GREEN DIGEST

EVERYTHING THAT CONCERNS YOUR MONEY

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JIO+DISNEY?

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ABOUT US

Greenvissage is a CFO consulting firm with the passion and expertise in helping companies set up in India and in managing their finances, accounts, payroll, taxes and compliances.
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Greenvissage Business Consulting LLP

LLPIN: AAB-9132

PUNE

106, Mayfair Tower I,
Wakdewadi, Pune – 411005, India

Google Maps

7, Kunal Puram Commercial Complex,
Opp Atlas Copco, Old Mumbai – Pune Highway,
Dapodi, Pune – 411012, India

Google Maps

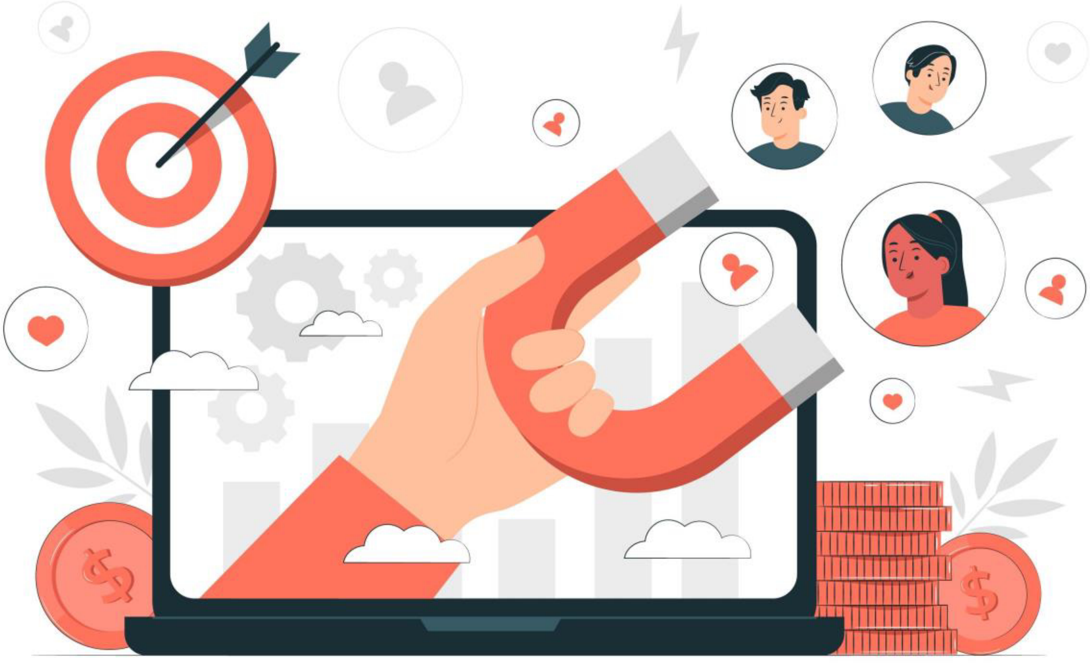
MUMBAI

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

Google Maps

Email: info@greenvissage.com

Call: +91 20 6764 0900



THE BIG STORY

Greenvissage

Match made in Heaven – Reliance Jio and Walt Disney set to redefine India's OTT landscape. Can Jio, once again, disrupt a well-established industry?

Introduction

In the ever-evolving landscape of India's digital revolution, where innovation and disruption seem to be the norm, a potential game-changer is on the horizon. The Indian media landscape is set for a seismic shift with the proposed merger of Reliance Jio and Walt Disney. This mega-deal, if approved, would create a behemoth in the entertainment industry, with far-reaching consequences for consumers, creators, and the competitive landscape. The amalgamation of Jio's telecom prowess with Disney's content kingdom could create ripples across the Indian Over-The-Top (OTT) industry, leaving competitors scrambling to catch up. As the curtain rises on this unprecedented union, where each company has a history of reshaping the industries they touch, it might just create magic in the world of Indian entertainment. While the potential benefits are undeniable, concerns about market dominance and content diversity cannot be ignored. Not long ago, PVR and INOX successfully merged their operations, however, Sony and Zee failed to do so and are on the brink of a breakout. So, will Reliance Jio and Walt Disney, being the behemoths they are, merge successfully? More importantly, can they create the disruption they are known for?

Reliance Jio and Walt Disney

The Indian entertainment scene is abuzz with the potential power couple – Reliance Jio and Disney. Their proposed merger, if sanctioned, would rewrite the script of media dominance, leaving audiences and competitors alike on the edge of their seats. Reliance Jio, the telecom giant, boasts over 400 million subscribers and a rapidly growing digital ecosystem. Disney, on the other hand, is a global entertainment powerhouse with iconic brands like Marvel, Pixar, and Star Wars. Combining their strengths could unlock immense potential. A non-binding term sheet has been signed between the two giants, marking the first act of this corporate drama. Reliance is taking the lead with a 51% share in the venture, while

Disney will play a supporting role with a 49% share. However, the merger faces the scrutiny of Indian authorities, and concerns about market dominance could be the villain delaying the happy ending. Meanwhile, merging two behemoths with distinct cultures and operations has never been an easy feat. Technical glitches and cultural clashes could threaten smooth sailing. Although, anti-trust rehearsals are underway and legal advisors have been hired, and therefore, a grand finale – a finalized merger by February 2024 – is eagerly awaited. The combined entity is poised to be India's biggest media and entertainment czar, commanding influence across TV, streaming, film production, and distribution. It's a box office guarantee. This also means, that JioCinema and Disney+Hotstar, once archrivals, might merge into a single platform, reshuffling the deck of streaming wars. The deal will bolster Reliance's digital and content ambitions, amplifying its presence in the entertainment arena. So, the stage is set for a Reliance-dominated performance. Think of it as the hero's triumphant return.

