GREEN DIGEST

EVERYTHING THAT CONCERNS YOUR MONEY

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ARGENTINA

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ABOUT US

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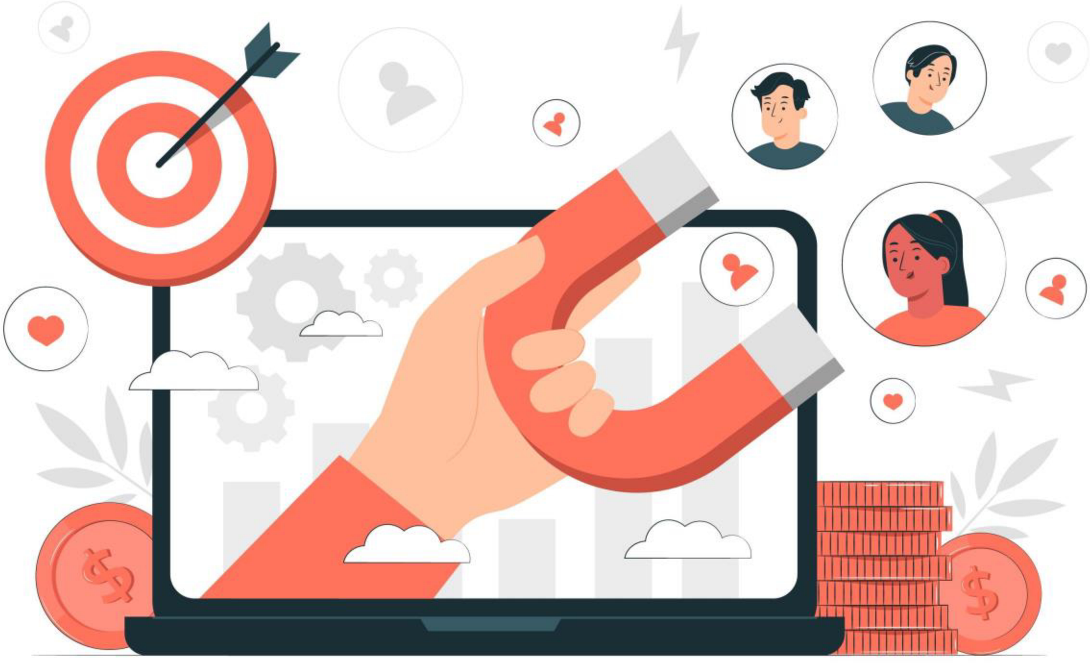


THE BIG STORY

Greenvissage

Argentina's tango with transformation – The daring dance of Dollarisation – Can the US Dollar save the Argentine Peso?

Introduction

Argentina, a nation with a rich history and vibrant culture, has long been plagued by economic instability. Chronic inflation, currency depreciation, and recurrent debt crises have cast a shadow over the country's economic prospects, hindering its growth and impoverishing its citizens. In the grand spectacle of global economics, Argentina has chosen a partner for a daring tango – a dance of economic transformation and resilience. Javier Milei, the new President of Argentina, had earlier promised during election campaigns that if elected president, he would implement a full dollarization of the Argentine economy. This means Argentina would abandon its Peso and embrace the US dollar as its primary means of exchange. Milei argues that dollarization would be a necessary step to break Argentina's cycle of chronic inflation. He believes that the peso is too volatile and susceptible to manipulation by the government, which has led to rampant inflation over the years. By adopting the dollar, Argentina would gain the stability it needs to attract investment and grow its economy. This shift would have far-reaching implications for the Argentine economy, potentially offering a path towards stability and prosperity. So, the stage is set against the backdrop of historical financial turbulence, where the Argentine peso has stumbled, leaving the nation in a perpetual struggle for stability. As Argentina holds its breath in anticipation, the central question lingers, can dollarisation emerge as a cure for an economy shackled by runaway inflation?

What is Dollarisation?

Dollarization, also known as currency substitution, is the adoption of a foreign currency, most commonly the United States dollar (USD), as a parallel or official currency alongside or instead of the domestic currency. This can happen either formally, through government policies, or informally, as individuals and businesses opt to use foreign currency more commonly than domestic one. Full dollarization occurs when the foreign currency becomes the sole legal tender, effectively replacing the domestic currency. This is the most extreme form of dollarization, and it is relatively rare. Partial dollarization occurs when the foreign currency is used alongside the domestic currency. This can be done in a variety of ways, such as using foreign currency for large transactions or savings while using domestic currency for everyday purchases.

Countries with high inflation rates and weak currencies often find stability in dollarization. In 2000, Ecuador became the first country in modern history to fully dollarize its economy. El Salvador too adopted dollarization in 2001. Panama is using the US dollar as its official currency since 1903, while Timor-Leste adopted the same in 2000. Kosovo and Montenegro have been using the Euro since 1999 and 2002 respectively. Zimbabwe too adopted dollarisation in 2009, after experiencing hyperinflation for several years.

The stability of the foreign currency helps to stabilize the domestic economy and reduce inflation. Investors become more likely to invest in countries with stable currencies, which leads to increased economic growth. Businesses can also avoid the costs and risks of currency exchange when trading with other countries. However, this also means that the government will lose the ability to control its own money supply and interest rates, which can make it difficult to respond to economic shocks. The government will also have to borrow in foreign currency, which can be more expensive than borrowing in domestic currency.

Current state of the Argentine economy

Argentina's economic situation has been characterized by periods of stability and instability, with high inflation, currency depreciation, and recurrent debt crises being common challenges. The country has a long history of economic volatility, and it has experienced several economic crises in recent decades. In 2023, the annual inflation rate was estimated to be 72.4%, according to the International Monetary Fund (IMF). This is significantly higher than the global average of 6.6%. High inflation has eroded the purchasing power of Argentines and has made it difficult for businesses to plan for the future. In 2023, the peso depreciated by 52.3% against the US dollar, making it one of the worst-performing currencies in the world. This has made it more expensive for Argentines to import goods and services, and it has also made it more difficult for the government to service its external debt. The country has defaulted on its debt three times since 2001, with the most recent default being in 2020. This has made it more difficult for Argentina to borrow money from international lenders, and it has also contributed to the country's high inflation rate. The IMF has forecast that Argentina's economy will contract by 1.6% in 2023, but it is expected to grow by 1.1% in 2024. Inflation is expected to slow to 60.5% in 2023 and 31.4% in 2024. However, these forecasts are subject to significant uncertainty, and the country is still at risk of another economic crisis. Thus, Argentina needs to find a way to bring inflation under control to create a stable economic environment. It also needs to strengthen the value of the peso to make it more competitive internationally. Further, the government needs to reduce its public debt burden to improve its fiscal position and regain access to international capital markets.

Why is Argentina opting dollarisation?

One of the primary benefits of dollarisation is its potential to curb hyperinflation. By using a stable and globally recognized currency like the US Dollar, Argentina could achieve price stability, providing confidence to consumers and businesses. A stable currency often leads to lower interest rates, making it more attractive for foreign investors to put their money into the country. This can stimulate economic growth by providing businesses with cheaper access to capital. Conducting trade in a widely accepted and stable currency can simplify international transactions. Dollarisation can enhance Argentina's competitiveness in the global market and reduce currency-related risks for businesses engaged in international trade. Adopting a foreign currency may act as a check on fiscal imprudence. With limited control over the money supply, the government is incentivized to pursue responsible fiscal policies, avoiding excessive spending and deficits. Businesses and consumers face less uncertainty in a dollarized economy, as they are not exposed to the risks associated with currency depreciation. This stability can lead to increased investment and improved economic planning. Dollarisation can also protect the value of people's savings, offering a more secure store of value compared to a volatile domestic currency. This can lead to increased confidence among consumers and businesses.

