 12C – These details concerning input tax credit are optional disclosures
3. Table 14 – It is optional disclosure and not mandatory to provide expense-wise details of the input tax credit.

Key Workings for Annual Returns

Before filing annual returns, a taxpayer or the professional filing on behalf of the taxpayer should ideally prepare or perform the following workings and reconciliations for accurate disclosures in the annual return.

1. Turnover Reconciliation – Reconciliation of turnover as per Audited Financial Statements, as per GSTR-1 returns and as per GSTR-3B returns. Details in table 17 which are now mandatory to disclose i.e. HSN summary of outward supplies, should also be reconciled here.
2. Reconciliation of output tax – Liability as per books and the same as per GSTR 3B considered along with liability for reverse charge mechanism should be reconciled. Differences if any should be paid through DRC-03. This output tax should also be reconciled rate-wise as per books and as per returns.
3. Reconciliation of input taxes – Input tax credit as per books, the same as per GSTR-3B return and also the same as per Table 8A i.e. system generated summary should also be reconciled. The closing balance as per books and the same as per the GST portal should also be compared. Invoice level reconciliation of GSTR-2B and the input tax credit as per books for GSTR-8 is an important exercise for filing annual returns. Unclaimed ITC should be expensed off in the books of account, after the reconciliation of tax credit up to November of the next financial year.
4. Separate details of ITC claimed, reversed, and reclaimed after fulfilling the conditions mentioned under section 16.
5. Details of outward supplies amended including original invoice details as well as amended invoice details and similarly for debit notes and credit notes as well.
6. Maintain a GST management report which contains details such as locations where final workings and filed Form GSTR-1, GSTR-3B, GSTR-9 and GSTR-9C for every financial year are kept and maintained, Summary of the reconciliations performed and also reasons for variances and the action taken to correct the same.

Departmental audits

The departmental audits are conducted for a particular financial year only. Based on various risk parameters (mentioned below) the GST department selects certain taxpayers for additional scrutiny by way of Departmental Audit. In such cases, the audit officer after receiving due authorization from the department issues a notice 15 working days before the conduct of the audit. The audit officer is required to complete the audit within 3 months from the date of commencement of the audit. However, this period can be extended for a maximum of 6 months by the Commissioner. The taxpayer on receipt of notice should respond promptly within the time specified. Failure to respond can allow GST authorities to take legal action as the taxpayer it is considered that the taxpayer is purposefully defaulting. The taxpayer has to mandatorily comply with the GST-ADT-01 notice and all the correspondences from the audit officer concerning the audit. It is the responsibility of the taxpayer to make available all the necessary books of accounts i.e. physical records as well as access to the accounting system and electronic records. The registered person or the authorised representative should be present at the place of business when the audit is being conducted to explain the operations and transactions.

During the audit, if the tax officer finds any mistake, then there are penalties and offences according to the nature of the default. The common defaults are a) Issuing fake or wrong invoices b) providing false information in financial records or GST returns c) GST collected but not deposited within 3 months d) availing input tax credit without actual delivery of goods or provision of services e) deliberate suppression of outward liability to evade taxes and mistakes. If the default does not involve fraud or wilful misstatement then the penalty is INR 10,000 or 10% of the differential tax due owing to the default, whichever is higher. If the default involves fraud or wilful misstatement then the penalty is INR 10,000 or the entire amount of tax due whichever is higher. These penalties are over and above the differential tax that the taxpayer is already liable to pay.

Risk parameters for audit

The selection of taxpayers for departmental audits is based on a set of criteria or risk parameters. Some of the important risk parameters as per the Goods and Services Tax Audit Manual issued by the Central Board of Indirect Taxes and Customs (CBIC) are as follows:

1. Taxpayer's turnover and net profit
2. Comparison of turnover and net profit with the previous years
3. The volume of exemptions claimed by the taxpayer
4. Higher incidence of supplies without the issuance of e-way bills in case of goods, or inconsistency between periodical returns and e-way bills
5. Financial ratio analysis and variations observed
6. Amount of tax refund claimed by the taxpayer compared year to year
7. The multitude of the taxpayer's legal relationships with other entities
8. The number of branches of the taxpayer
9. A taxpayer who has requested a waiver or is declared bankrupt
10. Taxpayers who have been categorized as high-risk, or previously investigated for evasion
11. Taxpayers who have not been audited in the pre-GST era for a long period
12. Specific information received from other Government authorities or written complaints from any person
13. A difference in the turnover as declared in Form GSTR-1 and GSTR-3B returns for a continuous period
14. A difference in input tax credit availed and utilized as per GSTR-3B and input tax credit available as per GSTR-2A
15. Wrong classification of goods or services with the wrong levy of taxes
16. Mismatch in the details of export reported under GSTR-1 and information lodged on the customs portal.

Documents for departmental audit

Following are some of common documents and workings that are required at the time of departmental audit.

1. Books of accounts maintained as per section 35 of the CGST act read with relevant rules which prescribe accounts and record requirements for a registered person
2. Tax Invoices, bills of Supply, delivery challans, credit notes, debit notes, etc. as per the specific rules concerning invoicing under GST laws
3. Stock register reflecting opening balance, receipts, supply and goods lost, stolen, destroyed and the closing stock. If the taxpayer is having multiple branches, details of all the stock transfers.
4. In the case of manufacturers, production records indicating the break up of raw materials, finished goods, scrap etc
5. In case goods are sent on an approval basis, or goods are sent for job work, the record of the movement thereon.
6. Details of advances received and paid during the year
7. Records about input tax credit availed and utilized as per books of accounts, details of reversals
8. If the records are maintained electronically, a log of all the entries modified or deleted
9. Copy of registration certificate
10. Copies of GSTR-1, GSTR-2A, GSTR-3B and GSTR-9 and GSTR-9C along with payment challans. Also, ITC-01, ITC-05, ITC-05A and other such forms, if applicable.
11. Copy of Audited Financial Statements, Audit Report, Income Tax Return filed, Annual Tax Statement (Form 26AS),
12. Details of e-way bills for the audit period for inward and outward supply of goods and services
13. List of show cause notice issued if any and their present status
14. Date of last departmental audit and the period covered, along with a copy of the findings and correspondence with the department
15. Annexure – GSTAM-I, Annexure – GSTAM-V and Annexure-GSTAM-VI as per the proforma prescribed in GST Audit Manual 2019

Conclusion

The activity of filing Form GSTR-9 and GSTR-9C carries more importance than expected, as it shows the final values along with corrections if any for a financial year. These forms are also the basis for the selection of cases for scrutiny and departmental audit as the GST officers evaluate the detailed information provided in the return vis-à-vis information available with them from the e-way bill portal, e-invoice portal and GST returns filed by the taxpayer, their customers and the suppliers. Therefore, putting in place procedures to ensure accurate data capture and reporting is imperative.