Jio – Newcomer to Powerhouse

Reliance Jio's story is one of ambition, disruption, and transformation. Launched in 2016, it shook the Indian telecom landscape, quickly becoming a household name and the largest mobile network operator in the country. Jio's entry was marked by unprecedented free voice calls and dirt-cheap data, leaving established players scrambling. It democratized internet access and changed the game for millions. Jio built its own 4G network infrastructure, a feat of engineering prowess, enabling superior coverage and speed. This became its competitive edge. The company strategically partnered with global tech giants like Facebook and Google, gaining access to resources and expertise. But then, Jio expanded beyond mobile, venturing into fibre-to-the-home services, offering broadband, television, and telephone bundles. This diversification fueled its growth. Jio Platforms, the umbrella entity, houses ventures like JioMart (e-commerce) and JioSaavn (music streaming), cementing Jio's presence in the digital sphere. Jio Cinema, its streaming platform, has ramped up original content production, showcasing India's diverse stories and challenging established players. However, despite a massive subscriber base, profitability has remained a concern. Monetizing its services and offerings effectively is crucial for the company's long-term sustainability. While Jio leads the 5G rollout, competition is fierce. Maintaining its innovative edge and securing critical partnerships will be key. Jio navigates a complex regulatory environment. Adapting to evolving regulations and maintaining compliance will be essential. Whether it can sustain its meteoric rise and overcome the challenges ahead remains to be seen.

Disney – Triumph and Turbulence

Walt Disney's journey in India is a saga marked by both dazzling successes and unexpected challenges. While the iconic American brand has become synonymous with childhood joy and entertainment in many parts of the world, its Indian chapter has been a rollercoaster ride of cultural adaptations, strategic acquisitions, and ongoing battles for market dominance. Disney's initial foray into India in the 1990s was through joint ventures and licensing deals. However, navigating cultural differences and a nascent entertainment market proved tricky. Disney launched its own dedicated kids' channels, Toon Disney and Disney Channel, marking a more assertive approach. Yet, competition from local players and evolving consumer preferences kept growth in check. In the 2000s, Disney embarked on a spree of acquisitions, buying Hungama TV and securing stakes in UTV Software Communications. This diversified its portfolio and brought popular local content under its umbrella. The 2020 launch of Disney+ Hotstar, a bilingual streaming platform merging Disney's global library with popular Indian content, proved to be a masterstroke. It quickly became the leading streaming service in India, capturing millions of subscribers. Disney recognized the importance of original Indian content and ramped up the production of shows and movies in regional languages, resonating with audiences and winning their hearts. Striking the right balance between global Disney magic and localized content tailored to Indian sensibilities will be crucial for long-term success. From tentative beginnings to its current position as a major player, the company has constantly learned, adapted, and innovated.

Potential disruption

The proposed merger of Reliance Jio and Disney has the potential to shake the very foundations of India's streaming market. The combined entity would hold a colossal share of the market, potentially exceeding 45% of AVOD and SVOD users. This dominance could squeeze out smaller players or force them into niche offerings. Merging JioCinema and Disney+Hotstar under one roof could attract millions of additional users, further solidifying their lead. The merged platform would house a vast library of global and Indian content, making it hard for other players to compete on sheer volume and variety. Established players like Amazon Prime Video and Netflix may focus on premium content and target specific user segments to differentiate themselves. Meanwhile, regional language streaming platforms might find renewed importance by catering to local tastes and niche audiences. This will also cause smaller players to face increased pressure to merge or partner with larger entities to survive the competition. The merged platform might have the power to dictate advertising and subscription prices, potentially affecting affordability and consumer choice. The focus on blockbuster content can also marginalize smaller production houses and diverse storytelling. Therefore, concerns about market dominance and potential anti-competitive practices are likely to draw close regulatory scrutiny. While the full impact of the merger remains uncertain, one thing is clear – it promises to reshape the Indian OTT landscape forever. Whether it fosters innovation, diversity, and fair competition, or leads to an oligopoly with limited choices, will depend on careful balancing by the merged entity and regulatory oversight.

Conclusion

The Reliance Jio-Disney merger is a complex saga still in its early chapters. While the potential is undeniable, the uncertainties keep the audience guessing. Regulatory approvals, integration hurdles, and the ultimate impact on content and pricing remain the cliffhangers that will determine the final act – a grand standing ovation or a dramatic fade-out. As the story unfolds, one thing is certain – the Indian media landscape is in for a transformative, and perhaps even disruptive, makeover. So, grab your popcorn, settle in, and keep your eyes peeled, for the real drama is just beginning.