Conclusion

Dollarisation has been implemented in various countries around the world, and its success or failure is often context-dependent. Different nations have experienced different outcomes based on their unique economic and political circumstances. In the countries opting for Dollarisation, the adoption of the US Dollar has brought stability to prices, interest rates, and the overall economy. It has also helped to restore confidence and attract foreign investment. However, such countries have also faced challenges such as a loss of control over monetary policy, and a limited ability to address economic shocks. The move has generated both support and criticism, however, its long-term success is yet to be determined. It's essential to recognize that the success of dollarisation depends on a variety of factors, including the specific economic conditions of the country, the level of public and political support, and how well the transition is managed. Thus, as Argentina navigates uncharted waters, it would be exciting to see whether dollarisation works as a lifeline for the country that desperately needs to revive its economic fortunes or a gamble with far-reaching consequences.

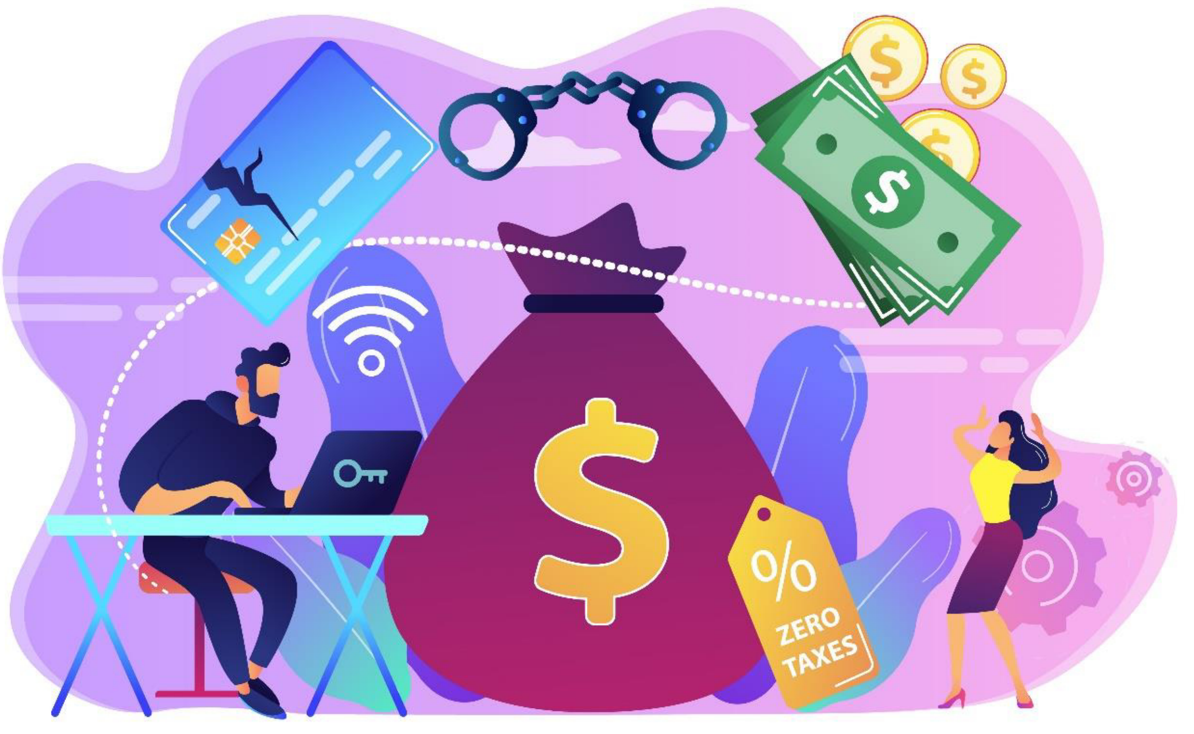
(References – Indian Express, Live Mint, The Hindu)

EXPERT OPINION

Greenvissage

Risk weighted asset – How RBI is making consumer loans expensive without touching the policy rates!

By Amit Chandak, Managing Partner, Greenvissage



Introduction

In the intricate world of finance, where risk lurks in the shadows and rewards beckon from the horizon, the Reserve Bank of India (RBI) assumes the role of a vigilant maestro, orchestrating a delicate balance between the thrill of financial endeavours and the necessity of safeguarding economic stability. As the custodian of monetary policies, the RBI crafts a melody that harmonizes risk and rewards for banks, ensuring a dynamic equilibrium in the ever-evolving world of finance. It's a dance where caution spins with ambition, and the consequences of each move echo through the corridors of the financial realm. Yet again, RBI has made a very small change, however, its impact will be felt by the entire economy.

The Reserve Bank of India (RBI) has a proactive stance on consumer loans and credit cards due to concerns about the aggressive lending behaviour of banks and the rising levels of defaults in these segments. The central bank has observed a significant increase in unsecured loans, especially in the range of INR 10,000 to INR 50,000, with a staggering 48% growth. Simultaneously, defaults in the personal loan category have risen to 8.1%, surpassing the overall bad loan ratio in the retail segment. The RBI is worried that such rapid growth in unsecured loans, which lack collateral, could pose a risk to the stability of the banking sector. To curb this trend and encourage responsible lending practices, the RBI has recently directed banks to increase the risk weight for certain types of loans. Unsecured personal loans and loans provided to non-banking financial companies (NBFCs) now carry higher risk weights of 125%, up from the previous 100%. Additionally, the risk weight for credit cards has been elevated to 150%. Essentially, the RBI's move is a preemptive measure to address potential financial risks arising from the exponential growth in consumer loans and credit cards, promoting a healthier and more sustainable banking environment. However, for the bank, it means more idle funds that wouldn't generate returns for the company.

What are capital adequacy norms?

Imagine you're running a lemonade stand. You've invested your money in buying lemons, sugar, and a stand, and you're making a profit by selling lemonade. Now, think about what might happen if something unexpected occurs, like a sudden rainstorm ruining your lemons or a group of customers not paying for their drinks. In the world of banking, similar unexpected events can happen. Banks lend money to people and businesses, invest in various things, and operate with the expectation of making a profit. However, banks too are exposed to several risks, including credit risk (default by borrowers), market risk (fluctuations in interest rates, exchange rates, and other financial markets), operational risk (risks associated with internal processes, systems, and external events), and liquidity risk (inability to meet short-term obligations). Banks, in their essence, operate by accepting deposits and redistributing these funds through loans. The difference between the rate of interest is the earnings of the bank. However, if any borrower defaults on their loan, or the investments of the bank do not fetch positive returns, the bank will run out of money. Adequate capital acts as a safety net to absorb losses that may arise from these risks.

Suppose a bank has assets as follows – INR 100 crore as loans to customers, INR 30 crore as investments, INR 20 crore as cash and reserves, and therefore, in total INR 150 crore assets. At the same time, the bank also has the following liabilities – INR 120 crore customer deposits, INR 10 crore borrowings from other banks and therefore, in total, INR 130 crore liabilities. In this case, the difference between assets and liabilities is INR 20 crore which is the capital of the bank. This also means that the bank can suffer losses of up to INR 20 crore on its assets and still pay back its liabilities. Now, if customers default on their loans to the tune of INR 30 crores, the assets of the company would fall short of the total liabilities and therefore, the bank would run out of money to pay its customers. In today's complex financial world, there can be several reasons that can lead the bank to such a situation. In such cases, the depositors lose their confidence in the bank and the banking system. To avoid such situations, the Reserve Bank of India (RBI) specifies the minimum capital that each bank must maintain to avoid such situations.

Capital adequacy refers to the amount of capital that financial institutions, such as banks, need to maintain to cover potential losses arising from various risks they face in their operations. This capital acts as a financial cushion that can absorb losses. In the event of unexpected financial setbacks, such as a high level of loan defaults or a significant decline in the value of investments, a well-capitalized bank can absorb these losses without jeopardizing its solvency. Various norms surround the capital adequacy requirements which are specified by the RBI and also monitored regularly. The capital adequacy ratio (CAR) is one of the key components of this requirement. The CAR is calculated as follows – (Tier 1 Capital + Tier 2 Capital) / Risk-weighted assets.

What are risk-weighted assets?

