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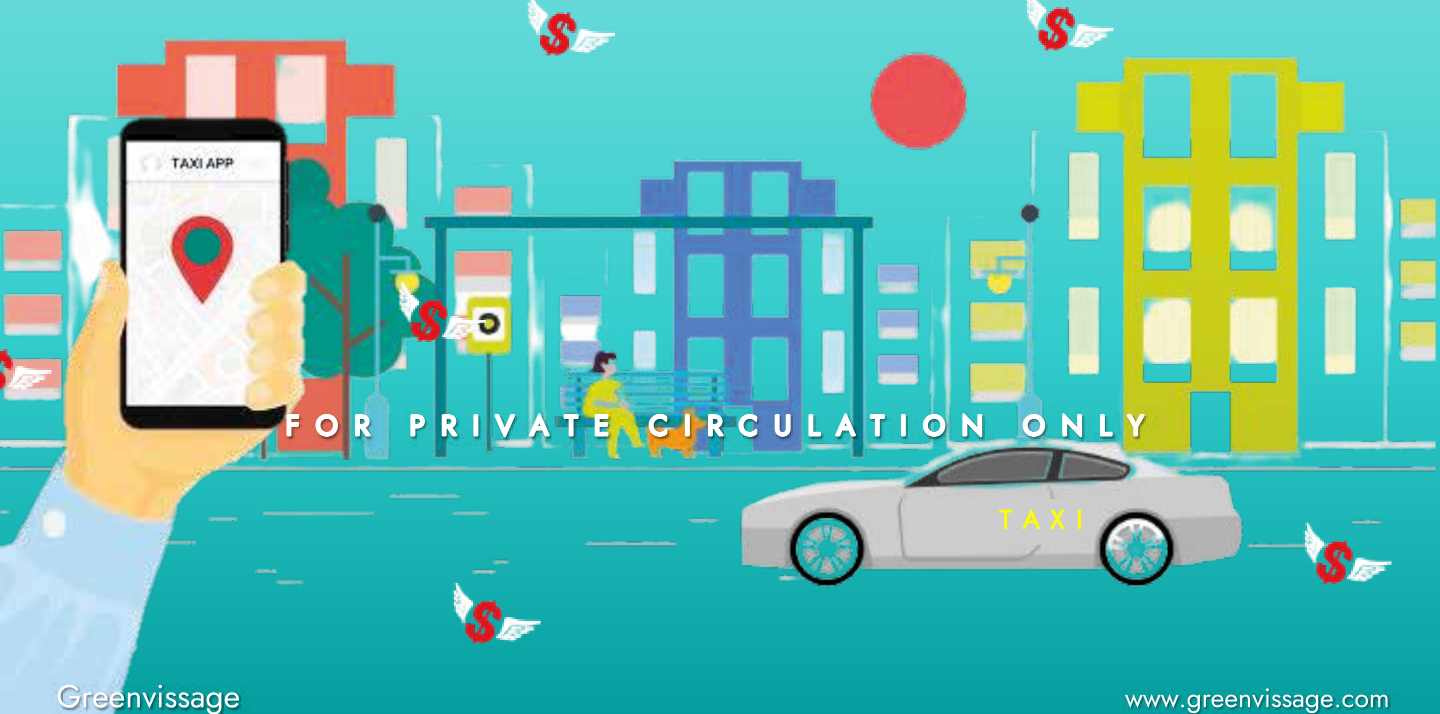
AUTOMOBILES

WHY THEY WON'T 'MAKE IN INDIA'



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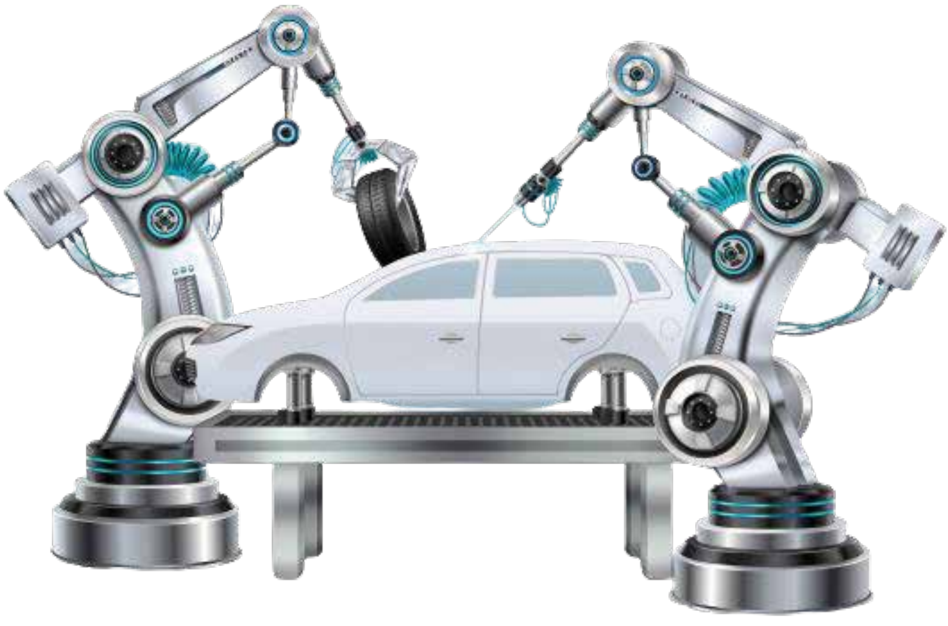
NEWS

General Motors, Harley-Davidson, Volkswagen, Fiat and now Ford – Why are automobile manufacturers leaving India? Explained.



Prologue

Buying a car is one of the most cherished desires of most people. In India, it is almost a life event – family, neighbours, colleagues, relatives, etc. everyone is excited. If it is your first car, it is an unmatched feeling of upgrading your life to the pro version! Many people recently experienced the same feeling except that a few days later their happiness converted into questions and doubts. On September 9, Ford Motor Company announced that it will be shutting down its car manufacturing plants in Gujarat and Tamil Nadu by Quarter 2 of FY 2022, as a part of its global restructuring. While the company has promised to provide its customers with spare parts and service, it is clear that Ford has made up its mind to leave India. The American manufacturer which entered India in 1995 and invested over USD 2.5 billion in India, employed 4,000+ people and 170 dealers, has accumulated losses of USD 2 billion over these years. The company which manufactures 4 lakh cars per year has left its customers, employees and dealers in shock, as their plans suddenly seem unclear. Surprisingly, the company has also announced a few weeks later that it shall build 4 new electric vehicle factories in America, generating huge employment for the American workers which could have been done in India as well where labour is cheaper. So what are we exactly missing here?

Backdrop

"Come, Make in India!" Back in 2014, when the newly elected Prime Minister Narendra Modi came into power, he announced his flagship programme – 'Make in India', as a part of India's renewed focus on manufacturing. The objective was simple – the huge workforce of the country could benefit themselves if they turn into a manufacturing hub, something that China did long ago. The Government aimed to make India the most preferred global manufacturing destination, building our manufacturing capacity on four pillars – New Processes, New Infrastructure, New Sectors and New Mindset. As a part of the same initiative, various measures have been launched over the years including 'Ease of Doing Business', 'Minimum Government Maximum Governance', 'Startup India, Standup India' and 'Skill India'. The government has well-marketed its initiative worldwide over the past years, and at times, even routine regulatory changes have been marked as being part of the same initiative.