(References – Hindustan Times, Business Today)

EXPERT OPINION

Greenvissage

Clash of Ink and Code – New York Times vs OpenAI – The ultimate legal showdown of 2024. Can large language models freely harness information from the internet?

By Amit Chandak, Managing Partner, Greenvissage

Introduction

In the ever-evolving landscape where ink meets code, The New York Times has unleashed a legal storm against artificial intelligence (AI) giants Microsoft and OpenAI. As we bid farewell to a year marked by explosive growth in generative AI, the newspaper's lawsuit, takes centre stage, accusing the tech behemoths of riding on the coattails of journalistic brilliance without fair compensation. The battle lines have been drawn, with The Times boldly claiming that the very essence of its groundbreaking journalism is under threat, setting the stage for a landmark case that could redefine the symbiotic relationship between media and artificial intelligence. The lawsuit represents a watershed moment as The New York Times becomes the first news entity to wage a legal war against generative AI. Asserting that there is nothing transformative about using its content without payment, The Times has alleged that OpenAI and Microsoft, creators of ChatGPT and other AI models, are not merely transformative but occasionally indulge in what the newspaper terms as memorization. The lawsuit points fingers at the AI models, claiming they can regurgitate chunks of its articles, posing a grave threat to the newspaper's revenue streams.

New York Times vs OpenAI

The New York Times and OpenAI are embroiled in a legal and ethical battle regarding the use of The Times' content in training ChatGPT and the potential implications for copyright, journalism, and the future of information generation. The Times alleges copyright infringement, claiming OpenAI copied millions of its articles to train ChatGPT without permission or compensation. In a 70-page complaint filed in a Manhattan federal court, the newspaper has accused OpenAI, now owned by Microsoft, of unauthorized use of copyrighted material and profiting from its work and name. The Times has presented a strong case by presenting 100 examples of ChatGPT reproducing verbatim articles, a feat rarely showcased in earlier AI-related copyright suits. Meanwhile, OpenAI has swiftly responded, denying the accusations and dismissing the lawsuit as without merit. Central to their defence was the argument that training AI models with publicly available internet material, including news articles, falls within the bounds of fair use and is essential for fostering innovation. OpenAI contended that the Times exaggerated the problem, accusing them of using manipulated prompts to trigger ChatGPT's alleged content reproduction. While acknowledging the removal of a feature named Browse due to inadvertent content duplication, OpenAI maintained that ChatGPT typically does not behave as described by the Times.

This legal tussle has ignited broader conversations about AI training data, the interpretation of copyright law in the digital age, and the concept of fair use. The case has the potential to establish crucial precedents for both AI development and intellectual property rights. Beyond the legal intricacies, the case has garnered international attention, prompting discussions about the ethical implications of employing copyrighted material for training AI models. Some advocates argue for AI researchers to seek opt-in permissions from content creators before incorporating their work into training datasets. Moreover, the lawsuit filed by the Times might catalyze other media companies to consider similar legal action against AI developers.

What is Fair Use under copyright laws?

Fair use is a legal doctrine that allows the use of copyrighted material under certain circumstances without obtaining permission from or paying royalties to the copyright holder. Fair use is a complex legal doctrine, and each case is evaluated on its merits. The outcome can depend on the specific circumstances of the use, and legal interpretations may vary. The US Copyright Act outlines the factors that determine whether the use of copyrighted material qualifies as fair use. These factors include – the purpose and character of the use, nature of the copyrighted work, amount and substantiality of the portion used, and the effect on the market. The purpose and character of the use, including whether such use is commercial or for nonprofit educational purposes. Generally, uses that are transformative, adding something new to the original work, are more likely to be considered fair use. The nature of the copyrighted work, with creative works receiving more protection than factual or informational works. Using information from the internet, which often contains factual content, may be more likely to be considered fair use. The amount and substantiality of the portion used concerning the copyrighted work as a whole. Using small or less significant portions of a work is more likely to be considered fair use. The effect of the use upon the potential market for or value of the copyrighted work. If the use of the material negatively impacts the market for the original work, it may weigh against a finding of fair use.

What are Large Language Models?

Large Language Models (LLMs) are advanced natural language processing models that are trained on massive amounts of text data to understand and generate human-like language. These models are a type of artificial intelligence (AI) that falls under the broader category of machine learning. Large language models have gained significant attention in recent years due to their impressive ability to perform various language-related tasks. LLMs are characterized by their massive scale, both in terms of the amount of training data they are exposed to and the number of parameters they possess. Training on large datasets helps them learn intricate language patterns and nuances. The number of parameters in a model determines its complexity and learning capacity. Large language models often have millions or even billions of parameters, enabling them to capture and generate highly sophisticated language structures. LLMs are trained on diverse datasets comprising a wide range of text sources, including books, articles, websites, and other publicly available content from the internet. This extensive training data helps them develop a broad understanding of language. These models can be fine-tuned for specific applications and used for various natural language processing tasks, such as text completion, translation, summarization, question-answering, and even creative writing. Some of the most popular LLMs are Bard, BERT, T5 and GEMINI by Google, ChatGPT by OpenAI, Megatron-Turing NLG by Microsoft and Nvidia, LlaMa by Meta, ERNIE by Baidu, etc.