"For the first time in 23 years, India to preside G20"

Why are exporters opting for paying IGST instead of claiming GST refunds?

A merchant exporter is a trader who procures goods from the domestic market and exports overseas with the motive of earning profits. For such traders, the inward supplies or purchases carry a GST levy which can be claimed as an input tax credit. However, the outward supplies or sales which are all exports, are eligible for zero-rated sales i.e. there is no GST levy on such exports. Thus, although such merchant exporters pay GST on the purchases, there is no taxable output to claim setoff. This leads to the accumulation of input tax credits on purchases in the GST electronic ledger and therefore, blocks a large portion of the working capital of merchant exporters. Therefore, GST laws provide two options to such merchant exporters – 1) Purchase at concessional rates for LUT exports, 2) IGST-paid exports. Under the first option, merchant exporters can procure the goods at a rate of 0.1% instead of the full tax rate of 3%, 5%, 12%, 18% or 28% and continue to export goods without charging any GST. Thus, instead of blocking huge working capital in input tax credit, the merchant exporter only blocks 0.1% of the inward supplies. Under the second option, the merchant exporter procures goods normally at the full tax rate, however, declares the exports as IGST-paid sales i.e. exports which were zero-rated sales are now classified as liable for full tax. The foreign customer will be billed only the contracted value of goods, and not the output GST. While filing the GST returns, the GST as applicable on outward supplies is to be paid in full by the merchant exporter. They can utilise the accumulated input tax credit balance to pay off the same and any excess of output tax over input tax can be pai1 through payment challans while filing a GSTR-3B return. Under this option, instead of refunding the input tax credit, the output tax paid by the merchant is refunded to them. This refund covers both the taxes paid by them – firstly on purchases and then the payment made to the GST department while filing GSTR-3B. Thus, the two methods ensure that merchant exporters do not face any issues concerning the blocking of working capital due to GST credit.

While the first method may seem more obvious, as it does not involve payment of any additional taxes as in the second case, this method carries a lot of conditions and procedures to be followed at the time of export. The 0.1% concessional rate is applicable only for direct inputs and does not cover indirect expenses or input services such as freight, insurance, commission etc. which are expected to be procured paying the full rate of tax. Further, the refund for the balance of 0.1% input tax credit requires a separate refund application, apart from those inputs or input services which are procured at the full tax rate. The refund application requires a detailed sales reconciliation with the returns filed along with validation of the shipping bill and updated Export General Manifest (EGM). This involves a lot of tracking and reconciliation. Even then, the refunds are sanctioned based on various clarificatory circulars such as defect memo, turnover working, FOB value for turnover, provisional refund, refund only for invoices in GSTR 2A, the cap on sales up to 150% of purchase value etc. There is also a manual system of processing by GST officers which leads to additional documentation, work and costs. And then, the GST refunds take a minimum of 4-5 months since invoices from suppliers who file quarterly would reflect the only end of the quarter. Therefore, the boon of concessional rate to ease liquidity doesn't exactly work out as hassle-free as one would expect. On the other hand, under the IGST paid exports option, the steering of the refund is in the hands of the merchant exporters themselves. The merchant exporter has to ensure that the GSTR-1 and GSTR-3B are filed on time. Besides, they have to make sure that the Shipping Bill, Export General Manifest (EGM) and other customs-related documents are available, reconciled with GST returns, and appropriately updated on the customs portal and reflected on the GST portal. Once the same is done, the refunds are processed automatically. The merchant exporters don't need to wait for their suppliers to file returns and then reconcile the inputs with the GSTR-2A and GSTR-2B reports or follows various circulars. The refunds in such cases are processed within 2-3 months and do not involve any additional cost of hiring professionals or incidental expenses. From the GST department's perspective, the data concerning inward supplies are not so reliable and manipulations or frauds are easier to commit. Meanwhile, the data concerning outward supplies which are exports is easily available to the GST department from the Customs. Thus, the processing of refunds is more smooth and more straightforward. This is the reason why most merchant exporters are opting for the IGST paid exports option.

Why are tech startups delaying their IPO listing?

After the COVID-19 pandemic, the equity markets swung from their lows to make new record highs. In between this period, many companies went public by listing on the bourses. Even today, the number of IPOs lined up for listing is still higher than it used to be. Boat, the audio wear company, had also announced its IPO and was ready to go public. The paperwork was almost completed and they were all set to raise money from the public. However, just a few weeks ago, they abandoned their plans to list on the equity exchanges and have currently the listing plans in abeyance. While there are many problems that a company may encounter during the listing process, this particular case hasn't gone unnoticed because Droom, the used-car marketplace, PharmEasy, the online pharmacy store, and Mobikwik, the fintech major, have also shelved their plans to go public. There are many more companies who are either delaying their IPO listing or keeping the same in abeyance. Listing is a major step up for any company, especially for unicorns and startups. And the equity markets are also at their all-time highs with Sensex and Nifty indices recording their lifetime highs in the last few weeks, as domestic investors are continuing to invest. Meanwhile, many chemical companies, cable manufacturers, snacks companies and financial companies have been listed successfully in recent times. So why are only tech startup companies delaying their moment of glory? Well, you will the answer when you track the status of tech startups that have been listed in the past few years.