Whether the same has boosted the prospects of our country in terms of globally preferred manufacturing destination, employment opportunities generation, innovations and product developments, advancement of the industrial technology and development of widespread infrastructure, is incalculable and at best, debatable, as only the future can tell us whether we were or not successful in the past. Some milestones tell us about the progress in our journey, however, India is a huge nation, and it is not possible to assess if the same has been consistently achieved in all sectors of the industry and all parts of the society. And most importantly, it is way more difficult to conclude whether we have progressed 'exceptionally' or 'at just the normal rate'. However, there's one sector which is clearly showing problematic signs – Automobiles. *Since 2017, six automakers have already left India – General Motors, Harley-Davidson, UM Motorcycles, MAN Trucks (Volkswagen Group), Fiat and Eicher Polaris; Ford is now seventh on this list.* There's no question over the need for automobiles in India – it's a huge market, the fifth largest car market in the world. In fact, Kia Motors and MG Motors have recently entered the Indian markets with some really big ambitions. This leaves us with the question – why were the companies forced to exit from India?

Complex market and pricing

Unlike developed countries and other developing countries, the Indian economy is different, its challenges are uncommon and most importantly the consumer preference is unlike the rest of the world. What sells in the west, does not necessarily sell in India. Indian market consists of a large number of middle-class people who are price sensitive. And it's not just about the sticker price of the vehicle – the mileage, the after-sales service, cost of replacements and the longevity of the cars are factors that affect the choice and preference of the Indian consumers. The government's inconsistent policies and sudden move to BS-VI add more complexities to the same. These factors together often result in low volumes for cars that are already underpriced to lure the customers. Thus, the overall margins are wafer-thin and thus, the losses accumulate with the failure of each new model introduced.

Market share and dominance

Having said that the consumer preference is difficult to understand, a few companies have managed to understand the market well and it shouldn't be a shocker that these are Indian automakers. India's car market is dominated by Maruti who has managed to understand the expectations of Indian buyers and grab chuck of the market share.

Maruti	37.7%	MG	1.6%
Hyundai	19.1%	Skoda	1.6^
Tata	11.4%	Nissan+Datsun	1.3%
Kia	6.8%	VW	0.7%
Toyota	5.2%	Ford	0.6%
Mahindra	5%	Jeep+Fiat	0.5%
Honda	4.6%	Force	0.1%
Renault	4%	Citroen	0%

(% share based on sales in August, 2021)

Hyundai, Tata, Toyota, Mahindra, Honda and Renault are amongst others who have managed to keep a pie of the market for themselves. Kia and MG have also gained a lot of attention as new entrants. On the contrary, Skoda, Volkswagen, Jeep+Fiat, Force, Citroen and Ford are amongst manufacturers who may have to decide on their future – Ford has already made!

Pandemic and the aftershocks

Pandemic has hit multiple industries and the automobile industry has been one of them. Incomes have been deeply affected and thus, personal expenditure cut has resulted in lower sales of cars. Of late, there has been a recovery in the sales figures, however, there have been setbacks in between owing to new waves. Before the pandemic, Ford had agreed with Mahindra and Mahindra to enter into a joint venture to launch Ford Escort, however, the same was never executed after the pandemic. Passenger vehicle sales have dipped by 2% in the last financial year which has pushed back various industry segments.

Electric vehicles – the future

After the success of Tesla, globally automakers have been moving towards the new market, and why not? the existing market is full of competition while the new market is full of opportunities, huge prospects, no close competitors and multiple untapped segments. Companies across Europe, the United States and even Japan have entered the uncertain phase of reinventing themselves. Ford has already announced its ambitions of entering into electric vehicles, within weeks of its announcement of exit from India. General Motors and others have already entered the race, while Toyota has also moved away from its earlier thoughts of hybrid cars, to launching fully electric models. The times are changing and so will the companies, as time and tide wait for no man!

Brief story – the impact

In the automobile industry, if one direct employee is removed, it means at least 3-4 indirect employees would also lose jobs. Automobiles have several parts and specifications which automatically generates opportunities for various small and medium-sized enterprises to manufacture and progress. However, these MSMEs deeply depend on the contracts with such automakers and their exit is a huge blow for such enterprises. And of course, the employees of all such enterprises turn jobless automatically. Only if another automaker buys Ford’s plants and continues to operate the same, for their models, the industry would not face the heat of the company’s exit.

India was once the third-largest car market, however, now it has slipped to the fifth position. There’s certainly a very uncommon consumer preference, however, at the same time, the economy and the policies haven’t been of much help to counter the same. Most companies are working their way around – Volkwagen has let Skoda lead its India charge, Toyota is piggybacking Maruti Suzuki for volumes rather than bringing its range of models. Besides, the world is moving towards electric vehicles. Something needs to be done, as change is not just a makeshift process, but also an opportunity to turn the tables – with the right policies in place, infrastructure and the motive to grow, maybe we can lead the globe with dominance in the future of automobile sector by staying ahead – we have been behind already for a very long time!

(This article was contributed by the editorial team)

Home loans – the best investment of your idle money, and a unique technique of wealth creation

By Amit Chandak, Associate Director, Greenvissage

Prologue

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, you are already in profits.

While most business people already understand this concept, it might be music to other people's ears. And yet, irrespective of the people's probation, there are very few smart investors who have understood and applied the same concept of leveraging to their investments and the process of wealth creation and accumulation. So, if you are reading this and can stay glued till the end of this article, well, you can become one of them – the secret is being unveiled, right here!

Backdrop

When we take birth, we know nothing. We look around and learn – how to eat, how to talk and how to walk. There's an education system through which we learn the basics of the world we are expected to live in, and then there is life which teaches us the advanced aspects of living. We fear tests and exams in childhood which are announced forehand with a fixed syllabus, however, life has its way of testing whether it is loss of job, loss of health or loss of those around us.

Unlike exams, there's an uncertainty in life and our job is to fill up the same if we wish a good life for ourselves and for those we care about. That's the prime reason why we earn money – trying to earn more each time because that's the centre of our modern life. While most people figure out a way to earn their livelihood, there are only a few who understand the magic of creating wealth. There's no point in earning big in life, if you have no idea how to convert your earnings into wealth – the process of accumulating, managing, safeguarding and most importantly, growing! Investment in earnings is an important aspect often neglected, although paramount for a better life.

Evaluating investment options

When we start earning, the new money in our bank accounts automatically finds its way somewhere else – a mobile phone, a luxurious vacation, a car to commute, a long-desired hobby and of course, the vicious cycle of filling our wardrobes – always running out of clothes! However, there comes a point in life when the money slowly starts accumulating in our savings account and we have no idea what to do with it. That's the point when people start thinking of investing money. We Google, and find every blah blah website talking about how equity markets are a great source of doubling wealth in a short period and the multibagger stocks that made people rich.

Equity and mutual funds

Equity markets aren't everyone's cup of tea. For short term investments, you need more vigilance and awareness of the market moves and other aspects, and for long term investments, you need a deep analysis of the company and industry portfolio. Most people don't have both, so they opt for the next best option – Mutual Funds, sahi hai. Mutual funds are a good way of investing money, however, most people are stuck between the decision to either take high risks or earn low returns. Besides, equity markets, corporate debts and bonds, mutual funds and all other such options are liable to 'immediate taxes' which you have to pay every year. This impedes the process of accumulating wealth and do not forget, you won't necessarily be in profits every year – it's a Kabhi Khushi Kabhi Gham film.