How does OpenAI train ChatGPT?

OpenAI has not publicly disclosed the specific details of how ChatGPT scans the internet to train itself. However, it's known that ChatGPT is trained using a method known as unsupervised learning on a diverse range of internet text. Unsupervised learning involves training a model without labelled examples, allowing it to learn patterns and information from the data it is exposed to. During the training process, a language model like ChatGPT is typically fed large amounts of text data from various sources on the internet. This data can include articles, websites, forums, and other publicly available text content. The model learns to generate human-like text by predicting the next word or sequence of words in a sentence based on its understanding of the patterns and contexts present in the training data. It's important to note that while ChatGPT is trained on a diverse dataset from the internet, OpenAI has implemented measures to address potential issues, such as biases and inappropriate content. Additionally, the model is designed to generate responses based on patterns it has learned during training rather than by retrieving specific information from the internet in real time.

OpenAI asserts that training AI models with publicly available internet materials, including news articles, falls under fair use. They argue that the vast and diverse nature of the internet data, combined with the transformative nature of training AI models, supports their claim of fair use. OpenAI contends that the use of copyrighted material is not the primary purpose of training these models and that such use is crucial for innovation in the field of artificial intelligence. The ongoing legal proceedings between The New York Times and OpenAI will likely provide more insights into how fair use is applied in the context of AI models using information from the internet.

A Fight to Watch

The lawsuit between OpenAI and The New York Times (NYT) has significant implications for generative AIs, journalism, and the broader landscape of intellectual property rights. The lawsuit could set a legal precedent for the use of copyrighted material in training generative AIs. The outcome may establish boundaries and guidelines for fair use in the context of AI development. A ruling in favour of OpenAI could influence how other AI developers approach the use of data for training purposes. The case will also decide on the responsibility of AI developers to seek consent or provide fair compensation to content creators. Meanwhile, the result of the lawsuit will also prompt media organizations to reassess how AI technologies impact their ability to generate revenue and maintain reader engagement. The lawsuit and its resolution may impact how AI developers negotiate and enter licensing deals with media organizations. OpenAI cannot settle the case with the New York Times, as this would follow more such settlements with numerous other organisations. Meanwhile, it would surely garner support from other LLM developers as it affects their business as well. Given the high-profile nature of the case, it doesn’t seem we are anywhere close to a result and the lawsuit might go on for months, if not years, before we get a result.

(References – Indian Express, Venture Beat, IEEE,)

GREENVISSAGE EXPLAINS

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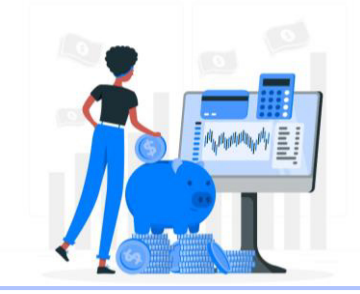
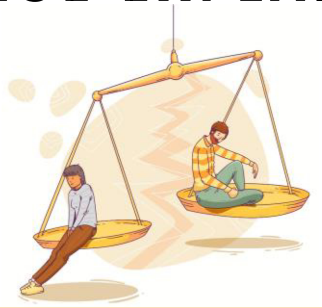


What is Bitcoin ETF and what it means for the crypto market?

After over a decade of attempts, the Securities and Exchange Commission (SEC) is on the verge of approving the first spot bitcoin exchange-traded fund (ETF) in the United States. This potential landmark decision comes as the crypto market celebrates the 15th anniversary of the mining of Bitcoin's genesis block, marking a significant moment in the industry's evolution. Bitcoin ETFs are investment funds that track the price of Bitcoin, providing individuals with a convenient way to allocate funds to the cryptocurrency without the need for direct ownership. These funds can be traded on stock exchanges, offering investors exposure to Bitcoin's price movements without the complexities associated with cryptocurrency exchanges. Bitcoin ETFs predominantly invest in Bitcoin, providing investors with leverage to the cryptocurrency's price without requiring in-depth knowledge of its workings. The ETF's unit price fluctuates with Bitcoin's price, trading on traditional stock exchanges rather than cryptocurrency exchanges. For more than ten years, industry leaders have been urging the SEC to greenlight a US spot bitcoin ETF, seen as a gateway for institutional investors. Previous attempts, however, have faced rejection. The current optimism in the market stems from analysts predicting that at least one of the numerous proposals currently under consideration may receive approval as early as this week. Bitcoin ETFs offer several advantages for investors seeking exposure to the cryptocurrency market. One key benefit is the convenience they provide. Investors can gain leverage to Bitcoin's price movements without the complexities of direct ownership, such as managing private keys and dealing with cryptocurrency exchanges. This accessibility opens the door for a broader range of investors who may be hesitant or unfamiliar with the intricacies of the cryptocurrency space. Another advantage is the potential for tax efficiency. While the cryptocurrency market is decentralized and largely unregulated, certain Bitcoin ETFs are subject to regulation by the Securities and Exchange Commission (SEC). This regulatory oversight can offer tax benefits to investors, making Bitcoin ETFs a more attractive option for those concerned about tax implications compared to owning Bitcoin directly. One significant disadvantage of Bitcoin ETFs is the lack of actual ownership of Bitcoin. Investors in these funds don't hold the underlying asset, which means they miss out on some of the benefits associated with direct ownership, such as acting as a hedge against traditional financial risks. Additionally, the fees associated with ETFs can be a drawback. Investors need to be mindful of the expense ratio, as fees vary between different ETFs. Lower expense ratios are generally more favourable for investors, as they reduce the overall cost of holding the ETF. Furthermore, Bitcoin ETFs face restrictions in terms of cryptocurrency trading. Unlike directly holding Bitcoin, these investment vehicles cannot be traded for other cryptocurrencies. This limitation may hinder investors looking for a more diverse portfolio within the broader cryptocurrency market. Lastly, the potential for inaccuracies in tracking Bitcoin's price is a concern. While Bitcoin ETFs aim to mimic the cryptocurrency's price movements, holding additional assets for diversification may result in a lack of precise correlation between the ETF's price and Bitcoin's actual market value. Investors must carefully consider these drawbacks alongside the advantages when deciding whether to allocate funds to Bitcoin ETFs. *(References – Coindesk, Wall Street Mojo, Bitcoin.com)*