In 2021, plenty of new-age companies were listed on the exchanges – PayTM, Zomato, CarTrade, and Nykaa. Investors, especially retail investors went gaga over these listings and bet heavily just to get their hands on these stocks. However, a year later, most of these stocks are trading at 50% below the price at which they first listed on the stock exchanges. The Sensex and Nifty indices indicate a fairly bear run, however, these tech companies are getting any favour from it. These tech companies are neck deep in their losses and are trying to cut their losses as quickly as possible. Hence, the news of layoffs by tech companies is now an everyday headline. And it seems that the upcoming new-age companies looking to list on the markets have smelt the coffee. The markets have learnt a lesson, and investors are no longer interested in these companies unless they turn profitable. More importantly, most tech companies raise money at say 1x valuation in the latest few years and suddenly raise money at a 5x valuation in pre-IPO investor's round, and thereon, claiming 6x–7x valuations in their IPOs, without any strong rationale. The investors are aware that the IPO valuations are no longer reliable. Even bankers are becoming hesitant to support tech IPOs at exorbitant valuations. This is because when bankers serve as advisors on IPOs, they also have to underwrite the IPO whereby if IPO doesn't get fully subscribed, the bank has to step in and buy the balance shares. And then there is the Securities and Exchange Board of India (SEBI), the market regulator and watchdog which has been watching all these exorbitant valuations with a hawk's eye. Recently, they took some action and made companies make more disclosures before going public including an explanation for how they priced the IPO. However, the IPO documents are long and time-consuming, and therefore, such an explanation alone won't be enough to protect the investors and the markets. So, SEBI seems to have gone a step ahead. In 2020 and 2021, SEBI took 75 days on average to grant approvals, however, in 2022, this average suddenly jumped by 50%. Companies are now waiting for about 115 days on average, to fetch approvals for IPO. Thus, it seems SEBI is taking more time than usual to evaluate and approve IPOs probably where it feels the valuations aren't on the line.

Thus, while the success of an IPO does seem less likely, the negative feedback in the stock markets is also going to bring disrepute to the company's brands, and therefore, affect its growth and sales, and no company would like to see that happen, even if it comes at the cost of delaying or completely abandoning their IPOs – their moment of glory. For most new-age companies, going public is more about validation than raising funds. They can easily raise money from PEs and VCs, however, the public listing is all about giving a boost to their brand value. Thus, when the reputation itself is a stake from going for an IPO, the tech companies have found it better to stay put and wait for the storm to subside.

Why is Amazon delisting Appario?

Only six months ago, Amazon decided to shut down the operations of 'Cloudtail India'. Now, Amazon India has announced that it is delisting 'Appario Retail' from its e-commerce marketplace in the next few months and it seems this company too would also face a similar fate. The names might sound familiar as they are the largest sellers on Amazon's e-commerce marketplace. So, what exactly is going on? The reason is – the regulators, to be precise, the Competition Commission of India (CCI). Amazon has had frequent run-ins with regulators in recent times. Recently, the government tightened the foreign direct investment (FDI) rules for foreign e-commerce firms which lead Amazon to reduce its share in Cloudtail from 49% to 26%. Later, the Government introduced another rule that a single seller cannot have more than 25% of sales on an e-commerce marketplace. Later, it came to light that Amazon gave preferential treatment to its group companies as 'Preferred Sellers' over others sellers on the marketplace. That put a final nail in the coffin of Cloudtail and therefore, Amazon India had to shut down Cloudtail Retail. Appario Retail is also facing a similar situation as it has been accused of multiple violations by the Competition Commission of India (CCI) and has been under its scanner. The company was also raided by the CCI during this year. Thus, Amazon has had enough regulatory headaches in the recent past and it seems there is no other option than bringing down Appario Retail as well, similar to Cloudtail India. Appario Retail is a subsidiary of Frontizo Business Services, which is a joint venture between Amazon and the Patni group. Although the parties have agreed to renew the joint venture of Frontizo for three years, the subsidiary company Appario Retail would likely be shutting down its operations owing to regulatory hassles. However, it is interesting to see that suddenly a few new companies like R K WorldInfocomm and Cocoblu Retail have taken over a huge chunk of Amazon's orders. It seems that either Appario Retail is allowing these companies to use its years of online seller experience to scale up their online presence, or maybe these companies are replacements of Cloudtail India and Appario Retail within the regulatory framework through new loopholes.

Why are municipal corporations struggling in India?

A recent Reserve Bank of India (RBI) report has suggested that municipal corporations in India are struggling financially. Urban local bodies like Municipal Corporations, Municipal Councils and Nagar Panchayats received constitutional status from the 74th Amendment Act which institutionalised local governance in India. However, even after so many decades of having local government bodies, the growth of infrastructure has lagged behind the growth of cities. The reason is a classic mismatch between responsibilities and powers. Over all these decades, municipal revenues have been stagnant at 1% of GDP as compared to Brazil where it stands at 7.4% and South Africa at 6%. Although these local bodies have responsibilities such as healthcare, education, housing, transport, etc. they do not have any financial autonomy to carry them out. The issue with the finances is that local bodies have no control over revenues, they are heavily reliant on grants from the state, and there is no formal access to capital markets. The Urban Local Bodies have three major categories of revenues – 1) Tax revenue e.g. property tax, entertainment tax 2) Non-tax revenue e.g. charges for various citizen services 3) Transfers from the state government. The local bodies also receive donations, however, major infrastructure changes are financed by borrowings from banks and other lenders. The tax revenue and user charge although collected by the local bodies, the rates of these charges and taxes are decided by the state government, leaving no control over the same. Property tax makes up the majority of the tax revenue, however, problems like non-registration, property undervaluation, litigations on property disputes, etc. lead to heavy leakages. When Octroi and Local Body Taxes were subsumed into GST, the autonomy was further reduced. Similar to how the Central Financial Commission lays down guidelines for tax sharing between the Centre and States, a State Financial Commission (SFC) decides the tax devolution and which or what portion of taxes is assigned to the local governments. The grants received from the State Governments form a large portion of the receipts of