Government schemes

People who face more 'Gham' in equity markets move on to Government and post office schemes because life has taught them a lesson on safeguarding their wealth – keeping it safe is the priority, growing the same is second. So, they choose to invest them in two types of funds – 1) retirement funds 2) long term funds 3) purpose-based funds. Employees Provident Fund, Public Provident Fund and other Pension Funds are well-known and successful Government schemes that help people build a corpus for their retirement. On the other hand, there are Government bonds, Gold bonds, Kisan Vikas Patra, etc which can serve long term purposes. The newly introduced Sukanya Samriddhi Account is a great investment option for parents of a girl child for securing their future. The best part about these schemes is that they are tax-free – exempt when invested, during the investment period and even during their maturity. Thus, the returns on the schemes are entirely yours, they are safe, offer collateral loans as well, and are also easy to manage, however, when fighting inflation, they fail to provide any growth to their wealth. Thus, you get back only what you earn – no bonus.

Insurance plans

Most people never discovered insurance schemes by themselves – there's always an uncle who sells it to you or your parents. The income tax deductions, exempt status, the colourful brochures claiming to be the best plan ever, and of course, the FOMO effect that insurance agents add, leaves you with no other option than buying. Then other insurance agents sell you the unit-linked insurance plans which earn better returns than the other policies, however, most often do not enjoy the tax-exempt status. On the other hand, term insurance plans are more like paying 'hafta' to corporates during your life, to keep your family safe after your life. There are numerous insurance policies and you never know what the fine print of the policy contains – it's just the uncle's word who disappear after selling policies.

Gold and other bullion

Gold has been one of the most traditional methods of wealth accumulation and when compared to accumulating cash or bank balance, gold seems to be a much better option. However, when you fully understand the concept of gold and the fluctuation in its prices, you will realise that it only offers you the same amount of money that you invested years ago, in any year into the future. Gold in form of jewellery can be good for those who love to wear it, however, there's an extent to which you would like to accumulate the same, as it's not easy to keep them safe. Most jewellery contains artificial elements as well which make the jewellery attractive, however, are an expense for you, as they erode over time, unlike gold. Gold keeps you protected against inflation, and also against Government rules, however, there's no growth of wealth.

Investing in properties

Property investments are one of the most unpopular investment options amongst the common people while one of the most popular investments amongst the wealthy. This is because buying property involves a lot of hassles and not everyone wants to get into complex investments. Firstly, finding good properties is not an easy task. You need a good broker and zeal to understand what good properties are and the effort to explore them. Then, there's paperwork – lots and lots of paperwork. There's the involvement of Government and public officers and their lethargic lifestyle that makes your paperwork further complicated. You ought to have a lot of patience to buy properties, and also a lot of money as well. Land and buildings at good locations have competitive bids and therefore, it is not easy to buy them, if you have limited funds.

After all hassles of buying the property, you have to maintain the property and safeguard it from encroachment or illegal possession and many other problems which may not be an easy job everywhere. Another bigger risk in property investments is the risk of natural disasters – Act of God, you can foresee them. There are property and other related taxes that you have to pay every year. You have to ensure that you possess all the necessary property documents and keep them safe so that when the need arises, you can prove your claim to the property. Overall, buying or maintaining properties is not an easy task and involves many problems – seen and unseen.

And yet, we recommend they are the best form of wealth accumulation – not only for the wealthy but also for the middle class and lower class people. Buying land and property is a complex investment, however, the modern world has the requisite solutions and safeguards to make things less complicated and safer. Let's address them one by one.

What if I don't have the money to buy?

The elephant in the room – Money. Most people think they do not have the money to buy the property. However, home loans are available for everyone and with ease. Housing loan companies have eased the process of taking home loans by far, over the past decade and with very minimum documentation you can easily take a home loan. Your Chartered Accountant can easily help you with the process of obtaining the loan and the documentation involved. Home loans have several benefits and most often, even if people have the required money to buy a property, they still opt for a home loan, given the benefits it provide.

1. The rate of interest is lowest on home loans amongst all types of loans. Thus, you are paying the least amount of interest, as compared to other types of loans. Besides, the tenure of housing loans is long and monthly instalments can easily be adjusted according to your monthly payments.
2. The margin requirement in home loans is usually around 80%. This is lower than the margin requirement in business loans. Of course, you will need the lump sum amount for the margin i.e. down payment, however, once you pay the same, the property is yours – just keep paying the subscription fee (EMIs). For example, a property worth INR 25,00,000 can be bought with INR 5,00,000 down payment and an approximate INR 15,000 in monthly instalments for 15 years.
3. The interest, as well as the principal portion of the home loans, are tax-deductible expenses. Thus, you can easily complete your tax investment quota by buying property against a housing loan – two problems solved with one act. You don't need to worry about tax savings schemes every year, as the housing loan shall continue for long period.
4. Even if you have the corpus required for buying the property, it would be a good idea to get a home loan, as the same is not only available at a lower rate of interest, but also tax-deductible which makes the overall rate of interest almost equivalent to the rates applicable to long term fixed deposits. Thus, if you can invest your funds elsewhere and earn a better return, you can make additional profits.

How to ensure proper paperwork and safety?

Paperwork is unavoidable, however, often property agents help the customers with documentation as well. If you buy a property that has been constructed by a construction company, usually the documentation would be clear and available easily as such companies are liable to more compliances. Most importantly, such companies also arrange for financing arrangements and take care of most of the documentation involved mutually. If you are obtaining a home loan, the housing loan company would anyways ensure that all necessary documents are taken by you and handed over to them. This not only serves as an audit of your documentation but also safe custody of your documents, as now the housing loan company shall be liable to keep your property documents safely. Overall, paperwork still wouldn't be easy, however, this is a one-time investment of your time, as once completed, the property is yours and it won't be easy for any other person to claim the same, as the documentation trail is long and difficult to prove wrong.

When it comes to safety, it is important to take property insurance – choose a good insurance plan with addons as may be required; insurance plans have been made easier and cheaper by the IRDAI recently and therefore, you can cover yourself against calamities. Maintenance is another important aspect to ensure proper upkeep of the property to retain its value in the long run. Choosing a property in developing areas or areas for which town plans have been issued, is a better option than ones located remote areas.

How does a home loan create wealth?

A home loan helps in creating wealth. Property investments are long term and go across generations, providing not only you but also your children with stable financial status.

1. You are getting a property in your name, at 20% of its cost subject to payment of future instalments. Thus, your wealth is set to grow, if all goes well.

2. You are saving taxes and also forced to save every month from your salary to pay the loan, unlike investments, where you may opt not to invest a particular month or an year and may end up expending it elsewhere.
3. Your earnings are automatically converted into wealth and the same is safe, as the home loan ensures proper documentation, safe custody of the documents and also your title to the property.
4. If you are buying a home for your residential purposes, you will save a lot of rent expenditure over the years. In long run, it is always better to buy a property than to rent it. Meanwhile, if you are buying the property as an investment, you can rent it out to other people and they would take care of the maintenance besides paying you rent. This will automatically help you with repaying the loan and thus, your wealth may even grow entirely on its own.
5. The most significant return would be the increase in the value of property by the time you pay off the entire loan. You can sell the property thereafter, or even mortgage it for business loans. If you choose the property location wisely, the value can be multiple times the original purchase value over some time.
6. Capital gains tax on the sale of the property can be set off by purchasing another property. Thus, you can increase your wealth, without paying much in taxes, if you continue buying property after selling one.
7. Home loans also offer top-up loans for furnishing your house and other purposes.