Who can claim ownership of securities – Legal Heirs or Nominees?

India's Supreme Court delivered a significant judgment, clarifying the status of nominees in financial instruments such as shares and debentures. The case involved a family patriarch who executed a will in 2011, outlining provisions for successors to inherit his estates. Despite nominees being designated for mutual fund investments exceeding INR 3 crore, the court ruled that the nominees were not entitled to automatic possession. The Supreme Court underscored that the nomination process in the Companies Act of 2013 and the Depositories Act of 1996 serves a limited purpose – to streamline procedures until the legal heirs can claim their rights. The Supreme Court's decision has once again outlined that a nominee named in a share or debenture certificate does not automatically inherit it. Instead, the inheritance or succession of these financial instruments is determined by the deceased's will or applicable succession laws, such as the Hindu Succession Act and the Indian Succession Act. The court clarified that nominees function merely as fiduciaries, holding the securities in trust for the legal heirs and being accountable under succession law. The ruling emphasizes that the rights over these instruments should be with the legal successors as defined by the law or the will of the original owner, rather than the nominees.

In legal and financial contexts, a nominee and a legal heir are distinct roles with different implications in terms of ownership and inheritance. A legal heir is an individual who has a rightful claim to the assets and properties of a deceased person based on inheritance laws, a valid will, or other legal documents. Legal heirs are determined by the deceased's will, if one exists, or by applicable inheritance laws, which may include specific legislation like the Hindu Succession Act or the Indian Succession Act in the Indian context. Legal heirs have a legal right to inherit the assets and properties of the deceased and are recognized as the rightful owners after completing the necessary legal procedures. Meanwhile, a nominee is an individual chosen by the owner of an asset, such as shares, debentures, or a bank account, to act as a caretaker or custodian in the event of the owner's death. The nomination process is commonly used to streamline the transfer of assets and ensure a smooth transition of ownership. The nominee does not automatically become the owner of the assets but holds them in trust until the legal heirs can claim their rights. The nominee's role is essentially administrative, managing the assets until the legal process of succession is completed.

The ruling establishes a clear distinction between nominees and legal heirs, emphasizing that the nominee's role is that of a caretaker until the legal heirs establish their rights over the assets according to succession laws. The court clarified that the nomination process does not override succession laws, and the provisions in the Companies Act and the Depositories Act do not create an alternative mode of succession. This decision is expected to facilitate a smoother process for distributing the estates of deceased individuals, particularly concerning shares and securities, which often constitute significant assets in an estate. *(References – Hindustan Times, Outlook India, ICICI Securities)*

How will RBI's new guidelines on inoperative and unclaimed accounts benefit the customers?

The Reserve Bank of India (RBI) has recently announced a significant revision in guidelines pertaining to inoperative accounts and unclaimed deposits, with the aim of streamlining classification and activation processes. These guidelines, applicable to all Commercial Banks and Cooperative Banks, are set to come into effect from April 1, 2024. An account with no 'customer-induced transactions' for over two years is deemed inoperative. This includes financial transactions initiated by the account holder, non-financial transactions, or KYC updates. As of now, an estimated INR 1-1.30 lakh crore lies dormant in inoperative bank accounts. Customers are required to submit fresh KYC documents for reactivation. Only customer-induced transactions are considered for classification. This includes standing instructions or auto-renewals which are treated as customer-induced transactions. Meanwhile, bank-induced transactions (charges, fees, interest payments) are not considered for classification. Meanwhile, unclaimed deposits refer to balances in savings/current accounts inactive for 10 years or term deposits unclaimed after 10 years from maturity. As of March 2023, approximately INR 42,270 crore remains unclaimed in banks. Credit balance in any deposit account not operated for ten years or more is transferred to the Depositor Education and Awareness Fund maintained by the RBI.