The RBI mandates a minimum capital requirement, typically set at 9% of the total loans disbursed. However, the complexity deepens with the introduction of risk-weighting. This regulatory approach acknowledges that not all loans carry the same level of risk. For instance, a home loan, secured by collateral, is deemed less risky than an unsecured personal loan. To reflect this, the RBI assigns risk weights to different loan types, influencing the amount of capital banks need to set aside. These weights are assigned to various categories of loans based on their perceived risk levels, reflecting the likelihood of default and the potential impact on the financial institution if the borrower fails to repay. By assigning different weights to different types of loans, regulators aim to incentivize banks to engage in prudent lending practices and discourage excessive risk-taking. Risk weights also encourage diversification in lending portfolios. Banks are motivated to distribute their lending across various sectors and types of loans to maintain a balanced risk profile.

Before the latest announcement, the risk weights were as follows – 1) Tier 1 Capital – 0%, 2) Tier 2 Capital – 50%, 3) Government bonds – 0%, 4) Corporate bonds – 20%, 5) Retail loans – 75%, 6) Business loans – 100%, 7) Unsecured loans –

125% and 8) Securitized assets 100% - 125%. However, in its latest announcement, the RBI has increased this risk-weighted capital requirement on loans to consumers to 125%, and on loans given to NBFCs to 150%. This means banks would now have to maintain higher capital to provide the same amount of loan. Suppose, a bank has INR 50 crore as consumer loans in assets which are funded by INR 10 crore Tier 1 capital, and balance through customer deposits. According to the earlier rules, the bank would have a capital adequacy ratio equal to Tier 1 capital INR 4 crore + Tier 2 capital Nil, divided by risk-weighted assets i.e. consumer loan of INR 50 crore x 75% risk weight. This means the bank has a CAR of 10.66% which meets the requirement of 8-9% mandated by RBI. However, after the latest changes, this CAR would become (4 + 0) / (50 x 125%) = 6.4%. This means the bank will have to introduce more capital on its balance sheet to meet the mandatory legal requirement, even though the bank has neither issued any new loans nor suffered any loans.

For banks, this translates into idle money, as the set-aside capital doesn't generate any returns. To compensate, banks might resort to charging higher interest rates on new personal loans. This adjustment, however, isn't limited to traditional banks. NBFCs and fintech partners, integral players in the lending ecosystem, will also find themselves grappling with a double whammy. NBFCs, reliant on borrowing from banks, now face higher interest rates due to increased risk weights. Simultaneously, when these entities disburse loans, they must set aside more capital, adding an extra layer of financial burden. Ultimately, the end borrower bears the brunt, facing higher interest rates as a consequence of the intricate web of regulatory changes. In essence, the RBI's strategic move aims to make borrowing more expensive. By forcing banks to reconsider their lending practices and introducing measures that trickle down to borrowers, the central bank hopes to curb the demand for loans. It's a nuanced approach, a way of indirectly hiking interest rates without the need for a conventional rate hike.

The way forward

Banks are now expected to become more cautious in extending unsecured loans, as the higher RWAs make these loans more capital-intensive. This could slow down the growth of unsecured lending, which could have a ripple effect on consumer spending and economic growth. NBFCs will be subject to even higher capital requirements than banks for their unsecured lending. This could put a strain on their profitability and make it more difficult for them to raise capital. The higher RWAs could make NBFCs less competitive with banks in the unsecured lending market. This could also lead to a loss of market share for NBFCs and a consolidation of the industry. Meanwhile, existing borrowers will have to face higher interest rates on unsecured loans, as banks and NBFCs pass on the increased cost of capital to their customers. New borrowers will find it more difficult to qualify for unsecured loans, as banks and NBFCs become more risk-averse. This could disproportionately affect lower-income borrowers who may have limited access to secured credit. The ultimate impact of the changes will depend on how banks, NBFCs, and borrowers respond to the new regulatory environment.

(Reference – Live Mint, The Hindu Business Line)

GREENVISSAGE EXPLAINS

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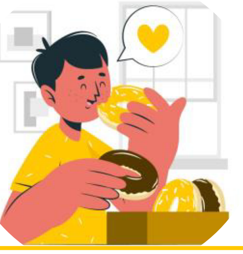

Should there be a higher tax on junk food for public health?

In an era marked by escalating concerns over public health and rising rates of obesity, the debate surrounding the implementation of higher taxes on junk food has gained substantial traction. As the global population contends with the consequences of unhealthy dietary habits, policymakers grapple with the question of whether imposing financial penalties on the consumption of certain foods can serve as a viable solution. In response to soaring health concerns, Colombia has taken a bold step by introducing a tax on junk food, a move aimed at curbing the rising tide of obesity and related health issues. Colombia has introduced a progressive tax on junk food, starting at 10% and set to escalate to 15% next year and 20% by 2025. The strategy is simple – by making high-calorie, low-nutrient products more expensive, authorities hope to discourage excessive consumption, thereby addressing the surge in obesity, diabetes, and heart disease. As India grapples with a similar health crisis stemming from a shift towards fast food and away from traditional, nutrient-rich diets, the question arises: could higher prices on unhealthy snacks and beverages be the antidote to our caloric conundrum? In India, the transition from traditional diets to a penchant for fast food has led to a notable increase in obesity and related health issues. According to the National Family Health Survey (2019-2021), the prevalence of overweight or obese individuals has risen significantly, marking a departure from the previous survey in 2015-16. This shift is attributed in part to the adoption of a more fast-food-centric culture. Globally, taxes have been employed to influence consumer habits, particularly with substances like tobacco and alcohol. When it comes to food, however, the approach is more nuanced. Even the World Health Organization (WHO) has suggested that fiscal policies, such as taxes, can shape diet choices and improve nutritional outcomes, particularly in countries grappling with public health challenges. International examples showcase varying degrees of success. Mexico's sugar-sweetened beverage tax resulted in a significant reduction in purchases of sugary drinks, while Hungary's 'public health product tax' not only decreased sales of taxable products but also prompted unhealthy food manufacturers to reformulate their products. However, implementing a similar tax in India requires careful consideration. Our diverse dietary patterns and socio-economic differences indicate that a one-size-fits-all policy might not be effective. Ensuring the accessibility and affordability of healthier food options is equally vital for the success of such a policy. The Colombian case also sparked a crucial debate about government intervention in public health through policy. In India, with our rich cultural diversity and varied dietary habits, the proposal of a junk food tax raises numerous questions. Can it be the key to a healthier population, or might it face resistance from the public? Well, balancing personal choices, cultural diversity, and collective health in our intricate dietary landscape is a complex challenge that demands careful consideration.

(References – FirstPost, Economic Observatory)

Why are Indian startups reverse flipping?

The Indian startup ecosystem has witnessed a remarkable surge in recent years, with numerous innovative ventures emerging from across the country. However, a trend that has gained traction in recent times is the phenomenon of reverse flipping, where startups that were initially incorporated in offshore jurisdictions are now choosing to relocate their holding companies back to India. Startups that were initially incorporated in offshore jurisdictions, such as Singapore, Mauritius, or the Cayman Islands, relocate their holding companies back to India. This trend marks a significant shift in the perception of India's startup environment, highlighting the growing maturity and attractiveness of the Indian market. Reverse flipping, also known as internalization or homecoming, is a business strategy where a company that was initially incorporated in a foreign jurisdiction transfers its domicile back to its country of origin. This process involves restructuring the company's ownership and control to bring it under the domestic legal and regulatory framework. India's startup ecosystem has matured significantly over the past decade, offering a supportive environment for entrepreneurs with access to funding, talent, and infrastructure. The Indian government has also implemented various initiatives to promote entrepreneurship and attract startups, including tax incentives, ease of doing business reforms, and dedicated startup programs. Besides, India's vast and growing consumer market presents immense opportunities for startups across various sectors, making it an attractive destination for launching and scaling businesses. Simultaneously, India's venture capital and private equity ecosystem has grown considerably, providing ample funding opportunities for startups seeking growth capital. All these reasons have together made an environment that enables startups to thrive and therefore, startups are moving back to India. The online furniture retailer, Pepperfry, initially incorporated in Singapore but relocated its holding company to India in 2021. Urbanladder, its competitor, also shifted its business from Mauritius to India in 2022. PhonePe, the digital payments platform too, was initially incorporated in Singapore but relocated its holding company to India in 2022. Meesho, RazorPay, Groww and Sharechat are some other examples of startups coming back home. Reverse flipping can provide Indian companies with access to a larger pool of capital, including domestic venture capital funds and institutional investors. This can help them fuel their growth and expansion plans. Listing on Indian stock exchanges can also enhance the brand image and credibility of these companies, making them more attractive to investors, partners, and customers. Reverse flipping brings back valuable knowledge and expertise that was developed overseas. This can contribute to the overall growth and development of the Indian economy. As these companies expand their operations in India, they are likely to create new job opportunities, contributing to employment growth and economic development. The return of Indian companies can foster innovation and entrepreneurship in the country, as they bring back new ideas and technologies. Overall, reverse flipping can strengthen the Indian startup ecosystem by demonstrating the viability and potential of domestic companies, and encouraging other entrepreneurs to stay and grow their businesses in India. The trend of reverse flipping can encourage the government to further streamline regulations and improve the business environment, making India more attractive for both domestic and foreign companies.