The Bottom Line

Home loan rates are at the lowest of what we have seen during recent years. Although the same are floating rates and the banks or NBFCs may change the same every quarter, it may take some time before the same happens and in the interim, you can save on the interest expense. Property investments involve a lot of efforts initially, however, once a loan is sanctioned and property is bought, you may safely assume that your wealth is set to increase as it not only results in wealth accumulation but also taxes savings during the same period.

Finding a good property may require your time, however, once found and purchased, you need to maintain very little vigilance over your investment, unlike investments in equity where you need to stay in touch with your investments. Unlike Government schemes and insurance plans, property investments save your rent or earn you rent and the property value also increases, at the same time and thus, ensure the growth of your wealth over and above inflation. In conclusion, property investments are the best investment and with home loans, a unique way of wealth creation through loan, in the long run, if the initial phase is handled properly.

Government Policies

- Finance Minister Nirmala Sitharaman has announced that the National Asset Reconstruction Company Limited (NARCL), loosely referred to as a 'Bad Bank' has received approval from the Union cabinet. The government has released the fine print of the proposed entity which will acquire non-performing loans from the banks and boost their lending activities, resolving the twin balance sheet problem. Twin balance sheet problem refers to troubles faced by both banks and Indian companies, leading to a vicious cycle of bad loans for the Indian banking sector. According to projections by the Indian central bank, bad loans as a percentage of total advances could rise to nearly 10% by March 2022 as against 7.5% in March 2021. NARCL will acquire INR 2 lakh crore of Non-performing loans from the banks which will be the loan of more than INR 500 crore and in return pay banks 15% cash upfront and securitisation receipts for the balance of 85% which will be guaranteed by the Government. The guarantee will come into play if the asset does not realise its value and will be valid for five years. The loans acquired by NARCL will be managed by another entity - India Debt Resolution Company Limited (IDRCL) which will focus on the recovery of loans and employ expert professionals for this purpose. This will allow banks to focus on new and existing performing loans.

- The government has approved the proposal to publicly list Export Credit Guarantee Corporation (ECGC) through IPO to raise the underwriting capacity of the company to INR 88,000 crore and facilitate additional exports of INR 5.28 lakh crore over the next 5 years.

- The government has decided to use its solar program to provide an uninterrupted electricity supply to 29,000 cold-storage facilities. India has already set its aim to have 175 GW renewable energy capacity of which 100 GW will come from solar power by 2022.

- The Coal Ministry is planning to launch a scheme to permit coal block allottees to surrender mines that they are unable to develop due to technical reasons. The scheme will allow the surrender of coal blocks without any penalty or penalty on a merit basis after examining the proposal, to expedite production from allocated coal blocks, as the same would be immediately offered for auction. The steps are being undertaken to meet the increased demand for coal in the country.

- Union Cabinet has approved the Pradhan Mantri Poshan Shakti Nirman Yojana (PM-Poshan) scheme which aims to improve mid-day meals for school students. The scheme is expected to run for 5 years and INR 1.31 lakh crore are proposed to be spent, subsuming the existing mid-day meal schemes in over 11 lakh government and government-aided schools.

- The government's Production-linked incentive (PLI) scheme has received 52 global and domestic applications who are ready to commit investment worth INR 5,866 crore towards air conditioners and LED lights. Companies such as Daikin, Hindalco, Panasonic, Hitachi, Mettube, Nidec, Voltas, Bluestar, Havells, Amber, EPack, TVS-Lucas, Dixon, R K Lighting, Uniglobus, Radhika Opto, Syska among others have applied for manufacturing critical components of air conditioners and LED lights. The budgetary outlay of the scheme is INR 6,238 crore.
- The Government's net (post-refunds) direct tax collections have increased 95% year-on-year to INR 3.7 lakh crore as of September 2 owing to a pick-up in economic activities, higher corporate earnings and better compliance. Net direct tax collections were INR 1.9 lakh crore till September 2 of FY 2021, owing to the lockdowns. The Government has budgeted for annual receipts of INR 11.08 lakh crore.
- Owing to robust tax collections, the Government has announced that it will cut its borrowing plan by INR 1.59 lakh crore and absorb the borrowings of the states for tax compensation. The Government's budget for borrowing INR 12.05 lakh crore stands reduced to INR 10.46 lakh crore.
- India along with Japan, Australia and the United States, the Quad Alliance, has pledged to restore the supply chains of semiconductors and 5G telecom technologies, to counter the rising influence of China in this strategic sector.

Goods and services tax

- The Goods and services tax council has taken the following decisions in its 45th meeting held on September 17:
    1. The requirement of filing GST ITC-04 under rule 45(3) of the CGST Rules has been relaxed as taxpayers whose annual aggregate turnover in the preceding financial year is above INR 5 crores will have to furnish the same once in six months, while others below the limit have to file annually.
    2. Interest is to be charged only in respect of net cash liability, retrospectively, from July 1, 2017, and interest is to be paid by a taxpayer only on 'ineligible ITC availed and utilized' and not on 'ineligible ITC availed'.
    3. Unutilized balance in CGST and IGST cash ledger may be allowed to be transferred between distinct persons (entities having the same PAN but registered in different states), without going through the refund procedure, subject to certain safeguards.
    4. Aadhaar authentication is now mandatory for filing refund claims and applications for revocation of cancellation of registration.
    5. Late fees for delayed filing of GSTR-1 shall be auto-populated and collected in the next open GSTR-3B.
    6. Refund shall be disbursed only in the bank account which is linked with the same PAN on which registration has been obtained under GST.
    7. A registered person shall not be allowed to furnish GSTR-1, if GSTR-3B for the preceding month has not been filed, effective from January 1, 2022.
    8. Rules have been amended to restrict availment of ITC in respect of invoices or debit notes to the extent the details are furnished by the supplier in GSTR-1 or IFF. This shall become effective once clause 16(2)(aa) of CGST Act, 2017 is notified. The clause introduced in Budget 2021, has been kept pending, to be implemented at a later date.
- The Goods and services tax council has also issued clarifications concerning various products:
    1. Bricks have been brought under a special composition scheme with a threshold limit of INR 20 lakhs, with effect from April 1, 2022. Bricks would attract GST at 6% without ITC under the scheme or 12% with ITC would apply otherwise.

2. Supply of mentha oil has been brought under Reverse Charge Mechanism.

3. GST rate changes to correct inverted duty structure in footwear and textiles sector has been deferred and to be implemented with effect from January 1, 2022.

4. Pure henna powder and paste, having no additives, attract a 5% GST rate under Chapter 14.

5. Scented sweet supari and flavoured and coated illachi falling under heading 2106 attract GST at the rate of 18%

6. Carbonated Fruit Beverages of Fruit Drink and Carbonated Beverages with Fruit Juice attract GST rate of 28% and Cess of 12%.

7. Tamarind seeds fall under heading 1209, would attract a 5% GST rate for use other than sowing. Seeds for sowing will continue at a nil rate.