As per the new guidelines issued by the Reserve Bank of India (RBI), banks are mandated to conduct an annual review of accounts with no customer-induced transactions for over a year. For term deposits, banks must review accounts where customers have not withdrawn the proceeds after maturity or transferred them to their savings/current account. Banks must also notify account holders about the lack of operations through letters, emails, or SMS. Such alert messages must explicitly state the account's impending 'inoperative' status if no operations occur in the next year. Accounts opened for beneficiaries of government schemes and students (with zero balance) should be segregated in the core banking solution and such accounts have been exempted from the above rules. The RBI has also allowed Video-Customer Identification Process (V-CIP) for reactivation upon the account holder's request. Banks cannot charge any fees for activating inoperative accounts. Banks also cannot impose penal charges for non-maintenance of minimum balances in inoperative accounts. Interest on savings accounts should be credited regularly regardless of the account's operational status. The revised guidelines by the RBI aim to protect the interests of account holders while ensuring the efficient management of inoperative accounts and unclaimed deposits. These measures, effective from April 1, 2024, are expected to bring greater clarity, communication, and ease in the handling of dormant accounts within the banking sector. *(References – Indian Express, Live Mint, The Hindu)*

COMPLIANCE UPDATES

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Goods and services tax

Mandatory E-Invoicing for B2C Transactions The Indian government is set to enforce mandatory electronic invoicing (e-invoicing) for all business-to-consumer (B2C) transactions within the next 2-3 years. Currently applicable only to business-to-business transactions with a turnover of INR 10 crore or more, this extension aims to combat tax evasion and enhance transparency in the business landscape. E-invoicing benefits include reduced paperwork, improved efficiency, fraud reduction, and enhanced cash flow for businesses. Consumers stand to gain through accurate GST credits, simplified expense tracking, and expedited refunds. The timeline for B2C e-invoicing implementation is being finalized, likely to roll out progressively, beginning with larger enterprises. Businesses are urged to prepare by investing in e-invoicing software and ensuring compatibility with the forthcoming system. (Financial Express)

GST Due Date for FY19 and FY20 Assessments Extended The Central Board of Indirect Taxes and Customs (CBIC) has extended the deadlines for GST officers to issue demand notices related to discrepancies in annual returns for fiscal years 2019 and 2020. The new deadlines are April 30, 2024, for FY19 which was previously March 31, 2024, and August 31, 2024, for FY20 which was previously June 30, 2024. This extension covers cases involving non-payment, underpayment, or erroneous claims of input tax credit. (Economic Times)

Extension for ITC Reversal Opening Balance Reporting In its latest advisory, the Central Board of Indirect Taxes and Customs (CBIC) has extended the deadline for reporting the opening balance for Input Tax Credit (ITC) reversal. To aid taxpayers' inaccurate reporting and prevent clerical errors, a new ledger, the Electronic Credit and Re-claimed Statement, has been introduced on the GST portal. This statement assists taxpayers in tracking ITC reversed in Table 4B(2) and subsequently reclaimed in Table 4D(1) and 4A(5). The deadline to declare the opening balance for ITC reversal in the statement has now been extended to January 31, 2024. However, taxpayers are reminded that only three opportunities for amendments will be provided after the initial declaration, allowing corrections for any mistakes or inaccuracies in reporting. The facility to amend the declared opening balance for ITC reversal will be available until February 29, 2024. This extension aims to facilitate taxpayers in ensuring correct and precise reporting, emphasizing the importance of timely compliance. (GSTN)

Supreme Court's ITC Denial Ruling Sparks Debate The Supreme Court of India has recently decided in a case that has garnered mixed reactions from experts regarding its potential impact on the Goods and Services Tax (GST) regime. This case involved Suncraft Energy Ltd. whose claim for Input Tax Credit (ITC) was challenged by the GST department due to a mismatch with the supplier's tax payment records. The Calcutta High Court ruled in favour of Suncraft, stating that ITC should not be denied based solely on the supplier's non-payment of tax unless the department exhausts all avenues to collect from the supplier. The Supreme Court upheld the High Court's decision but emphasized the limited scope of their ruling due to the small amount of tax involved. Experts believe that the court's reasoning suggests a broader principle, that tax authorities should prioritize action against defaulting suppliers before penalizing innocent buyers by denying ITC. Further, the ruling lacks broader applicability i.e. the small tax amount might be the primary reason for the non-intervention, not the legal principle itself. The lack of a definitive Supreme Court statement on the legal principle leaves room for uncertainty in future similar cases. Depending on future interpretations, this ruling could set a precedent for prioritizing recovery from defaulting suppliers before denying ITC to buyers, or it could remain an isolated case due to its specific circumstances. (Business Standard)

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

Income tax

Over 8 Crore ITRs Filed for AY 2023-24 The Income Tax Department has achieved a significant milestone with over 8 crore Income Tax Returns (ITRs) having been filed for Assessment Year (AY) 2023-24. This marks a new record for the department and represents a 6.44% increase compared to the total filings for AY 2022-23. The Income Tax Department's efforts to raise awareness about tax compliance and simplify the filing process might be paying off. Improvements in the online filing system and mobile app have made it easier for taxpayers to file their returns electronically. A growing economy with rising incomes can be the leading factor to more individuals becoming eligible to file ITRs. (Business Standard)