(References – The Hindu Business Line, Inc42, Mondaq)

What are the Battery Waste Management Rules, 2022?

The Battery Waste Management Rules, 2022, is a significant stride by the Ministry of Environment, Forest and Climate Change, Government of India, toward ensuring the environmentally sound management of waste batteries. The rules mark the Government's commitment to promoting a Circular Economy. Replacing the Batteries (Management and Handling) Rules, 2001, the new regulations encompass all battery types, emphasizing Electric Vehicle batteries, portable batteries, automotive batteries, and industrial batteries. In an era dominated by technological advancements and the rapid proliferation of battery-powered devices, the introduction of the Battery Waste Management Rules, 2022, represents a commendable effort to address the escalating challenge of battery waste. The rules mandate that producers of batteries are responsible for the collection and recycling/refurbishment of waste batteries. This means that producers must either collect and recycle the batteries themselves or pay a designated entity to do so. A centralized online portal will be set up for the exchange of EPR certificates between producers and recyclers/refurbishers. This will make it easier for producers to track their progress in meeting their EPR obligations and for recyclers to get credit for the recycling they do. Producers and recyclers/refurbishers must register online with the Central Pollution Control Board (CPCB). This will help the CPCB to track who is responsible for what and to ensure that everyone is complying with the rules. Environmental compensation will be imposed for non-fulfilment of EPR targets, responsibilities and obligations. This means that if a producer does not meet its EPR obligations, it will have to pay a fine. The funds collected from these fines will be used to fund the collection and recycling of waste batteries. There is also a target for recovery of the battery material — 70% by 2024-25, then 80% by 2026, and 90% after 2026-27 onwards. This means that by 2027, 90% of all waste batteries must be recycled or refurbished. The rules also include providing for the labelling of batteries with information about their chemical composition and recyclability, the establishment of a system for the collection of waste batteries, the development of safe and environmentally sound recycling and refurbishment processes, the training of personnel involved in the handling of waste batteries and the monitoring and enforcement of the rules. However, despite the positive strides, critical gaps within the regulations threaten to impede the efficiency of recycling processes. Current battery labels lack comprehensive information about their chemical composition, making it challenging for recyclers to identify and segregate different types of batteries effectively. This hinders efficient recycling processes and limits the recovery of valuable materials. Meanwhile, battery packs often have intricate assembly methods involving welding, adhesive, and screws, making disassembly challenging and labour-intensive. This complexity increases the cost of recycling and reduces the overall recyclability of batteries. As the volume of spent batteries increases, informal collectors might outprice formal collectors, potentially leading to hazardous recycling practices and safety concerns. Informal recyclers often lack the expertise and infrastructure to handle hazardous battery materials safely and may resort to methods that release harmful substances into the environment. The absence of specific rules governing the storage, transport, and handling of electric vehicle batteries can also pose safety risks.

(References – CPBC, PIB, Mondaq)

COMPLIANCE UPDATES

Greenvissage

Goods and services tax

GST Revenue Collection in October 2023 at Second-Highest Ever The Goods and Services Tax (GST) revenue collection in October 2023 reached Rs 1.72 lakh crore, marking the second-highest collection ever and a significant 13% increase compared to the same month last year. This robust growth in GST collections reflects the strong rebound of the Indian economy and the effectiveness of the GST regime. The consistent rise in GST collections is a positive indicator of economic recovery and the effectiveness of the GST system. (Times of India)

CBIC Releases Updated 23 E-Brochures under GST The Central Board of Indirect Taxes & Customs (CBIC) has released an updated set of 23 E-Brochures under GST, providing comprehensive information on various aspects of the tax system as of November 2023. These E-Brochures cover a wide range of topics, including registration, filing of returns, payment of taxes, and refunds, serving as a valuable resource for taxpayers and GST professionals. (CBIC)

Finance Minister Reviews GST Implementation Finance Minister Nirmala Sitharaman convened a meeting with GST officials to thoroughly review the implementation of the GST regime. The meeting focused on addressing various issues related to GST, including compliance levels, simplification of procedures, and taxpayer outreach initiatives. The minister emphasized the importance of ensuring seamless implementation of GST and addressing any challenges faced by taxpayers. (Business Standard)

GST Council to Meet on December 15 The GST Council is scheduled to meet on December 15, 2023, to deliberate on a range of critical issues, including the proposed rate rationalization of GST and the compensation mechanism for state revenue loss. The council's decisions are expected to have a significant impact on the GST regime and the Indian economy as a whole. (The Economic Times)

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

Income tax

Experts Call for Review of Faceless Tax Assessment Scheme Several industry and trade associations have written to the Central Board of Direct Taxes (CBDT) seeking a review of the faceless tax assessment scheme. The scheme, which was launched in 2020, aims to curb corruption and bring transparency to the tax assessment process. However, experts have said that the scheme is causing problems for businesses, particularly concerning the reconciliation of goods and services tax (GST) and income tax (IT) returns. The experts have called for a more relaxed timeline for reconciliation between GST and IT returns, as well as more understanding of business transactions that may not fit the specified format. They have also said that companies need to maintain meticulous records for the IT department. (Business Today)

11.5 Crore PAN Cards Deactivated for Not Linking with Aadhaar The Income Tax Department has deactivated 11.5 Crore PAN cards for not being linked with Aadhaar. This move comes after the Central Board of Direct Taxes (CBDT) extended the deadline for linking PAN with Aadhaar to March 31, 2023. To reactivate a deactivated PAN card, taxpayers will need to submit an indemnity bond and copies of their last three years' income tax returns to the I-T department. They will also have to pay a penalty of INR 1,000. The Income Tax Department has urged all taxpayers to link their PAN cards with Aadhaar as soon as possible to avoid any inconvenience. (Business Standard)

Ten-Year Period for Assessments Only if Escaped Income Above INR 50 Lakh In a recent ruling, the Delhi High Court has clarified that the extended ten-year period for re-opening income tax assessments should only be applied in cases involving serious tax evasion where evidence of concealing income exceeds INR 50 lakh. The court observed that the Finance Minister's speech and the Memorandum explaining the provisions of the Finance Bill, 2021, indicate that the time limit for re-opening assessments was reduced from six to three years to facilitate ease of doing business. However, in cases where there is concrete evidence of concealment of income of INR 50 lakh or more, the IT authorities can still initiate re-opening proceedings within ten years from the end of the relevant assessment year. This ruling is significant as it provides taxpayers with greater certainty and protection against arbitrary re-opening of assessments. (Times of India)

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

Customs and foreign trade

- **India-UAE Pact Allows TRQ Holders to Import Gold through IIBX** Bullion Exchange Holders of Tariff Rate Quotas (TRQ) under the India-UAE trade agreement are now permitted to import gold through the International Islamic Bullion Exchange (IIBX). This move aims to facilitate smoother gold imports for TRQ holders, providing a more streamlined process through the designated exchange. The agreement is expected to enhance efficiency in gold trade between India and the UAE while ensuring compliance with established regulations. The IIBX Bullion Exchange is set to play a pivotal role in facilitating these transactions, offering a secure and regulated platform for gold imports. This development is likely to impact the dynamics of the gold market and further strengthen trade ties between India and the UAE in the precious metals sector. (Business Standard)