8. External batteries sold along with UPS Systems/ Inverter attract GST rate applicable to batteries i.e. 28% for batteries other than lithium-ion battery while UPS/inverter would attract 18% GST.

9. All pharmaceutical goods falling under heading 3006 attract GST at the rate of 12% and not 18%.

10. Coaching services to students provided by coaching institutions and NGOs under the central sector scheme of 'Scholarships for students with Disabilities" is exempt from GST

11. Services by cloud kitchens/central kitchens are covered under 'restaurant service', and attract 5% GST without ITC.

12. Ice cream parlour selling already manufactured ice cream would attract 18% GST.

13. Overloading charges at toll plazas are exempt from GST being akin to toll.

14. Admission to amusement parks having rides shall attract 18% GST. The 28% GST rate applies only to admission to such facilities that have casinos.

15. Alcoholic liquor for human consumption is not food and food products for the entry prescribing 5% GST rate on job work services concerning food and food products.

- Supreme Court has the Madras High Court judgement in favour of GST department that inverted duty refund will be admissible only in respect of inputs for goods and not for input services. The court has set aside the Gujarat High Court judgement which declared rule 89(5) of CGST Rules as ultra vires Section 54(3). Referring to the anomalies pointed out by assessees in the computation of input tax credit in value chains involving inverted tax structures, the Supreme Court has also urged the Goods and Service Tax (GST) Council to reconsider the relevant formula and take a policy decision on the matter.

- The GST council has clarified that services outsourced to India or carried out in the country for foreign entities shall not be treated as intermediary services and hence not face 18% GST. The tax authorities had begun treating back-office service providers or business process outsourcing (BPO) entities, as intermediaries and thereby denying export status to their services to overseas entities. Exports are zero-rated under GST and not liable to the tax while intermediaries face an 18% charge.

- The Authority for Advance Rulings (AAR), Gujarat bench has recently held in the case of Adama India that corporate social responsibility (CSR) activities under the Companies (CSR Policy) Rules are excluded from the normal course of business and therefore would not be eligible for input tax credit (ITC) under goods and services tax (GST) laws. Corporates have spent heavily on CSR activities during the pandemic such as providing medical relief by way of oxygen concentrators and sanitisers, to name a few instances and if the same ruling is adopted by the tax authorities, it could result in a huge loss of tax credit.

- To facilitate importers and recipients of supplies from SEZ with Bill of Entry detail which do not auto-populate in GSTR-2A, a self-service functionality has been made available on the GST Portal to search records in GST System and fetch the missing records from ICEGATE. It takes up to 2 days after the reference date for Bill of Entry details to get updated on the GST system and the portal.

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

Income tax

- Following the glitches in the income tax portal, the Central Board of Direct Taxes (CBDT) has extended the due date for income tax returns and the filing of tax audit reports for FY 2021. The due date to file an income tax return has been further extended to December 31, instead of September 30. For those liable to a tax audit, the due date for filing a tax audit report is January 15 and due to file income tax return is February 15. For those liable to file transfer pricing reports, the due date for filing audit reports and certificates is January 31, and the due date to file an income tax return is February 28. Belated or revised income tax returns after the filing of the original return for FY 2021, can now be filed up to March 31, instead of December 31. It is important to note that all taxpayers are required to pay all taxes due in time, and there is no extension or relief for delayed payments of taxes due.
- The Government has extended the due date to link Aadhaar with PAN from September 30, to March 31.
- The Central Board of Direct Taxes (CBDT) has extended the applicability of rates under Safe Harbour Rules, to FY 2021, earlier applicable only from FY 2017 to FY 2019 and later extended to FY 2020 as well, owing to the pandemic. Safe harbour rates provide arm's length price that will be accepted as is by the income tax department for specified international transactions and no further transfer pricing audit or consequent adjustment would be made for such international transactions.
- The income tax department has notified declarations to be filed by senior citizens to get exemption from filing the income tax return for the financial year 2021-22. The latest budget had introduced a new provision for exempting senior citizens of 75 years and above from filing income tax returns if their source of income is only pension and interest from fixed deposits. The exemption from filing a return would be available only if the interest income is earned in the same bank where the pension is deposited.
- To ease the process of filing electronic records in faceless assessment, Income Tax Rules have been amended to provide that electronic records submitted through the income tax portal can be authenticated by the taxpayers using electronic verification code (EVC).
- To provide relief to the taxpayers eligible to file applications under the Income Tax Settlement Commission (ITSC) as of January 31 which was subsequently scrapped, through the Finance Act, 2021, the Central Board of Direct Taxes (CBDT) has allowed such applicants to file applications for settlement till September 30.
- The income tax department is integrating the new e-filing portal with stock exchanges to help tax authorities track inconsistencies between trade transactions and income tax returns filed. The department aims to achieve this integration this fiscal year.
- The Government has allowed losses incurred in previous years by public sector undertakings (PSUs) which are being privatised, to be carried forward and set off, after the change of ownership.

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

Corporate laws

- The Ministry of Corporate Affairs (MCA) has extended the time for holding of Annual General Meeting (AGM) for the FY 2021 by 2 months to November 30.

- The Securities Exchange Board of India (SEBI) has made provisions related to corporate governance, the composition of the board of directors, related party transactions and audit committee applicable to all listed entities with listed non-convertible debt securities with an outstanding value of INR 500 crore and above. Entities have to ensure compliance with the applicable norms within 6 months from the date on which it breaches the aforesaid limit. The regulator had earlier merged Issue and Listing of Debt Securities (ILDS) rules and Non-Convertible Redeemable Preference Shares (NCRPS) rules into a single regulation to be called Issue and Listing of Non-Convertible Securities (ILNCS) Regulations.

- The Securities and Exchange Board of India (SEBI) has cleared the framework to roll out Social Stock Exchanges and Gold Spot Exchanges. According to the new regulations, any recognised stock exchange can launch trading in Electronic Gold Receipts (EGR) in a separate segment. The EGRs will have perpetual validity and can be held for an indefinite period. The creation of the Social Stock Exchange (SSE) is aimed at facilitating fundraising by social entrepreneurs and NGOs to underline the growing importance of ESG (Environmental, Social, and Governance) in India.

- The Securities and Exchange Board of India (SEBI) has eased the delisting framework to boost mergers and acquisitions in the country. Under the new delisting framework, the acquiring company which seeks to delist the target company must put forth a proposal for a higher price for delisting with suitable premiums over the open offer price. The acquiring company will not be required to reduce its holding to 75% before offering such proposals.

- The Securities and Exchange Board of India (SEBI) has tightened the related party transactions norms as the same have been misused in the past for siphoning of funds. The related party transactions shall now also cover shareholders holding 10% or more stake in the company. The related party transactions require audit committee approval.

- The Securities and Exchange Board of India (SEBI) has amended the framework for the issuance of superior voting rights shares, as only a few companies were able to take its advantage. Superior voting rights shares can only be issued by individuals who are part of the promoter group with a net worth less than INR 500 crore. This threshold has now been increased to INR 1,000 crore. Also, the minimum gap between the issuance of such shares and the IPO has been reduced to 3 months from 6 months.