■ **Relaxations in Safe Harbour Rules for Cross-Border Transactions** The Central Board of Direct Taxes (CBDT) has announced changes to the safe harbour norms, making it easier for them to avoid rigorous audits of their cross-border transactions. These amendments will come into effect on April 1, 2024. Safe harbour rules offer a simplified compliance framework for MNCs dealing with cross-border transactions within their group companies. By meeting certain criteria, they can avoid detailed transfer pricing audits, which can be time-consuming and expensive. Previously, only loans in Indian rupees and to wholly-owned subsidiaries qualified for safe harbour. Now, loans in other currencies and to other associated enterprises (not just subsidiaries) are also eligible. Broader eligibility translates to more transactions potentially qualifying for safe harbour, simplifying compliance and reducing audit risk. Ambiguity around profit/loss calculations on asset sales used in business has also been clarified addressing a long-standing concern and improving certainty for tax calculations. (Live Mint)

■ **ITR Forms Released Early for AY 2024-25** The Income Tax Department has surprised everyone by releasing ITR Forms 1 and 4 for the Assessment Year 2024-25 (AY 2024-25) well ahead of the usual schedule. This early release gives taxpayers more time to understand the forms, gather documents, and file their returns accurately. The forms for AY 2024-25 remain the same as those used for AY 2023-24. The new default tax regime remains Section 115BAC. Taxpayers can opt out by making a specific choice in their returns (ITR 1) or through Form 10-IEA (ITR 4). ITR forms 1 and 4 now include a dedicated column for claiming deductions related to the Agnipath Scheme, making it easier for Agniveers to file their returns. The Finance Act 2023 raised the turnover threshold for opting for the presumptive taxation scheme under Sections 44AD and 44ADA. Businesses with a turnover of up to INR 3 crore and cash receipts not exceeding 5% of the total can now choose this simplified tax scheme. Receipts in the Cash column have been added to ITR-4 to claim an enhanced turnover limit. (Financial Express)

■ **Clarifications on 1% TDS for E-commerce Transactions** The Central Board of Direct Taxes (CBDT) has issued guidelines to address uncertainties around the 1% Tax Deducted at Source (TDS) applicable to gross sales on e-commerce platforms. This initiative aims to improve clarity and address difficulties faced by businesses operating in a multiple-operator model. Section 194-O of the Income Tax Act mandates a 1% TDS on e-commerce platform transactions. New guidelines clarify the application of this rule in multi-operator models like Open Network for Digital Commerce (ONDC). The circular provides detailed explanations, case studies, and answers to frequently asked questions (FAQs) to enhance understanding. E-commerce platforms and sellers need to familiarize themselves with the updated guidelines and ensure adherence. (Money Control)

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

Customs and foreign trade

■ **Windfall Tax on Crude & Diesel Reduced** The Central Government significantly reduced windfall profit taxes on domestic crude oil and diesel exports, effective December 19. The Special Additional Excise Duty (SAED) on crude oil plummeted from INR 5,000 per tonne to INR 1,300, while diesel export tax dipped from INR 1 per litre to INR 0.50. However, aviation turbine fuel (ATF) exports saw a levy introduced at INR 1 per litre. Petrol taxes remain unchanged at zero. This marks the latest in a series of fortnightly adjustments based on global oil price fluctuations. The windfall tax, initially enacted in July 2022 due to surging crude prices, targets unexpected industry profits exceeding set thresholds. This move potentially benefits domestic refinery giants like Reliance Industries and Rosneft-backed Nayara Energy. (Live Mint)

■ **Edible Oil Import Duty Cut Extended** To keep edible oil prices stable, the Indian government has extended the reduced customs duty on imports for another year. This move follows the initial lowering of the basic duty on crude palm, sunflower, and soy oil from 17.5% to 12.5%, effective until March 2024. The reduced duty will now apply until March 2025. India, the world's largest edible oil importer, relies on international suppliers for 60% of its needs. Palm oil comes primarily from Indonesia, Malaysia, and Thailand, while Argentina and Brazil supply soybean and sunflower oil. To counter this dependence, the government launched the "National Mission on Edible Oils-Oil Palm (NMEO-OP)" in 2021. This ambitious initiative aims to boost domestic oilseed production and raise oil palm cultivation across the country. The target is to increase the oil palm area from 3.70 lakh hectares to 10 lakh hectares by 2025-26, primarily in the northeastern states. This is expected to increase crude palm oil production from 0.27 lakh tonnes to 11.20 lakh tonnes by 2025-26. Recognizing the urgency of reducing import reliance, the government has significantly increased subsidies for oil palm cultivation and introduced a viability price for fresh fruit bunches, the raw material for palm oil production. (India.com)

■ **Oman FTA to Unlock Gulf Garment Exports** A free trade agreement with Oman promises to turbocharge Indian apparel exports to the Gulf nation, according to the Apparel Export Promotion Council (AEPC). Fast-paced negotiations for the Comprehensive Economic Partnership Agreement (CEPA) raise hopes for a game changer in bilateral trade, which already hit USD 12.39 billion in 2022-23. With readymade garment (RMG) exports to Oman doubling from 2020 to 2021, the AEPC sees immense potential for further growth with eliminated tariffs under the FTA. Oman serves as a potential gateway to the wider GCC market, India's largest trading bloc. To capitalize on this opportunity, India will host Bharat Tex Expo 2024 from February next year, showcasing its commitment to sustainability across ESG parameters. The event aims to demonstrate India's preparedness for the global market and secure lucrative deals with Omani and GCC buyers. (The Economic Times)