the local bodies, however, the flow of these funds has never been steady or predictable. Transfers make up 52% of the total revenue for Karnataka, 46% of Kerala, 35% of Gujarat and 27% of Maharashtra. The commissions take around 32 months to submit their reports to the state governments who in turn take another 11 months to table these reports. These long delays create cash flow problems especially when they form such a huge chunk of revenues. Meanwhile, the lack of options to borrow from the markets hurts even further. The Central and State Governments usually run deficit budgets and finance the deficits by borrowing from the markets. As much as 61% and 85% of the Central and State Government deficit is catered through borrowings. However, municipal corporations have a balanced or surplus budget by law, and they cannot outrun their expenses over revenue. Gross municipal borrowing in India is less than 0.05% of GDP. All borrowings need approval from the state government and can take up to 6 months for approval. These bodies are allowed to issue bonds and raise money, however, the lack of a stable source of revenue, prohibits them from raising money. Banks do not lend money for a longer duration, and the loans are limited to a 5-7 year tenure which is not sufficient for long-term infrastructure projects. Over the years, instead of empowering the local authorities, the Governments have created parallel authorities to solve these problems e.g. development authority, transport authority, water and sanitation, etc. India's largest bond ever was issued by the 'Andhra Pradesh Capital Region Development Authority which is not a local body but a parallel authority. The problem of financing for local bodies can be solved by Pooled Financing methods, however, the Governments haven't shown much interest in the past. A State Pooled Finance Entity can be created to borrow on behalf of all participating municipal corporations which can be served by pooling the revenue stream from the respective projects or revenues of the participating local bodies. These funds can also be guaranteed by the State Governments which can lower the risk for investors and therefore, attract more funding. The Tamil Nadu Urban Development Fund issued bonds on behalf of 14 municipalities in 2003 through a Water and Sanitation Pooled Fund where the municipalities had pledged 10% of their revenue to service the debt and the state pledged to fulfil the shortfall. However, since 2018, only 94 cities have been given credit ratings which is a pain point for investors. Most local bodies do not publish their financials for public viewing and also do not follow a universal accounting system for comparability as in the case of corporates that follow the same set of accounting standards and report under the same reporting standards. Besides, local bodies have also failed to utilise the benefits of technology, as the revenue leakages can be easily plugged and governance can be improved with the help of technology. Over-reliance on state government grants, absence of stable revenue, no access to formal markets, delays in the issue of funds, absence of credit ratings, failure to leverage technology and absence of sufficient power have together contributed towards the failure of the local bodies and has led them to financial distress.

Signal :
Positive
Negative
Mixed

Government policies

Cross-border trade in the Indian Rupee The Ministry of Finance (MoF) has held a review meeting with the executives of top banks including top private sector lenders to discuss ways to promote cross-border trade in the rupee. Following the guidelines from the Reserve Bank of India (RBI), nine special Vostro accounts have been opened with two Indian banks to facilitate overseas trade in Rupee. Sberbank and VTB Bank, the two largest banks in Russia, have already received approval under the same. Gazprom, another Russian Bank, has also opened a Vostro account with UCO Bank.

Windfall tax reduced The Central Government has announced a further cut windfall tax on locally produced crude oil and diesel exports. The tax on crude oil has been reduced from INR 10,200 per tonne to INR 4,900 per tonne. The Government has also reduced the rate of a windfall tax on the export of diesel from IRN 10.5 per litre to 8 per litre.

PLI scheme for toy industry The Union Government is actively considering the extension of the Production Linked Incentive (PLI) scheme to the Toy production sector with a proposed outlay of about INR 3,500 crore. Apart from the same, two other sectors bicycles and leather footwear are also being considered for the PLI scheme.

SRIF commits 5,000 crores to MSMEs Government-backed Self Reliant India Fund (SRIF) has announced that it has committed over INR 5,000 crore to help small businesses with growth capital in its first year of operations. The fund started as part of the government's flagship 'Atmanirbhar Bharat' programme. It has provided approvals to 38 daughter funds with a commitment amount of more than INR 5,000 crore. In the 'Mother Fund-Daughter Fund' structure, the SRIF acts as the mother fund and invests up to 20% of the corpus in the Daughter Funds. The Daughter funds raise the balance of 80% of the capital from outside sources. The arrangement maximises the fund flow to the target micro, small and medium enterprises (MSME) sector as the contribution from SRIF gets leveraged five times.

Telangana to develop the industrial park for Taiwan Telangana Minister for IT and Industries K T Rama Rao met with a team from Taiwan Electrical and Electronic Manufacturers' Association (TEEMA) and Taipei Economic and Cultural Center (TECC) to discuss topics ranging from trade and economic cooperation to cultural exchange programmes. In the official statement, the Government has mentioned that it will create a dedicated industrial park for Taiwanese companies and jointly work with industry and trade organisations of Taiwan to take it forward.

Common KYC for Financial Transactions The Ministry of Finance (MoF) has notified the common KYC portal 'e-KYC setu' to prevent money laundering activities. The e-KYC setu will be a system put in place by the National Payments Corporation of India (NPCI) to enable verification of the identity of a client or its beneficial owner by a reporting entity through authentication under the Aadhaar Act without disclosing the Aadhaar number of the individual to the reporting entity. Concerned agencies can onboard on the platform to perform authentication under the Aadhaar Act, 2016 for section 11A of the Prevention of Money Laundering Act, 2002. NPCI will only share the last four digits of the Aadhaar number of the client, along with his demographic details made available to it by UIDAI, digitally signed by it and the reporting entity can carry out identification of the client based on the details provided by the NPCI.

New special benches of Supreme Court The Chief Justice of India has announced four new special benches – tax matters, land acquisition, accident claims and crime.

Goods and services tax

GST collections in November The GST collection in November stood at INR 1.46 lakh crore, up by 10.9% as compared to the same month last year. However, the same was 3.9% lower than the collection in the previous month which stood at INR 1.52 lakh crore.

Input tax credit on CSR Expenditure In another contradictory ruling, the Authority for Advance Ruling (AAR), Telangana Bench has ruled that the input tax credit on Corporate Social Responsibility (CSR) related purchases is allowed. Earlier, in the case of Dwarikesh Sugar Industries, the Uttar Pradesh bench, had ruled similarly, however, the Kerala bench, in the case of Polycab Wires had held that the same shall not be available on free distribution of items to flood-affected people under CSR.

CCI to act as Anti-Profiteering Agency The Central Government has appointed the Competition Commission of India (CCI) as the new Authority for Anti-Profiteering (AAP) under section 171 of the CGST Act, 2017 with effect from December 1. Thereby, the National Anti-Profiteering Authority (NAA) shall cease to exist from the same date.

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

Income tax

Adjustment of tax refunds The Income Tax Department has reduced the time allowed for the Assessing Officer (AO) to respond to adjustment of tax refunds from 30 days to 21 days. The move is expected to result in faster processing of tax refunds in case of adjustment. According to the new rules, the AO will be held responsible for any delay.