- **DGFT to launch District Export Hubs** The Directorate General of Foreign Trade (DGFT), under the Ministry of Commerce and Industry, Government of India, has taken a significant step towards boosting e-commerce exports and supporting micro, small, and medium enterprises (MSMEs) through the Districts as Export Hubs initiative. DGFT has signed a Memorandum of Understanding (MoU) with Amazon India in the first collaboration with e-commerce platforms. The initiative aims to connect local producers, even in rural and remote districts, with global supply chains, fostering international trade. The collaboration seeks to empower exporters and MSMEs to sell their 'Made in India' products globally, aligning with the Foreign Trade Policy 2023's focus on e-commerce to amplify India's exports. The partnership will involve identifying districts across India, where e-commerce platforms will undertake capacity-building activities in collaboration with DGFT-Regional Authorities. These activities will educate MSMEs on e-commerce exports, covering aspects like digital cataloguing, tax advisory, and more. Under the MoU with Amazon India, 20 districts have been earmarked for capacity-building sessions. DGFT is also in discussions with other e-commerce platforms, such as Flipkart/Walmart, E-bay, Rivexa, Shopclues, Shiprocket, and DHL Express, for similar collaborations in other districts. This initiative aims to facilitate the entry of new and first-time exporters into the global market, contributing towards the ambitious goal of achieving USD 1 trillion in goods exports by 2030. (Press Information Bureau)

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

Corporate and allied laws

- **SEBI to Introduce T+0 Settlement of Trades** The Securities and Exchange Board of India (SEBI) is set to revolutionize the stock market with the introduction of T-0 settlement trade by March 2024, announced SEBI Chief Madhabi Puri. This move aims to significantly reduce the settlement time, allowing transactions to be settled on the same day they are executed. The T-0 settlement system is expected to enhance market efficiency, reduce counterparty risks, and streamline trading processes. Moreover, SEBI envisions an even more instantaneous settlement mechanism by 2025. The plan is to implement a system that enables trades to be settled instantly, further minimizing risks and enhancing liquidity in the market. The introduction of such cutting-edge settlement processes aligns with global trends towards faster and more efficient trading systems. Investors and market participants are likely to benefit from reduced exposure to market fluctuations and quicker access to funds. The move reflects SEBI's commitment to fostering a robust and technologically advanced financial market infrastructure. As India continues to position itself as a key player in the global financial landscape, these initiatives are expected to contribute significantly to the attractiveness and competitiveness of the Indian stock market. (Live Mint)

SEBI Allows Small and Medium REITs The Securities and Exchange Board of India (SEBI) has approved measures to facilitate the listing of Small and Medium Enterprises (SMEs) and Real Estate Investment Trusts (REITs). The move is aimed at encouraging the participation of smaller companies in the stock market and providing investors with additional investment opportunities. The decision reflects SEBI's commitment to fostering a diverse and inclusive market ecosystem. SEBI's approval of measures for SMEs includes relaxed eligibility criteria for listing, making it easier for smaller companies to access capital through the stock market. This is expected to boost the growth of SMEs by providing them with a viable avenue for fundraising. Additionally, the board deferred a decision on delisting norms. While no specific details were provided in the article, it suggests that SEBI is considering changes or updates to the rules governing the delisting of companies from the stock exchanges. Delisting norms is crucial for maintaining market integrity and protecting the interests of investors. (The Hindu Business Line)

SEBI to Simplify Insider Trading Regulations The Securities and Exchange Board of India (SEBI) has initiated a consultation process to revamp and strengthen regulations related to insider trading. The proposed changes aim to address various aspects of insider trading, including refining the definition of insiders, expanding the scope of unpublished price-sensitive information (UPSI), and establishing clear guidelines for legitimate communication of UPSI. Firstly, the minimum cool-off period, the duration between the disclosure of a TP and its implementation, may be reduced from six months to four months. This adjustment aims to streamline the process and expedite trading activities for insiders. Secondly, the minimum coverage period requirement for trading plans could be significantly reduced from twelve months to two months. This change seeks to make the utilization of trading plans more feasible for insiders, allowing them to navigate the market with greater ease. SEBI is also contemplating the elimination of black-out periods, which currently restrict trading during specific timeframes. Doing away with these restrictions is expected to enhance the flexibility of trading plans for insiders. Furthermore, the introduction of price limits is proposed, granting insiders the flexibility to set upper and lower price limits for buy and sell trades. These price limits, within +/-20% of the closing price on the submission date of the TP, aim to add layer of control, ensuring that trades are executed within reasonable price ranges. (Outlook India)

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

Finance and banking

RBI Increases Risk Weights on Unsecured Bank and NBFC Loans by 25% In response to surging unsecured retail loans and concerns about heightened systemic risk, the Reserve Bank of India (RBI) has increased risk weights on unsecured consumer loans, including credit cards, by 25% for both banks and non-banking financial companies (NBFCs). The move aims to mitigate potential threats to financial stability and curb aggressive lending practices. The adjustment affects outstanding and new consumer credit exposure of commercial banks and retail loans of NBFCs, excluding certain categories like housing, education, and vehicle loans. This change, effective immediately, raises risk weights to 125% from the current 100%. Additionally, risk weights on credit card receivables have also been hiked by 25%. The RBI's initiative is part of broader efforts to enhance corporate governance standards and internal resilience within the financial sector. The central bank has also mandated banks and NBFCs to treat all top-up loans against movable assets as 'unsecured loans' for credit appraisal. RBI Governor Shaktikanta Das had previously highlighted concerns about the rapid growth in certain consumer credit components, urging financial institutions to strengthen internal surveillance mechanisms. (The Hindu Business Line)

RBI Mulls Overhaul of Penalty System The Reserve Bank of India (RBI) is contemplating a comprehensive review of its penalty system, with potential changes including an increase in penalty amounts based on the size and importance of regulated entities, repeat offences, and a clawback of payouts to CEOs and key management personnel (KMP), according to a senior regulatory source. State-run banks, already facing scrutiny over compensation packages, could be particularly affected.

Speculation also surrounds the potential imposition of additional capital charges on regulated entities. The move is part of RBI's broader efforts to enhance corporate governance standards within regulated entities, emphasizing its significance. In a recent meeting with the boards of state-run and private banks, RBI Governor Shaktikanta Das focused on governance issues, ethics, the role of boards, and supervisory expectations. This initiative follows recent penalties imposed on Axis Bank, Manappuram Finance, Anand Rathi Global Finance, cooperative banks, and an NBFC for deficiencies in regulatory compliance. The penalties highlight RBI's commitment to maintaining financial discipline and governance standards. (Business Standard)

RBI Supersedes Abhyudaya Cooperative Bank Board The Reserve Bank of India (RBI) has taken decisive action by superseding the Board of Directors of Mumbai-based Abhyudaya Cooperative Bank for 12 months, citing material concerns related to poor governance standards. Former Chief General Manager of State Bank of India, Satya Prakash Pathak, has been appointed as the Administrator to oversee the bank's operations during this period. Despite the intervention, RBI clarified that no business restrictions have been imposed, allowing the bank to continue its normal activities under the guidance of the Administrator. The move follows the central bank's emphasis on streamlining governance and ensuring proper management. Abhyudaya Cooperative Bank, operational since 1964 with 109 branches primarily in Maharashtra, Gujarat, and Karnataka, has affirmed that it will maintain regular banking operations. As of March 2020, the bank reported over 2.23 lakh members, 17.3 lakh depositors, and significant financial indicators, including a Capital Adequacy Ratio of 12.6%. (The Economic Times)