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

Customs and foreign trade

- The Directorate General of Trade Remedies (DGTR) has recommended an extension of the existing anti-dumping duty imposed on the imports of the axle for trailers from China. The anti-dumping duty on the product was imposed in November 2016. The directorate has also recommended the imposition of the duty on Caprolactum, used in the nylon industry, to safeguard domestic manufacturers from cheap imports from Russia, Korea, the European Union, and Thailand. The recommended duty ranges between USD 67.79 per tonne and USD 560.82 per tonne.

- The Directorate General of Trade Remedies (DGTR) has recommended anti-dumping duty on imports of Hydrofluorocarbon (HFC) Blends, used in the refrigeration and air conditioning, imported from China with recommended duty between USD 1553.45 per tonne and USD 2250.56 per tonne. Imposing anti-dumping duty is permissible under the World Trade Organization (WTO) regime where India and China are both members, to ensure fair trading practices and a level-playing field for domestic producers vis-a-vis foreign producers.

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

Banking and finance

- The Government has allowed 100% foreign direct investment (FDI) in the telecom sector under the automatic route with safeguards, as applicable. Until now, only 49% FDI was allowed under the automatic route in the telecom sector while foreign investments beyond the same required specific government approvals.

- National Unified USSP Platform (NUUP), launched by the National Payments Corporation of India (NPCI) has now allowed UPI transactions to work without the internet, using the *99# service and the BHIM app.

- The Indian Computer Emergency Response Team (CERT-In) has issued a warning for a new malware called Drinik that tries to steal online banking login details which are said to be targeting more than 27 Indian banks including major public and private sector banks. Drinik Android malware is spreading in the disguise of income tax refund and it is a banking trojan capable of phishing screens and persuading users to enter sensitive banking information. A victim may receive an SMS containing a link to a website that looks similar to the income tax department where the person would be asked to enter personal information and download and install the malicious APK file to install an android app that masquerades as the Income Tax Department app.

- The Reserve Bank of India (RBI) has issued a Master Direction on loan transfers, requiring banks and lending institutions to lay down a comprehensive board-approved policy for such transactions, which has specific guidelines for minimum quantitative and qualitative standards relating to due diligence, valuation, requisite IT systems for capture, storage and management of data, risk management and periodic Board level oversight, amongst others. RBI has also prescribed the minimum holding period for different categories of loans after which they shall become eligible for transfer. Loan transfers are resorted to by lending institutions for liquidity management, rebalancing of exposures and strategic sales. The provisions of the master direction apply to all banks, non-banking finance companies (NBFCs), housing finance companies (HFCs), NABARD, NHB, EXIM Bank, and SIDBI.

- Automatic payment of recurring expenses for various services including recharge and utility bills shall be rejected from October 1, if the additional factor of authentication (AFA) has become mandatory. Earlier in December, the Reserve Bank of India (RBI) had directed all banks including RRBs, NBFCs, and payment gateways that the processing of recurring transactions whether domestic or cross-border using cards or Prepaid Payment Instruments (PPIs) or Unified Payments Interface (UPI) under arrangements/practices must comply with additional factor authentication. As part of risk mitigation measures, RBI announced this step to bolster the safety and security of card transactions. However, owing non-readiness of the players, RBI was forced to extend the deadline till September 30. Under the new norms, banks are being required to inform customers in advance about recurring payments due and transactions would be carried out only after approval from the customer. For recurring payments above INR 5,000, banks are required to send a one-time password to customers as per the new guidelines.

- Cheques of Allahabad Bank, Oriental Bank and United Bank of India have become invalid from October 1 onwards.

- Suryoday Small Finance Bank has informed its customers that it will shut down its automated teller machines (ATMs) from October 1 onwards, owing to operational reasons. The customers can, however, continue to use their cards on other bank ATMs.

- WhatsApp Payments has introduced the rupee symbol '₹' in its chat composer to help Indian users make seamless payments through the messaging service and has unveiled the symbol at the Global FinTech Festival (GFF) 2021. The company is also adding a quick response (QR) scanning support to its camera icon on the message composer page.

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

Accounting and auditing

- The National Financial Reporting Authority (NFRA) has recommended the Institute of Chartered Accountants of India (ICAI) to carry out a regulatory impact assessment for proposed revision to accounting standards. ICAI had earlier submitted an approach paper for revision of existing accounting standards for companies that are not required to follow the Indian Accounting Standards (IndAS). 18 out of a total of 32 Accounting Standards (ASs) are expected to be revised once this revision project is completed and approved.

- National Financial Reporting Authority (NFRA) has sought comments from stakeholders and public, if the Micro, Small and Medium Enterprises (MSMEs) should be exempted from the mandatory statutory audit under the Companies Act, 2013, depending upon certain criteria and thresholds, to remove undue burden and cost on the regulated entities. It is expected that NFRA may exempt the corporate MSMEs from mandatory statutory audits, in near future.

- National Financial Reporting Authority (NFRA) has requested the Institute of Chartered Accountants of India (ICAI) to reconsider the criteria for mandatory applicability of Indian Accounting Standards (IndAS) to cover aspects like turnover and borrowings from banks. IndAS is mandated for public interest entities that satisfy the criteria of listing in stock exchanges and the net worth of companies. NFRA has requested for an Approach Paper to be developed transparently after extensive nationwide consultation.

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

Payroll and Personal Savings

- The Atal Bimit Vyakti Kalyan Yojana (ABVKY) is a welfare measure for employees registered with Employees State Insurance Corporation. The scheme was introduced with effect from July 1, 2018, on a pilot basis for a period of 2 years initially, however, has been extended several times and is now applicable up to June 30, 2022. The rate of unemployment relief under the scheme has also been increased to 50% of the wages from 25% along with relaxation in eligibility conditions. The relief becomes due for payment 30 days immediately after unemployment and the claim has to be submitted directly to the ESIC Branch Office. Claims can also be submitted online on www.esic. along with submission of the physical claim with an affidavit, photocopy of Aadhaar card and bank account details to the ESIC Branch Office by post or in person. The maximum period for which allowance shall be granted is 3 months, for once in a lifetime.

- Central Government has announced INR 50,000 compensation to the kins of COVID-19 victims under the State Disaster Response Fund (SDRF), on the recommendations of the National Disaster Management Authority (NDMA).

- Overall employment in India has increased by 29% from the base year of 2013-14, according to the All-India Quarterly Employment Survey (AIQES) report. The report is based on a survey of 10,593 firms that employ more than 10 workers. The IT/BPO sector recorded the highest growth of 152% amongst the nine sectors surveyed. Health and transportation sectors stood at second and third place, in terms of employment opportunities provided.