Income tax portal introduces co-browsing The Income Tax Department has announced that its new e-filing portal is now enabled with the co-browsing feature. Co-browsing, also known as collaborative browsing, allows the Helpdesk agents to collaborate with the taxpayer's browser in real-time, just at the click of a button. Agents can view and securely navigate the Taxpayer's browser screen and guide them interactively to deliver real-time and personalized support. Co-browsing does not allow the helpdesk agent to see any other data on the taxpayer's desktop or computer. Also, the taxpayer has to approve the request before the agents can start the co-browsing session, and the co-browsing session can be closed at any time if the taxpayer wishes to terminate the discussion.

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Customs and foreign trade

Export realisations in Indian Rupees The Central Government has made changes in the Foreign Trade Policy (FTP) to allow exporters engaging in rupee trade to benefit from existing export promotion schemes. Accordingly, exporters can take the benefits of export-related schemes, even if the export realisation is in Indian rupees. However, such realisation should be as per RBI guidelines issued.

Iran stops importing from India According to the latest reports, Iran has completely stopped signing new contracts for importing tea and basmati rice from India without providing any clarification for the sudden stoppage. Exporters are believing that the same is large because shops, hotels and markets in Iran have remained closed, amid the anti-hijab movement.

Sugar exports resume According to the latest notification of the Ministry of Food, the Government has reopened the export of 6 million tonnes of sugar on a quota basis till May 31, 2023. As per the notification, the ministry has allocated a uniform export quota of 18.23% of the three years average sugar production in operational sugar seasons. The move aims to prevent the uncontrolled export of sugar and to sufficient availability of sugar for domestic consumption at a reasonable price.

Import duty on steel products The Government has restored the status quo as existing before changes in May 2022 concerning export duty on iron ore lumps and fines below 58% Fe content, iron ore pellets and the specified steel products including pig iron. The import duty concessions on Anthracite, PCI coal, coking coal, coke and semi coke and ferronickel have also been withdrawn. In May 2022, due to a sharp rise in the prices of steel, the Government had taken several tariff measures.

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

Corporate and allied laws

The threshold for investment in debt instruments The Securities and Exchange Board of India (SEBI) has announced that active mutual fund schemes will now have to limit their investments in debt instruments issued by a single issuer, based on the credit rating of such issuer, similar to the existing thresholds for passive funds such as exchange-traded funds. The move aims at reducing the risk of concentration of funds in securities of a single company. Thereby, the funds have to limit their investment to up to 10% of net asset value, in companies with an 'AAA' rating. For companies rated 'AA', the exposure cannot be larger than 8% while the same is 6% for companies with an 'A' rating. The norms will be immediately applicable for all new mutual fund schemes, while the existing schemes are exempt from the same until the maturity of the underlying debt and securities. The overall limit can be 12% of the NAV of the scheme with prior approval of the board of trustees and board of directors of the asset management company.

Mutual funds to pay dividends within 7 days According to the latest circular by the Securities and Exchange Board of India (SEBI) Mutual funds will now have to pay dividends to their unitholders within 7 working days after the declaration of the record date. The record date will be two working days from the issue of public notice on dividend payment, and the transfer of redemption proceeds to the unitholders should be made within three working days from the date of redemption.

CCI to report information under PMLA The Central Government has brought the Competition Commission of India (CCI) within the ambit of agencies which have to mandatorily share information, including confidential ones, with the Enforcement Directorate (ED) under the Prevention of Money Laundering (PMLA) Act. The new direction has empowered the ED to obtain corporate information from CCI. However, this is also putting at risk the confidential information shared by the corporates with the CCI.

IRDAI to allow investment in unlisted firms Insurance Regulatory and Development Authority of India (IRDAI), India's insurance regulator, has proposed to the government that insurance companies be allowed to buy up to 10% of the equity in unlisted entities without approval. The move can unlock new funding avenues for startups. Currently, the regulator does not allow insurance companies to invest in unlisted entities without its permission.

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

Banking and finance

Pilot launch of Digital Rupee The Reserve Bank of India (RBI) has launched its first pilot project for the retail digital rupee in Mumbai, New Delhi, Bengaluru and Bhubaneswar. The Retail Digital Rupee project has started in a closed user group with the participation of four lenders - State Bank of India (SBI), ICICI Bank, Yes Bank and IDFC First Bank. In the second phase of the retail digital rupee project, nine more cities and four more banks are expected to be included.

RBI allows overseas branches to deal in financial products The Reserve Bank of India (RBI) has issued a new direction to allow the overseas branches of Indian banks and those located in the International Financial Services Centres (IFSC) in India to deal in structured financial products which are not allowed in Indian domestic markets. According to the direction, the Indian banks are not required to take prior approval from the RBI for dealing in such products in foreign countries. The direction comes amid the row with the European Securities Markets Authority (ESMA) over the derecognition of Indian clearing houses. Earlier in 2014, RBI had allowed foreign branches of Indian banks to deal in such products only in certain IFSCs – New York, London, Singapore, Hong Kong, Frankfurt and Dubai.

NPCI extends the deadline for UPI market cap National Payments Corporation of India (NPCI) has extended the due date for UPI players to adhere to a market cap of 30% by a further two years from December 31, 2022, to December 31, 2024. The new NPCI guidelines require all UPI apps to limit their transaction volumes to 30% of the total market transactions. The rules were introduced in November 2020 to avoid the concentration of UPI transactions in the hands of a few companies.

Sovereign Green Bonds Framework Finance Minister Nirmala Sitharaman has approved the final sovereign green bonds framework to fund environmentally sustainable projects. Green bonds are financial instruments that generate funds for investment in environmentally sustainable and climate-suitable projects. The latest approval aims to strengthen India's commitment towards its Nationally Determined Contribution (NDCs) targets, adopted under the Paris Agreement. It will also help in attracting global and domestic investments in eligible green projects. The proceeds generated from the issuance of such bonds can be deployed in public sector projects that reduce the carbon intensity of the economy.