Credit Card Spending Hits INR 1.78 Trillion in October In October, credit card spending by Indians surged by 25.35%, reaching a historic high of INR 1.78 trillion compared to INR 1.42 trillion in September 2023. The growth was fueled by increased point-of-sale (PoS) transactions and robust e-commerce payments during the festive season. PoS transactions rose to INR 57,774 crore, while e-commerce payments reached INR 120,794 crore in October. Leading the industry, HDFC Bank credit card transactions soared to INR 45,173 crore from INR 38,661 crore in September. Other major players also reported significant increases, with ICICI Bank reaching INR 34,158 crore and Axis Bank rising to INR 21,728 crore. SBI Cards, issued by the public sector lender, witnessed a growth in transactions from INR 24,966 crore to INR 35,406 crore. Despite the overall industry growth, concerns about a potential moderation in loan growth have emerged after the Reserve Bank of India (RBI) advised financial institutions to increase risk weights for unsecured lending. Analysts anticipate a slowdown in loan growth for the credit card industry, citing regulatory concerns in certain segments of unsecured lending products. (Business Standard)

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

Accounting and management

ICAI Unveils New Logo for Chartered Accountants The Institute of Chartered Accountants of India (ICAI) revealed a new logo during the Global Professional Accountants Convention (GloPAC), aiming to symbolize unity, diversity, and sovereignty. The design incorporates the tricolour, signifying a commitment to India’s development and portraying a journey towards progress with its dynamic arrangement. The primary blue colour, drawn from the ICAI logo, holds cultural significance, representing divinity, immortality, bravery, and determination, deeply rooted in Indian culture for millennia. The logo's adaptability across digital and analogue platforms is emphasized, ensuring a consistent brand representation and accessibility for stakeholders. The redesign maintains the Institute’s identity while visually embodying a strong connection to India, reflecting its values and dedication to national service. (ICAI)

ICMAI Unveils Refreshed Logo to Energize Cost Accountancy Profession The Institute of Cost Accountants of India (ICMAI) has introduced a new logo for Cost Accountants (CMAs) in a bid to bring a revitalizing change to the cost accounting profession. The fresh design represents a forward-looking approach, signalling new era for practitioners.

The initiative is part of efforts to contemporize the image of Cost Accountants and align with the evolving dynamics of the profession. The revamped logo is a significant step toward reinforcing the relevance and modernization of the cost accounting profession. (ICMAI)

■ **ICAI Proposes Auditing Standards for Limited Liability Partnerships** The Institute of Chartered Accountants of India (ICAI) is taking steps to establish auditing standards for Limited Liability Partnerships (LLPs) following Section 34A of the Limited Liability Partnership Act, 2008. The Central Government, in consultation with the National Financial Reporting Authority (NFRA), is empowered to prescribe auditing standards for specific classes of LLPs. ICAI has submitted recommendations to NFRA proposing the application of 35 Standards on Auditing, originally intended for companies, to be extended to LLP audits. These standards, submitted under Section 143(10) of the Companies Act, 2013, are expected to apply to LLPs with necessary modifications. The Auditing and Assurance Standards Board (AASB) of ICAI has issued an Exposure Draft for these proposed standards on auditing for LLPs, inviting public comments to ensure comprehensive and inclusive guidelines for the audit of limited liability partnerships. (ICAI)

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

Payroll and personal finance

■ **Jharkhand Pioneers Minimum Wage Framework** The Jharkhand government has embarked on establishing minimum wages for gig workers engaged with various app-based companies. The state's labour, employment, training, and skill development department has formed a minimum wages advisory board, including government officials, trade union representatives, and members from the Federation of Jharkhand Chamber of Commerce and Industries (FJCCI). Notably, the board is open to the potential inclusion of representatives from gig worker-employing companies such as Zomato and Swiggy. Jharkhand aims to address the unique challenges of defining minimum wages for gig workers, considering varying work timeframes and payment structures across different platforms. If successful, gig workers may fall under the existing minimum wage defined for unskilled labour, currently at INR 352.38 per day. This proactive move by Jharkhand marks a notable step in labour regulation for the gig economy, distinguishing it as a pioneering state in this regard. (Times of India)

■ **In Focus:** No Cost EMI

1. No-cost EMI, also known as Zero-Cost EMI or Interest-Free EMI, is a payment option that allows customers to purchase goods or services without paying any additional interest or processing fees. The cost of the item is divided into equal instalments, and the customer only pays the principal amount over the specified tenure. misunderstandings. No-cost EMI makes it easier to afford high-ticket items that would otherwise require a large upfront payment. You can choose the tenure that suits your financial situation, ranging from a few months to a year or more.

2. While No-Cost EMI may seem like an interest-free option, there may be hidden charges associated with the financing arrangement. Read the fine print carefully to understand all the associated costs. No-cost EMI can make it easier to impulse buy items that you may not have considered if you had to pay the full price upfront. If you are not disciplined, No-Cost EMI can lead to overspending and accumulated debt. Some retailers may inflate the product price to offset the loss of interest they would have earned from traditional EMIs. Some lenders may impose hidden charges or penalties for late payments or non-fulfilment of the EMI terms. Therefore, carefully review all the terms and conditions of the No-Cost EMI offer to avoid any surprises or

3. To avoid scams, verify the credibility of the retailer and the lender offering the No-Cost EMI option. Understand all the terms and conditions, including the pricing structure, interest charges, processing fees, and penalties. Don't hesitate to ask the retailer or lender if you have any doubts or concerns about the No-Cost EMI offer. Shop around and compare No-Cost EMI options from different retailers and lenders to ensure you are getting the best deal.

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

BUSINESS NEWS

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Government

India Backs UN Plan to Shift Global Tax Reins from OECD India has joined 125 countries in voting in favour of a resolution calling for a 'UN tax convention' that would transform the global tax stratosphere. The resolution, adopted by the UN General Assembly on Wednesday, calls for the creation of an ad-hoc inter-governmental committee to develop a new international tax framework that would be more inclusive and equitable than the current system, which is dominated by rich countries. The move is a significant victory for developing countries, which have long argued that the OECD-led process is unfair and does not adequately represent their interests. India has been a vocal critic of the OECD's Base Erosion and Profit Shifting (BEPS) project, which it says has not done enough to address the issue of tax avoidance by multinational corporations. The new UN-led process is expected to take several years to complete, but it could ultimately lead to a major overhaul of the global tax system. India's decision to join the process is a sign that it is serious about reforming the system and ensuring that developing countries have a greater say in how global tax rules are set. (The Times of India)

Government Launches Unified Portal for Agri-Statistics In a significant move towards transparency and accuracy in agricultural data, the Indian government has introduced a unified portal dedicated to agri-statistics. This new platform aims to provide credible and up-to-date information on various aspects of the agricultural sector. The portal will serve as a comprehensive repository, offering insights into crop production, yield, prices, and other relevant data. The initiative is expected to benefit policymakers, researchers, farmers, and stakeholders by offering a centralized and easily accessible source of agricultural information. By enhancing data credibility, the government aims to strengthen evidence-based decision-making in the agricultural domain. The unified portal is a key step in the government's commitment to modernizing the agricultural sector and supporting informed planning and policy formulation. (The Economic Times)

Economies

S&P Global Increases India's GDP Growth Forecast S&P Global Ratings has revised its economic projections for India, forecasting an upward trajectory for the fiscal year 2023-24 while lowering expectations for the subsequent fiscal year. The global rating agency has raised India's GDP growth estimate for FY24 from 6.4 per cent to 6.9 per cent indicating optimism about the country's economic recovery. However, in a contrasting move, S&P Global Ratings has reduced its growth projection for FY25, from 6.9 per cent earlier to 6.4 per cent, citing various factors that may impact the nation's economic performance. As stakeholders analyze the implications of these adjustments, attention is drawn to the factors influencing India's economic trajectory and the potential policy measures that may shape the country's growth prospects in the coming years. (Live Mint)

Canada's Economy Shows Stagnation, Minor Contraction Expected in Q3 2023 Canada's economy experienced a period of stagnation in August, according to recent data, raising concerns about the overall economic trajectory. The report suggests that various factors contributed to this flatlining, prompting analysts to anticipate a minor contraction in the third quarter of 2023. While the exact causes of the economic slowdown are multifaceted, experts point to global economic uncertainties, supply chain disruptions, and potential impacts of the ongoing pandemic. As policymakers and economists assess the implications of this economic trend, attention is focused on potential strategies to mitigate challenges and stimulate growth in the coming quarters. (Reuters)