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

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

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

Economic Indicators

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

Indicator	As on	Current	Prior
GDP Growth (%)	Jun-21	20.1	1.6
Inflation (%)	Aug-21	5.30	5.59
Unemployment (%)	Jul-21	7.0	9.2
Trade Balance ($m)	Sep-21	−22,940	−13,810
GOI Bond 10yr (%)	Sep-21	6.24	6.22

- The movement in the major indices of various stock exchanges, during September, 2021 was as follows:

Equity Index	Country	%
NIFTY 50	India	+1.20
BSE SENSEX	India	+1.09
INDIA VIX	India	+18.34
NIFTY BANK	India	+1.26
DOW JONES	USA	−2.95
NASDAQ	USA	−5.19
S&P 500	USA	−3.93
FSTE 100	UK	−1.56
NIKKEI 225	Japan	−1.23
SHANGHAI COM	China	−0.38
MOEX	Russia	+2.13
CAC 40	France	−2.58
DAX	Germany	−3.96
ASX 200	Australia	−4.48
BOVESPA	Brazil	−3.45
KOSPI	South Korea	−5.68
HANG SENG	Hong Kong	−5.12

- The movement in the major commodities futures with latest expiry, during September, 2021 was as follows:

Commodity	Expiry	Price	%
Gold	Dec 3	46,500	−1.27
Silver	Dec 3	60,525	−4.42
Crude Oil	Oct 19	5,630	+11.93
Natural Gas	Oct 26	421	+28.61
Aluminum	Oct 29	228	+8.28
Copper	Oct 29	710	+0.18
Cotton	Oct 29	29,010	+14.48

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

Currency Pair	Current	Prior	%
INR/1 USD	73.69	74.30	+0.82
INR/1 GBP	101.12	101.93	+0.80
INR/1 EUR	86.47	87.24	+0.89
INR/100 YEN	66.66	67.73	+1.58

- Movement in the major cryptocurrencies during September, 2021 was as follows:

Currency	Pair	Price	%
Bitcoin	BTC/USD	47,549	−0.99
Ethereum	ETH/USD	3,269	−1.85
Tether	USDT/USD	1.00	0.00
XRP	XRP/USD	1.01	−11.02
Btc Cash	BCH/USD	538.80	−16.85

- Bitcoin network has reached milestone of producing 7 million blocks, in a period of 12 years since the creation of the genesis block. Bitcoin continues to attract investors as the virtual currency has taken less than 2 years to reach the latest milestone from the previous 6 million mark on October 18, 2019. Bitcoin network had produced its millionth block back in December 2010.

Indian corporates

- **TATA consortium** has received a contract from Government to manufacture 40 aircraft in India for the Indian Air Force. The Government has cleared the long-pending deal for procuring 56 C-295MW transport aircraft to replace the ageing fleet of Avro 748 transport aircraft that first flew in 1961. 16 new aircraft will be delivered in flyaway condition by Airbus from Spain in the next 48 months while the balance of 40 aircraft will be manufactured by the TATA Consortium over the next 10 years. This is the first defence contract the European firm Airbus has signed with India since the 1960s despite being in the country for over five decades. It is also the first project in India where a military aircraft will be manufactured by a private company. Although the cost negotiations were completed 6 years ago, the deal was on hold due to financial issues and prioritisation of other projects.

- **Reliance Jio** has announced that the company is postponing the launch of JioPhone Next, its debut 4G smartphone which was originally planned to be launched on September 10. The company was forced to postpone the launch owing to the global shortage of semiconductors. Earlier, Mukesh Ambani had introduced the JioPhone Next during Reliance Industries Limited's 44th Annual General Meeting on June 24. The smartphone is co-developed with Google who has recently invested INR 33,737 crore in Jio Platforms.

- **Reliance Jio** is in discussions for acquiring a stake in mobile content provider Glance InMobi Pte who provides content on the lock screen. Glance was founded in 2019 and has around 130 million daily active users. It is also the owner of the short video platform Roposo.

- **Adani Group** has announced that the companies would invest USD 20 billion in renewable energy generation, component manufacturing, transmission and distribution over the next 10 years. Gautam Adani has told investors that the group aims to produce the least expensive green electron in the world.

- **HDFC Bank** has announced a partnership with Paytm, to offer co-branded credit cards to businesspersons, millennials and merchants. The HDFC Bank-Paytm co-branded credit cards will be launched in October during the festive season to tap into the high consumer demand for credit cards, equated monthly instalments (EMIs), and buy now pay later (BNPL) options and the full suite of products is expected to be offered by end of the year.

- **HDFC Limited** has announced a special limited period home loan offer starting 6.7% for the upcoming festival season, applicable to all new loan applications irrespective of the loan amount or employment category. The special rate is linked to the borrower's credit score and will be valid till October 31.

- **Reliance Industries** has set up a new 100% owned subsidiary 'Reliance International Limited' in UAE for trading crude oil, petroleum products, petrochemicals, and agricultural commodities. The company has invested INR 7.42 crore or USD 1 million for equity shares of USD 1 each. No government approvals or regulations were required for the said investment.

- **Vodafone Idea** and other telecom companies have received a big breather as Government has cleared relief package for the telecom companies. The relief package comes amid an emerging duopolistic market in the telecom sector with Reliance Jio and Bharti Airtel dominating the market, while Vodafone Idea was on brink of its shut down, and BSNL has failed to attract customers over the past decade. The relief package which is estimated to be INR 9 lakh crore comprises of the following:

  1. four-year moratorium on the unpaid AGR dues as well as a reduction in spectrum usage charges;
  2. the interest on the spectrum charges to be counted on an annual basis, instead of a monthly;
  3. foreign direct investment limit on telecom companies to be raised to 100% to promote foreign investments in Indian telecom sector
  4. auctions will be valid for 30 years as against 20 years earlier;
  5. sharing of the spectrum to be allowed for free.

- **Alliance Air, IndiGo and SpiceJet** are set to launch new flight routes in India under the Government's UDAN scheme. Aviation Minister has announced that 50 new flight routes are set to be launched under the Government's UDAN scheme in the next 100 days. Alliance Air will launch 6 new routes, IndiGo and SpiceJet will launch 4 new routes each. In addition, Fly Big and Star Air will also launch 8 new routes each. The Government is targetting the operationalisation of airports in Keshod in Gujarat, Deoghar in Jharkhand, Gondia and Sindhudurg in Maharashtra, and Kushinagar in Uttar Pradesh, by November 30.

- **United Breweries, Carlsburg India** and All India Brewers Association (AIBA) amongst others have been fined by the Competition Commission of India (CCI) over INR 873 crore for cartelisation of beer and anti-competitive practices.

- **Tata Consultancy Services (TCS)** has won a major deal from the Multi Commodity Exchange (MCX) to build a new technology platform for trading as well as post-trade functions.

- **Ruchi Soya** has been questioned by the Securities and Exchange Board of India (SEBI) to explain why the yoga guru Baba Ramdev has violated the regulatory norms by attempting to lure his followers to invest in Ruchi Soya's stock. In a viral video, Baba Ramdev was heard saying "I will give you the mantra to become Crorepati. To trade in shares, you need a Demat account. So, open a Demat account today".

- **Zee Entertainment** has filed a lawsuit with the Bombay High Court requesting the court to declare the requisition notice of its shareholders Invesco Developing Markets Fund and OFI Global China Fund LLC to hold an extraordinary meeting (EGM) as 'illegal and invalid'. Georgia-based Invesco and OFI Global China Fund own a 17.88% stake in ZEE. On September 11, the investors sent a notice to Zee, requesting to convene a general meeting to discuss various issues including the removal of MD Punit Goenka and two other directors from the company's board. The investors have also sought the introduction of 6 new independent directors on the company's board.

Public sector undertakings

- **State Bank of India**, Bank of India and Union Bank of India, amongst others shall breathe a relief as Piramal as the same is expected to result in recovery of 43% of their pending dues, where lenders include State Bank of India, Bank of India and Union Bank of India, amongst others.

- **National Thermal Power Corporation (NTPC),** India's coal power leader, is looking forward to raising INR 150 billion through an initial public offering in three units consisting of its renewables business and through the collaboration of a joint venture stake. The state-run generator is also planning to sell shares in NTPC Renewable Energy Limited.