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

Accounting and management

In Focus: Open Book Management

- Open book management is one of the most dynamic approaches in running a business whereby every employee of the organisation is empowered with the required knowledge about the processes and provided adequate training and powers to make decisions which would help them in running a business. It works under the theory that employees are more motivated and productive when they are treated as business partners who have access to financial data rather than employees.

- It involves keeping complete transparency with employees, sharing data, training employees to embrace leadership roles as well as sharing financial statements. According to various research, companies sharing distinct details about the organisation with the employees helps the company in growing faster. Innovative compensation systems such as gain sharing and employee stock-ownership plans or stock option plans are also implemented under this approach.

- Under this approach, the financial statement data is shared with employees and made to believe that their effort is getting reflected in the overall numbers of the company. When the company shares sensitive information with employees it leads to better employee-employer relationships. This in turn helps in building trust and also boosts the morale of employees. It is all teamwork and moving forward collectively.

- There are three key requirements for the success of open-book management – 1) information generally available with senior management should be available to the employees in an understandable manner; 2) managers should hold employees for not achieving profit goals instead of merely holding them accountable for work schedule or targets; 3) employees must be compensated not just for their time but also for the success of the company.

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

Payroll and personal finance

In Focus: Nominations

- On the demise of an investor, the legal heirs have to go through a long process of transferring their assets. Nominations simplify and reduce the process. A nominee is a custodian or trustee of the assets who are legally bound to ensure that the asset goes to its rightful successor. Although a nominee shall receive the proceeds of investments, assets, or funds, it doesn't necessarily make the person a legal heir. However, if a person has made any Will, the same supersedes the nominations declared for investments.

- It is ideal to have family members as the nominee, however, any of the following is allowed to act as a nominee – a) family member b) friend c) relative d) NRI subject to FEMA rules e) a minor with guardian f) charitable or religious trust g) Government or local authority. However, a company, LLP, firm, society, Hindu Undivided Family (HUF), private trust or a guardian investing on behalf of a minor cannot be appointed as a nominee. Where the asset is an insurance policy, employees provident fund or a policy under the married women property act, only blood relatives or family members are allowed to act as the nominees.

- It is important to appoint a nominee in bank accounts, insurance policies, fixed deposits, mutual funds, Demat accounts, small savings schemes, lockers, retirement funds, unlisted shares and securities, etc. A person can also nominate multiple people as their nominee mentioning the share or ratio in which the proceeds of assets should be distributed. Many authorities also provide for successive nominations i.e. the person who can automatically become a nominee in case of the death of the originally nominated person.

Aadhar to be updated once in 10 years The Central Government has amended Aadhaar regulations to specify that supporting documents need to be updated at least once in 10 years from the enrolment date, to ensure the continued accuracy of Aadhaar-related information in the Central Identities Data Repository (CIDR). The Aadhar can be updated by submitting Proof of Identity (POI) and Proof of Address (POA) documents.

Supreme Court on Pension Fund The Supreme Court has upheld the validity of the Employees Pension (Amendment) Scheme, 2014, however, has quashed the threshold limit of INR 15,000 monthly salary for joining the pension fund. In 2014, the Government amended the law to increase the maximum pensionable salary (basic pay plus dearness allowance) from INR 6,500 per month to INR 15,000 per month. Employees who have not exercised the option to join the pension scheme must do so within six months. The Supreme Court has also held that the condition that required employees to make a further contribution at 1.16% on salary exceeding INR 15,000 was ultra vires. It has directed authorities to make necessary changes within the next 6 months to implement the directions.

IPO announcement – Protean eGov Protean eGov Technologies, formerly known as NSDL e-Governance Infrastructure, is an IT-enabled services provider that collaborates with the government in creating digital public infrastructure and developing innovative citizen-centric e-governance solutions. Originally set up as a depository in 1995, the company created an infrastructure for capital market development in India. The company has received approval from the Securities and Exchange Board of India (SEBI) and will soon hit the bourses with its initial public offer.

IPO announcement – Yatra Yatra, an Online ticket booking platform, has received approval from the Securities Exchange Board of India (SEBI) to raise money through public issues. According to the company's draft red herring prospectus, the company is India's largest corporate travel services provider and the second-largest online travel company by gross booking revenue and operating revenue for the fiscal ended March 2020. It also has the largest number of hotels and accommodation tie-ups among key online travel agencies. The proposed offer will include a fresh issue of shares worth INR 750 crore as well as an offer for sale. The promoters THCL Travel Holding Cyprus and Pandara Trust – Scheme I are expected to offload 93.28 lakh shares in the IPO.

IPO announcement - Balaji Speciality Chemicals Balaji Speciality Chemicals is the only manufacturer in India of chemicals such as ethylenediamine, piperazine (anhydrous), diethylenetriamine, amino ethyl ethanol amines and amino ethyl piperazine using the mono ethanol amine process. The chemicals are used in speciality chemicals, agrochemicals, and pharmaceuticals. The company is a subsidiary of Balaji Amines and commenced its operations in June 2019 in Solapur. It has scaled its operations thereon to become the fastest-growing speciality chemicals company in India. The initial public offer is expected to be a fresh issue of shares worth INR 250 crore and an offer for sale involving 2.6 crore shares.

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. Sula Vineyards
2. Abans Holdings
3. Landmark Cars
4. ESDS Software
5. CMR Green Technologies
6. Hexagon Nutrition
7. Utkarsh Small Finance Bank
8. Landmark Cars
9. Hemani Industries
10. Aadhar Housing Finance
11. Pristine Logistics & Infraprojects Limited
12. Deltatech Gaming
13. Gold Plus Glass
14. Vikram Solar
15. Corrtech International
16. Cogent E-Services
17. Navi Technologies
18. GoAir
19. MobiKwik
20. Skanray Technologies
21. ESAF SFB
22. Pharmeasy
23. Wellness Forever
24. Ixigo
25. VLCC Health Care
26. GPT Healthcare
27. Penna Cement
28. Snapdeal
29. Keventer Agro
30. Radiant Cash Management
31. Emcure Pharmaceuticals
32. Global Health
33. Veeda Clinical Research
34. Inspira Enterprise
35. Waaree Energies
36. Gemini Edibles
37. Sterlite Power
38. Healthium Medtech
39. Godavari Biorefineries
40. Sahajanand Medical Tech
41. Fusion Micro Finance
42. Popular Vehicles
43. Northern Arc Capital
44. Chemspec Chemicals
45. Shri Bajrang Power & Ispat
46. HDB Financial
47. Muthoot Microfin
48. Narmada Bio-chem
49. Hinduja Leyland Finance
50. Srei Equipment Finance
51. Aakash Educations
52. Century Metal Recycling

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Signal :
Positive
Negative
Mixed

Economies

India's Monthly Economic Review Ministry of Finance (MoF) has stated that India is set to grow at a moderately brisk rate in its monthly economic review. The Government believes in structural reforms to provide impetus to economic growth and to boost tax revenues. According to the ministry, inflation is also expected to ease with the pass-through of lower input costs to consumers. Meanwhile, according to the Ministry of Commerce and Industry, growth in key four infrastructure sectors i.e. crude oil, natural gas, refinery products and cement, has slowed down in October 2022.