Contraction in China's Factory Activity Raises Economic Concerns In an unexpected turn, China's factory activity experienced a contraction in October, signalling potential challenges for the world's second-largest economy. The contraction, contrary to earlier forecasts, adds a layer of uncertainty to China's economic outlook. Analysts attribute this surprising downturn to various factors, including supply chain disruptions, energy shortages, and the broader global economic landscape. As China plays a pivotal role in the global supply chain, any fluctuations in its manufacturing sector have widespread implications. (Reuters)

Japan Set to Unveil Stimulus Package Amid Waning Support In response to a decline in public support, Japanese Prime Minister Kishida is poised to announce a new stimulus package aimed at bolstering the country's economy. As economic challenges persist, the stimulus measures are expected to address key sectors and provide support to businesses and individuals grappling with the impacts of the ongoing pandemic. The move comes at a crucial juncture as Kishida seeks to regain public confidence and navigate the economic headwinds facing Japan. The specifics of the stimulus package, including its size and targeted initiatives, will be closely scrutinized by economists and policymakers. (Bloomberg)

Mexico's Economy Surpasses Expectations, Grows by 0.9% in Q3 2023 Mexico's economy exceeded forecasts by registering a growth of 0.9% in the third quarter of 2023, showcasing resilience in the face of economic challenges. The positive performance is attributed to various factors, including robust domestic demand and improved export activities. This unexpected growth provides a boost to Mexico's economic outlook, suggesting a degree of stability amid global uncertainties. As Mexico navigates a complex economic landscape, attention will turn to potential policy measures and strategies to further strengthen and sustain the positive momentum. (Reuters)

Corporates

Raymond Chairman Gautam Singhania Assures Smooth Business Operations Amid Family Fued In a written communication to the board and employees, Gautam Singhania, Chairman of Raymond Group, has assured of the smooth functioning of business operations amid recent internal challenges. The communication aims to address concerns and maintain transparency regarding the ongoing issues within the company. Gautam Singhania recently announced his separation from his wife Nawaz Modi and has found himself embroiled in a public dispute since then. The situation escalated as videos surfaced showing Nawaz Modi being excluded from a company Diwali party, followed by her public accusations of physical assault by Singhania, leading to her hospitalization. The public fallout has taken a toll on Raymond's stock price, witnessing a significant slump from INR 1,900 to under INR 1,650 in two weeks. Reports indicate that Nawaz sought a family settlement, involving 75 per cent of Singhania's net worth for her daughters. However, conflicting statements have emerged, with Nawaz claiming that Singhania has called off the proposed settlement in subsequent media interviews. (CNBC TV18)

Cipla's Plant Receives FDA Warning Letter The United States Food and Drug Administration (FDA) issued a warning letter to pharmaceutical company Cipla regarding one of its manufacturing facilities. The warning pertains to certain violations of good manufacturing practices observed during an inspection of the plant, and it raises concerns about the quality control procedures in place. The FDA has outlined specific corrective actions required to address the identified issues. The warning letter is a regulatory measure indicating that the facility's compliance with manufacturing standards falls short of the FDA's expectations. Cipla, a prominent player in the pharmaceutical industry, will need to address the FDA's concerns promptly to rectify the situation and ensure that its products meet the required quality standards. (The Hindu Business Line)

Blue Dart Express Expands Network with 40 New Franchisees Blue Dart Express, a leading logistics and express courier service provider in India, has strengthened its network by inaugurating 40 new franchisees and company-owned retail outlets. The company has increased its footprint to 100 plus new stores this year, enabling customers to ship to more than 56,000 locations across India. The expansion aims to enhance last-mile connectivity and customer access to Blue Dart's services across various locations. As e-commerce and logistics continue to play pivotal roles in India's economic landscape, Blue Dart's strategic move underscores the company's commitment to meeting the growing demand for reliable and efficient logistics solutions. (Moneycontrol)

TCS Ordered to Pay USD 210 Million in Trade Secret Case Tata Consultancy Services (TCS) has been directed to pay a substantial sum of USD 210 million to DXC Technology in a trade secret case in the United States. The dispute centred around the alleged misappropriation of DXC's proprietary information by TCS, leading to a significant financial award in favour of the American multinational. This ruling follows a series of legal battles between the two technology giants, adding another layer to their ongoing legal entanglements. The case underscores the increasing scrutiny of intellectual property issues within the IT sector and serves as a reminder of the complexities involved in safeguarding trade secrets in a competitive industry. As TCS faces this financial setback, industry experts speculate on potential repercussions for the company and the broader implications for intellectual property protection in the technology sector. (Moneycontrol)

■ **Sahasra to Produce 100,000 Laptops Monthly Under PLI Scheme** Indian electronics manufacturer Sahasra has revealed its ambitious goal to manufacture 100,000 laptops per month as part of the Production-Linked Incentive (PLI) scheme. Following its successful foray into chip manufacturing, Sahasra aims to capitalize on the government's PLI scheme to boost domestic laptop production. The initiative aligns with India's broader push for self-reliance in the technology sector. Sahasra's plan involves significant investments and the creation of a robust manufacturing ecosystem. By leveraging the PLI scheme, the company seeks to enhance India's capabilities in laptop production and contribute to the country's evolving technology landscape. The move is anticipated to not only bolster domestic manufacturing but also address the increasing demand for laptops in the Indian market. (Moneycontrol)

■ **TVS Motor Plans Expansion of Electric Two-Wheeler Range** TVS Motor Company is set to broaden its electric two-wheeler portfolio over the next year as part of its strategic expansion in the electric mobility segment. The Indian automotive manufacturer aims to enhance its presence in the electric vehicle market with a diverse range of offerings. The move aligns with the growing demand for sustainable and electric mobility solutions. TVS Motor Company has been actively exploring and investing in the electric vehicle space, and the planned expansion reflects the company's commitment to staying competitive in the evolving automotive landscape. (Moneycontrol)

Startups

■ **Adobe acquires Indian Startup Rephrase AI** Adobe has taken a significant step into the realm of artificial intelligence with its acquisition of Indian generative AI startup Rephrase AI. This strategic move marks Adobe's first foray into the Indian AI market, signalling the company's commitment to expanding its technological capabilities. Rephrase AI, known for its innovative approaches to natural language processing and generative AI, caught Adobe's attention due to its cutting-edge solutions in content creation and manipulation. The acquisition is expected to enhance Adobe's suite of creative tools, allowing users to benefit from advanced AI-driven features. While the financial details of the deal remain undisclosed, industry experts anticipate that this move will strengthen Adobe's position in the competitive tech landscape. The collaboration is poised to foster breakthroughs in AI-driven creativity, setting the stage for future developments in content generation and manipulation technologies. (The Economic Times)

■ **MapmyIndia Board Approves Fundraising of Up to INR 500 Crore** The board of MapmyIndia, a leading digital mapping and location-based services provider, has approved raising funds through a Qualified Institutional Placement (QIP) route. The company aims to secure up to INR 500 crore through this fundraising initiative. The funds will likely be utilized to fuel MapmyIndia's growth initiatives, including technology development, expanding market presence, and enhancing its product and service offerings. As the demand for digital mapping and location-based solutions continues to rise, the move reflects MapmyIndia's strategic approach to fortify its financial position and capitalize on market opportunities. (LiveMint)

■ **ED Issues Show-Cause Notice to Byju's for FEMA Violations** The Enforcement Directorate (ED) has issued a show-cause notice to edtech giant Byju's for alleged violations of the Foreign Exchange Management Act (FEMA) amounting to INR 9,362 crore. The notice comes as part of an investigation into foreign investments received by the company. Byju's, a prominent player in the online education sector, is accused of not complying with FEMA regulations related to foreign direct investment (FDI). The ED has sought an explanation from the company regarding the alleged irregularities and has asked Byju's to respond within a stipulated time frame. This development raises concerns about regulatory compliance in the fast-growing edtech industry, which has attracted significant foreign investments in recent years. Byju's, founded by Byju Raveendran, is one of India's most valued startups, with a substantial presence in the education technology market. The company's response to the ED's notice and any subsequent actions taken will be closely monitored as the investigation unfolds. (Live Mint)