- **Tehri Hydro Development Corporation (THDC)** and North Eastern Electric Power Corporation (NEEPC) have been asked to bid for solar and wind projects. The power and new & renewable energy minister had recently carried out review meetings with the company.

Startups

- **Ola Electric** has announced that it will employ over 10,000 women at its factory. Ola Electric's Future factory in Tamil Nadu is expected to be run entirely by women and shall be the largest all-women factory in the world. The first batch of women employees at Ola Electric's manufacturing plant has already been included on rolls.

- **Meesho**, Bengaluru based e-commerce platform has announced that it has raised an additional USD 570 million in its latest funding round. This has led the valuation of the company to USD 4.9 billion, doubled in less than 6 months. The series F funding was led by Fidelity Management and Research Company and Facebook co-founder Eduardo Saverin's B Capital Group.

- **Climeworks AG**, a Swiss startup that specialises in capturing carbon dioxide directly from the air has partnered with Icelandic carbon storage firm Carbfix to develop a plant to suck out up to 4,000 tonnes of Carbon Dioxide per year which is equal to the annual emissions of about 790 cars. According to the International Energy Agency's report last year, global CO_2 emissions have totalled 31.5 billion tonnes. Direct air capture is one of the few technologies of extracting carbon dioxide from the atmosphere which is viewed by scientists as vital to limit global warming. Presently, 15 direct air capture plants are operating worldwide which capturing more than 9,000 tonnes of CO_2 per year, according to the IEA. US oil firm Occidental is currently developing the largest direct-air-capture facility, to annually pull 1 million tonnes of CO_2 from the air.

- **Paytm,** the digital payments leader has purchased a 100% stake in Urja Money Private Limited, a company that delivers a loan management system through its proprietary solution, CreditMate. The founders of CreditMate have sold their entire stake to Paytm.

Equity markets

- **Oyo Hotels** is expected to file for an INR 8,000 crore initial public offering (IPO) without offloading any of the promoter group shareholdings. The company backed by Softbank has appointed Kotak Mahindra Capital, JP Morgan and Citigroup to manage its IPO.

- **Policybazaar**, India's largest online insurance aggregator, is filing IPO to raise INR 6,000 crore. The fintech startup earns 95% of its revenue from commissions from insurance companies for their selling policies.

- **Paradeep Phosphates** has filed IPO to raise INR 1,255 crore. The company intends to use the proceeds to set up a fertiliser manufacturing unit in Goa, for repayment of debt and also for other general corporate purposes.

- **Adani Wilmar**, a joint venture of Adani Group and Singapore-based Wilmar, known for edible oil 'Fortune', has planned to launch an IPO to raise INR 4,500 crore from the equity market. SEBI had earlier put its approval for the draft prospectus on hold, however, now the IPO has received a green signal.

- **Keventer Agro**, the Kolkata based company, has filed

IPO to raise INR 350 crore. Keventer Agro manufactures, packages, markets and distributes products such as Frooti, Appy, B Fizz, Appy Fizz, Bailley and Smoodh.

- **Seven Islands Shipping**, a Mumbai-based crude oil carrier and the seaborne logistic company are planning to raise INR 600 crore through IPO. The company intends to buy new vessels for crude oil transportation.

- **Aadhar Housing Finance**, the company backed by Blackstone Group, is looking to raise INR 7,300 crore through IPO to increase the firm's capital base.

- **Healthium Medtech**, a company that specialises in surgical, post-surgical products and consumables has filed a draft red herring prospectus (DRHP) for its initial public offering (IPO). The IPO is expected to consist of a fresh issue of shares worth INR 390 crores and also offer for sale from existing shareholders and promoters worth INR 3.91 crore. The company is promoted by London based equity fund Apax Partners who acquired stake in the company in 2018.

Global conglomerates

- **Alipay** is the new target of the Chinese Government who aims to tighten its control over tech firms and as a part of the same wants to break up Alipay - China's biggest payments app and instead create a separate loans app. The company is also expected to be forced to submit the user data that it uses to make its loan decisions to a new credit-scoring firm that is partially state-owned. The Chinese Government also aims at directing delivery and ride-hailing firms to protect workers and force tech giants to stop blocking each other's website links from their platforms. Last month, globally listed Chinese firms lost USD 1 trillion of market value owing to regulatory scrutiny.

- **PricewaterhouseCoopers (PwC),** the accounting and consulting firm, has permanently allowed its 40,000 employees in the United States to work remotely from anywhere, the first in the accounting industry to make full-time virtual work available to client-facing employees. The human resource and legal staff who do not need to face clients have already been availing the facility to work virtually full-time. Client-serving employees can now choose to work virtually and will be required to visit the office for three days a month only to attend in-person appointments, like critical team meetings, client visits and learning sessions. Employees will have to face pay cuts if they move to locations with a lower cost of living, similar to how Google, Facebook and Twitter have dealt with.

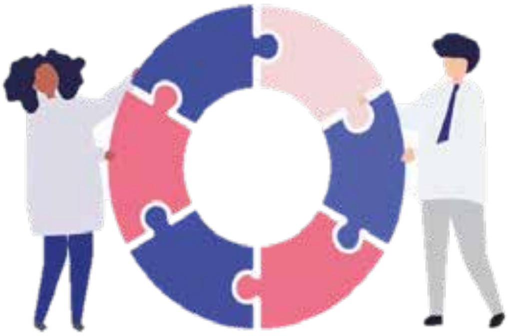
- **WhatsApp** has launched for the first time, an in-app business directory, on a test basis in Brazil which enables users to search for businesses within its app. Since the messaging service does not display advertisements, it has increasingly courted business users with a specialized app for small firms and APIs for larger businesses to connect their systems with the platform and in turn, generating revenue for itself.

- **Google** has allegedly stifled competition and imposed one-sided contracts on devices as well as with app makers to ensure its products and apps retain the supremacy and preference of the users, according to the latest investigation reports of the Competition Commission of India (CCI). Youtube, Chrome and Play Store are the key services under the regulator's scanner.

Miscellaneous

- **Sonu Sood**, the actor and philanthropist, has become the latest target of the income tax department as the department conducted an 'income tax survey' at the actor's residence and 28 other premises spread over Mumbai, Lucknow, Kanpur, Jaipur, Delhi and Gurugram as part of the operation. According to the tax department, Sonu Sood has allegedly evaded INR 20 crore taxes by routing unaccounted money through bogus unsecured loans from many entities. The controversial section 68 which levies the tax on any sum credited in the taxpayer account for which the assessee does not explain, is being widely used by the tax department, and several cases in this respect are pending with tax authorities, at various levels.

Amount paid for use of software is not 'Royalty'. "During the assessment year 1997-98 and 1998-99, several payments were made to foreign parties for the license to use the software. However, no tax has been deducted at source and thus, following section 40(a) these expenses must be disallowed. Therefore, I have reason to believe that income has escaped assessment as the assessee has failed to disclose material facts in the return filed. Reassessment proceedings are …



Bitcoin – The journey so far In 2008, when the world met eyes with reality, as the global financial crisis emerged, an anonymous person 'Satoshi Nakamoto' was developing a new 'peer to peer network' to create a system for electronic transactions without any third party involved – a system like nature, where trust is no longer required, as the network is capable of taking care of itself based on cryptography. The result of the same was the first cryptocurrency …

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

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

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