Pakistan to implement an interest-free banking system Pakistan Finance Minister Ishaq Dar has announced that the Pakistan Government will be looking to implement an interest-free banking system under Islamic laws (or Sharia). and withdraw in the coming day's appeals filed against it in the Supreme Court. Riba is the Islamic term for interest charges on loans. Under Islamic law, a Muslim is prohibited from paying and accepting interest at a predetermined rate. As per Islamic laws, money should only be parked in a bank account, without any interest and should not be used for speculative trading, gambling, or trading in prohibited commodities such as alcohol or pork. In April 2022, Federal Shariat Cout (FSC) ruled that Riba in all its forms was prohibited by Islam, and therefore, asked the government to replace the conventional banking system with an interest-free system by December 31, 2027.

US removes INR from its Currency Monitoring List The United States Department of Treasury, in its biannual report to the Congress has said that it has removed currencies of five countries from its Currency Monitoring List including India, Italy, Mexico, Thailand and Vietnam. The currencies have been removed since they met only one out of three criteria for two consecutive reports. The treasury department had placed India on the watchlist in June this year after noting a significant bilateral trade surplus. China, Japan, Korea, Germany, Malaysia, Singapore, and Taiwan are the seven economies that are a part of the current monitoring list. The currency monitoring list is a watchlist of the United States Treasury Department to keep a track of currency manipulators.

India's GDP forecast and ratings Agencies and credit raters have lowered the forecast of India's GDP growth for the financial year 2023. S&P has lowered the forecasted GDP rate from 7.3 to 7.0, Crisil from 7.3 to 7.0, India Ratings from 7 to 6.9 and Goldman Sachs from 6.9 to 5.9. Meanwhile, the Reserve Bank of India (RBI) has also lowered the estimates from 7.2 to 7.0. Other agencies such as OECD have reduced the forecast from 6.9 to 6.6 while the World Bank has reduced the same from 7.5 to 6.5.

India's gamer base second largest in the world

According to the data by research firm Nika Partners, in its report 'The Asia-10 Games Market' India now has the second largest gamer base in the world with 396.4 million gamers. India now makes up 50.2% of all gamers in the top 10 Asian countries.

Increase in formal job creation According to the latest data from the Employees' Provident Fund Organisation (EPFO), the six months of the financial year 2023 have witnessed 87.1 lakh new formal jobs being created across the country, a 35% increase compared to the same a year ago. EPFO's payroll data covers the organised sector workforce for establishments that employ more than 20 workers and have provident fund accounts for them.

Corporates

IndiGo to wet lease aircraft IndiGo has announced that it is finalising a contract for the wet lease of Boeing 777 aircraft to meet demand during its winter schedule. A wet lease involves leasing an aircraft along with its crew to fly the plane and provide onboard services. The company has requested permission from the Directorate General of Civil Aviation (DGCA) for permission to extend the permitted length of this arrangement.

Tata Consumer to acquire Bisleri International Tata Consumer Products has announced that it will acquire Bisleri International for an estimated INR 6,000 to 7,000 crore.

IDFC First launches sticker-based cards IDFC First Bank has rolled out a new sticker-based debit card called FIRSTAP in association with the National Payments Corporation of India (NPCI). The sticker-based debit card will facilitate transactions by simply tapping the sticker on a Near Field Communication (NFC) enabled Point of Sale (POS) terminal.

HDFC to invest in realty startups HDFC Capital, an HDFC group company, has announced that it will invest in 15 startups which were a part of the real estate tech innovation summit. The company has already invested in three startups - Loyalie, HomeExchange, Monsoon Credit.

Shriram Transport and Shriram City Union Finance merged Shriram Transport Finance Company, the largest financier of commercial vehicles, and Shriram City Union Finance, the largest two-wheeler financer and leader in micro, small and medium enterprise (MSME) lending, have been merged to form Shriram Finance. The company has also announced the appointment of Jugal Kishor Mohapatra as Chairman of the new company and Maya Sinha as an Independent Director.

SBI raises money through infrastructure bonds State Bank of India (SBI), for the first time, has raised INR 10,000 crore through infrastructure bonds. The proceeds of the bond issue will be used to fund long-term infrastructure and affordable housing projects. The bond carries a coupon rate of 7.51 payable annually for a tenor of 10 years. The issue received an overwhelming response from the investors and was oversubscribed 3.27 times.

SBI Cards overtake HDFC Bank SBI Cards has overtaken HDFC Bank in incremental card issuances during October. HDFC Bank which is the segment leader has retreated to the fourth position in new credit card additions with less than 2,20,000 cards issued in October, while SBI Cards added 3,40,000 new customers. Meanwhile, Axis Bank added 2,60,000 new customers and ICICI Bank added about 2,20,000 new customers. However, in terms of total credit cards, HDFC Bank continues to remain the market leader with 16.5 million credit cards, followed by SBI Cards at 15.1 million, ICICI Bank with 13.5 million, and Axis Bank with more than 9 million credit cards.

Startups

Flipkart signs MOU with Odisha Government Flipkart, the e-commerce company, has signed a memorandum of understanding (MoU) under its Samarth programme with the Department of Mission Shakti, Government of Odisha to support self-help groups (SHGs), artisans and weavers in the state to sell goods online. In July 2019, the company launched the Samarth programme to focus on getting artisans, weavers and micro enterprises into the e-commerce fold.