Zepto raises USD 200 Million Indian fintech start-up Zepto has secured USD 200 million in a funding round, propelling the company to unicorn status, with a valuation exceeding USD 1 billion. The funding round was led by SoftBank Vision Fund 2 and marks Zepto's successful emergence as the first unicorn of 2023. Zepto, founded in 2020, focuses on providing financial services to millennials and gig economy workers, offering instant wage access, digital savings, and other financial products. The significant investment is expected to fuel Zepto's expansion efforts, allowing the company to further penetrate the growing market for digital financial solutions in India. The achievement highlights the robust investor interest in the fintech sector and underscores Zepto's potential to disrupt traditional banking models by catering to the financial needs of the younger workforce. (LiveMint)

Swiggy and Zomato Face GST Notice Over Delivery Fees Indian food delivery giants Swiggy and Zomato are grappling with a fresh challenge as they receive a Goods and Services Tax (GST) notice regarding their delivery fees. The tax authorities have raised concerns over the categorization and taxability of the fees charged by the platforms for their food delivery services. The notice puts the companies under scrutiny for potential GST evasion and seeks detailed explanations of their revenue models and taxation practices. This development adds to the ongoing regulatory challenges faced by the food delivery sector in India, as tax authorities aim to ensure compliance with tax regulations in the rapidly growing industry. Swiggy and Zomato, which have played pivotal roles in transforming the food delivery landscape, now navigate the complexities of tax regulations that could impact their financial structures and operational models. (The Economic Times)

PhonePe to Introduce Consumer Lending Services PhonePe, the digital payments platform, is gearing up to enter the consumer lending space, with plans to launch its lending services by January 2024. This strategic move comes as PhonePe aims to diversify its offerings and tap into the growing demand for financial products among its user base. The company, a subsidiary of Flipkart, has witnessed significant growth in its digital payment services and now looks to leverage its platform to provide lending solutions. The consumer lending launch is expected to include various financial products, catering to the diverse needs of PhonePe's user ecosystem. As the digital payments sector continues to evolve in India, PhonePe's foray into consumer lending reflects its commitment to becoming a comprehensive financial services provider. (The Economic Times)

Conglomerates

Sam Altman Returns to OpenAI Sam Altman, former president of OpenAI, has returned to the organization, rejoining as co-chair. Altman, a tech entrepreneur and investor, was initially let go in 2019 due to differences in vision regarding the company's direction. OpenAI, a leading artificial intelligence research lab, has not provided explicit details on the circumstances of Altman's departure or his subsequent return. The move has sparked speculation about the internal dynamics at OpenAI and the broader implications for the future of AI. Altman, also known for his role at Y Combinator, brings significant industry expertise, raising questions about how his return may influence OpenAI's strategic initiatives. As the organization grapples with these changes, the broader AI community remains attentive, considering the potential impact on research, development, and the ethical considerations surrounding artificial intelligence. (The Hindu Frontline)

Elon Musk and Israel Reach Agreement for Starlink Technology in Gaza Tesla and SpaceX CEO Elon Musk has reached a preliminary agreement with Israel for the deployment of Starlink technology in Gaza. The collaboration aims to leverage Musk's satellite-based internet service to enhance connectivity in the region. Starlink, a project by Musk's SpaceX, involves a constellation of low Earth orbit satellites designed to provide high-speed, low-latency internet access in underserved and remote areas. The agreement with Israel could potentially address connectivity challenges in Gaza, contributing to improved communication infrastructure. While the specifics of the deal are yet to be disclosed, the partnership highlights the role of innovative technologies in addressing connectivity gaps and promoting digital inclusion in conflict-affected regions. (WION News)

Alibaba Closes Quantum Computing Lab Alibaba has shuttered its quantum computing laboratory, signalling a broader cutback strategy for the company. The decision to close the lab, which was focused on the development of quantum computing technologies, comes amid a challenging business environment and increasing scrutiny from Chinese regulators. Alibaba's move to streamline its operations reflects a broader trend in the tech industry, where companies are reassessing their investment priorities. Quantum computing, while a promising field, often involves high research and development costs. Alibaba's decision to close the quantum computing lab aligns with the company's efforts to optimize resources and navigate the evolving dynamics of the tech sector in China. (Moneycontrol)

ByteDance Announces Shutdown of Gaming Brand Nuverse ByteDance, the Chinese tech giant, is set to wind down its gaming brand Nuverse, marking a complete retreat from the gaming sector. The decision to shut down Nuverse aligns with ByteDance's strategic shift away from the highly competitive gaming industry. The move reflects a broader trend in the Chinese tech landscape, where companies are reevaluating their involvement in certain sectors due to regulatory challenges and increased scrutiny. ByteDance's decision to exit the gaming market underscores the dynamic nature of the industry and the evolving priorities of major tech players in response to regulatory changes and market conditions. (Moneycontrol)

Amazon Faces Strikes and Protests Across Europe on Black Friday Amazon is experiencing strikes and protests across Europe during the Black Friday sales event. Workers in several European countries, including Germany, Spain, and Italy, have participated in strikes, demanding better working conditions, fair wages, and improved labour rights. The coordinated actions highlight ongoing tensions between Amazon and its workforce, particularly regarding concerns over workplace conditions and employee treatment. The disruptions come at a crucial time for the e-commerce giant during one of the busiest shopping periods of the year. The protests underscore the challenges Amazon faces in managing labour relations on an international scale and the increasing pressure for improved worker rights within the company. (Moneycontrol)

ECONOMIC INDICATORS

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ECONOMIC INDICATORS

Key Economic Indicators

Indicator	As on	Current	Prior
GDP Growth (%)	Jun-23	7.80	6.10
Inflation (%)	Oct-23	4.87	5.02
Unemployment (%)	Sep-23	7.10	8.10
Trade Balance ($m)	Oct-23	(31.46)	(19.37)
Business confidence	Dec-23	135.00	132.00
Manufacturing PMI	Oct-23	55.50	57.50
Services PMI	Oct-23	58.40	61.00

Global Indices

Index	Country	%
NIFTY 50	India	5.26
BSE SENSEX	India	4.61
INDIA VIX	India	11.73
NIFTY BANK	India	3.59
DOW JONES	USA	7.19
NASDAQ	USA	10.95
S&P 500	USA	8.51
FSTE 100	UK	1.39
NIKKEI 225	Japan	8.38
SHANGHAI COM	China	(0.02)
MOEX	Russia	(0.86)
CAC 40	France	5.55
DAX	Germany	9.16
S&P ASX 200	Australia	4.29
BOVESPA	Brazil	11.51
KOSPI	South Korea	10.72
HANG SENG	Hong Kong	(0.70)

Commodities Future

Commodity	Expiry	Price	%
Gold	Feb-24	62,739.00	4.31
Silver	Mar-24	77,109.00	8.44
Crude Oil	Dec-23	6,517.00	2.58
Natural Gas	Dec-23	236.00	(6.57)
Aluminum	Dec-23	202.85	(1.53)
Copper	Dec-23	720.50	2.47
Zinc	Dec-23	224.60	(1.45)

Currency Exchange Rates

Pair	Current	Prior	%
INR/1 USD	83.32	83.28	(0.05)
INR/1 GBP	105.92	102.31	(3.53)
INR/1 EUR	91.64	89.17	(2.77)
INR/100 YEN	56.59	55.16	(2.59)

Cryptocurrencies

Pair	Crypto	Price	%
BTC/USD	Bitcoin	37,929.80	3.27
ETH/USD	Ethereum	2,035.84	5.77
USDT/USD	Tether	1.00	-
BNB/USD	Binance	228.20	(8.35)

Small Savings Schemes

Scheme	Current	Prior	%
SSCS	8.20	8.20	-
SSA	8.00	8.00	-
NSC	7.70	7.70	-
PPF	7.10	7.10	-
KVP	7.50	7.50	-

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