Paytm to reapply for license The Reserve Bank of India (RBI) has asked Paytm Payments Services to resubmit the application for a payment aggregator licence within 120 days. The Central Bank has asked the company to seek regulatory approval for past downward investments from One97 Communications to Paytm Payments Services to comply with foreign direct investment norms.

Zomato to lay off 3% of staff Zomato, the Online food aggregator, has announced its plans to lay off 3% of its staff. The food delivery platform has announced that it is releasing a significant number of its staff to cut expenses and become profitable. According to the media reports, many roles have become redundant as employees, mostly from mid-to-senior roles, were working on revamping the product. Now that the product work is over, the employees are being laid off.

Softbank offloads its holding in Policybazaar SVF India Holdings (Cayman), a Softbank group company, has sold a 5.1% stake worth INR 1,043 crore of PB Fintech, the parent company of Policybazaar, through an open market block deal on National Stock Exchange (NSE). The investor offloaded 2,28,42,424 shares amounting to a 5.08% stake in the company.

PhonePe crosses 10 billion quarterly transactions PhonePe, the fintech major, has crossed 10 billion quarterly transactions for the first time in the September quarter with annualised total payments volume crossing USD 920 billion. This is the first time PhonePe had a quarter with more than 10 billion transactions. During the quarter, PhonePe commanded a 45% market share of the UPI volumes and 47% of the value of total UPI transactions.

Conglomerates

Amazon to invest in Indian space startups Amazon Web Services (AWS) has announced that it will invest in India's space startups and will also collaborate with the Indian Space Research Organisation (ISRO) in space data management. The company has announced that it has successfully run its suite of AWS Compute and Machine Learning software on an orbiting satellite, in an experiment conducted over the past 10 months in Low Earth Orbit (LEO).

Amazon shuts down distribution business Amazon has announced that it is closing 'Amazon Distribution' – its business-to-business distribution business in India. The company has already announced that it is closing down its tech arm of 'Amazon Academy' and the food delivery service 'Amazon Food'.

Twitter lays off staff in Indian office After taking over the reins of Twitter, Elon Musk has fired more than half of the company workforce globally including a majority of the company's workforce in India which consisted of 200 odd employees. The layoffs follow Twitter's agenda to cut down its costs. Twitter has laid off entire teams in marketing, communications and partnerships in its India office.

EWS QUOTA

Key Economic Indicators

Indicator	As on	Current	Prior
GDP Growth (%)	Sep-22	6.30	13.50
Inflation (%)	Oct-22	6.77	7.41
Unemployment (%)	Nov-22	8.00	7.80
Trade Balance ($m)	Oct-22	(26.91)	(25.71)
GOI Bond 10yr (%)	Nov-22	7.28	7.44
Manufacturing PMI	Nov-22	55.70	55.30
Services PMI	Nov-22	56.40	55.10

Global Indices

Index	Country	%
NIFTY 50	India	2.18
BSE SENSEX	India	2.12
INDIA VIX	India	(9.24)
NIFTY BANK	India	3.41
DOW JONES	USA	1.31
NASDAQ	USA	3.76
S&P 500	USA	2.96
FSTE 100	UK	2.95
NIKKEI 225	Japan	(0.67)
SHANGHAI COM	China	4.41
MOEX	Russia	(1.61)
CAC 40	France	3.82
DAX	Germany	4.78
ASX 200	Australia	3.89
BOVESPA	Brazil	(5.14)
KOSPI	South Korea	(0.68)
HANG SENG	Hong Kong	14.74

Commodities Future

Commodity	Expiry	Price	%
Gold	Feb-23	53,816.00	6.38
Silver	Mar-23	65,680.00	11.46
Crude Oil	Dec-22	6,164.00	(16.80)
Natural Gas	Dec-22	473.20	(2.37)
Aluminum	Dec-22	214.60	7.35
Copper	Dec-22	696.70	5.15
Cotton	Dec-22	31,600.00	3.10

Currency Exchange Rates

Pair	Current	Prior	%
INR/1 USD	82.28	82.71	(0.52)
INR/1 GBP	100.20	95.44	4.99
INR/1 EUR	86.26	82.14	5.01
INR/100 YEN	59.94	55.93	7.17

Cryptocurrencies

Pair	Crypto	Price	%
BTC/USD	Bitcoin	17,001.80	(17.28)
ETH/USD	Ethereum	1,260.39	(20.94)
USDT/USD	Tether	1.00	(0.06)
BNB/USD	Binance	289.60	(11.68)

Small Savings Schemes

Scheme	Current	Prior	%
Savings	4.00	4.00	-
FD (5 years)	6.70	6.70	-
NSC	6.80	6.80	-
PPF	7.10	7.10	-
KVP	7.00	6.90	0.10

War Economics – Why do so many Indian students study in Ukraine? Indian Government's primary focus in this crisis time has been the evacuation of its 18,000 Indian students stranded in the war zone. While the government has deployed Air India and Indigo flights, Indian airforce, union ministers, multiple embassies, etc the same was more reactionary to the rising criticism rather than a proactive plan. Yes, the Government issued various advisories to the indian students, however, these were …

Budget 2022 – New Faceless Assessment Scheme The scheme for faceless assessment for determination of arm's length price under section 92CA, dispute resolution panel under section 144C and appeal to the appellate tribunal under section 253, were required to be issued by March 31, 2023; and for the procedure of appellate tribunal under section 255 were required to notified by March 31, 2024. These dates have been extended to March 31, 2024…

Budget 2022 – Concept of 'Updated Returns' explained After filing the return, a taxpayer has an option to file a revised return or if not filed altogether, an option of filing of belated return. The period to file such returns is 5 months in the case of the individual assessee, 2 months for audited businesses, and 1 month for assessees with transfer pricing transactions. Since this period is too limited, the income tax law is introducing a new option to file …

Sri Lanka – Debt trap, economic crisis and bankruptcy, explained On a sunny Sunday, I was enjoying my cup of coffee along with my newspaper. Suddenly, a loud voice came from the kitchen, "There's no milk!" You might have been there, and you know exactly what is to be done – run to the nearest dairy and get the milk as soon as possible. Else you will have to deal with a boiling head in the kitchen, instead of boiling milk, and anybody would prefer the latter. So, …

Newsletter by:

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

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