■ **Parliament Greenlights Provisional Levy** India's Parliament passed the Provisional Collection of Taxes Bill, 2023 paving the way for immediate implementation of customs and excise duty changes announced in the budget, effective from midnight. The bill also includes a crucial safeguard - it allows for refunds of any taxes collected in the interim that are not ultimately incorporated into the final Finance Bill. This legislation replaces the outdated Provisional Collection of Taxes Act, of 1931. As Finance Minister Nirmala Sitharaman explained, the bill secures Parliament's authorization to provisionally levy and collect new or increased customs and excise duties for 75 days. This distinction exists because changes in income and corporate tax rates, announced in the February budget, typically take effect from April 1, or a designated date. However, due to their potential impact on trade and immediate revenue generation, changes in customs and excise duties are often implemented swiftly upon the budget's announcement. With this bill's passage, the government can confidently apply the revised duty rates, while guaranteeing potential refunds for any temporary levies not part of the final Finance Bill. This streamlined process ensures fiscal agility and safeguards taxpayer interests. (Money Control)

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

Corporate and allied laws

■ **Private Companies Face Dematerialization Deadline** Private companies in India, excluding small enterprises, are mandated to dematerialize their shares by September 30, 2024, according to a directive from the Ministry of Corporate Affairs (MCA). Small companies with a paid-up capital of ≤ INR 4 crore and turnover of ≤ INR 40 crore, as well as government companies, are exempt. Companies with financial years ending after March 31, 2023, must comply within 18 months of closure. Consequences of non-compliance include the inability to issue new securities and the restriction on transferring physical shares post-deadline. Filing requirements involve submitting Form PAS-6 with the Registrar of Companies (ROC) every half-year within 60 days of the period end. Penalties, as per Section 450, include an initial fine of INR 10,000, followed by INR 1,000 per day thereafter, capped at INR 2,50,000 for the company and INR 50,000 for officers. Notably, holding companies, subsidiaries, Section 8 companies, and those under special acts must comply, irrespective of size. Early action is recommended to avoid last-minute complications and potential penalties, emphasizing the significance of prompt adherence to the new dematerialization regulations. (Ministry of Corporate Affairs)

■ **Share Warrants and Dematerialization** The Ministry of Corporate Affairs (MCA) has rolled out significant amendments to the Companies (Prospectus and Allotment of Securities) Rules, 2014, introducing pivotal changes affecting share warrants in public companies and dematerialization of securities in private companies. For companies with pre-2013 share warrants, a mandatory notification to the Registrar within 3 months, along with a bearer surrender request within 6 months (via Form PAS-7 and PAS-8), is now required. Failure to surrender warrants will result in their conversion and transfer to the Investor Education and Protection Fund. New reporting forms (PAS-7 and PAS-8) and Rule 9A provisions on disclosures, compliance, and penalties are introduced. Crucially, these rules exempt government companies, requiring other entities to assess their share warrant and dematerialization status promptly. (Ministry of Corporate Affairs)

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

Finance and banking

■ **RBI Extends Fair Lending Rules** The Reserve Bank of India (RBI) granted banks a three-month extension for implementing new fair lending practices related to penal charges on loan accounts. Previously set for January 1, 2024, the revised deadline is April 1, 2024, for fresh loans and June 30, 2024, for existing ones. This move comes in response to requests for clarification and additional time from regulated entities. In August 2023, the RBI aimed to curb divergent practices by clarifying that penal interest should not be used as a revenue enhancement tool but to promote credit discipline. The new rules specify that penalties for non-compliance cannot be capitalized or added to the contracted interest rate. Alongside the lending practice adjustments, the RBI also enhanced the Payments Infrastructure Development Fund (PIDF) Scheme. Beneficiaries under the PM Vishwakarma Scheme for craftsmen and handloom weavers can now claim subsidies for deploying payment acceptance devices like soundboxes and Aadhaar-enabled biometric scanners. Additionally, the subsidy amount for installations in special focus areas like North Eastern States and UTs of J&K and Ladakh has been increased from 75% to 90%. (Fortune India)

■ **MSME Classification - Udyam Certificate Takes Center Stage** The RBI's Master Direction on lending to MSMEs has been revised to reflect the new Udyam registration system. Banks are now instructed to use the classification recorded in the Udyam Registration Certificate (URC) for determining Priority Sector Lending (PSL) eligibility. Previously, banks referred to the Ministry of MSME's notifications for MSME classification. This shift simplifies the process for both banks and businesses, as the URC serves as a single source of truth for enterprise classification. Additionally, the deletion of paragraphs 2.4 to 2.7 in the Master Direction eliminates potential redundancies. (Reserve Bank of India)

■ **RBI Increases Limit for Key Transactions** The Reserve Bank of India (RBI) has significantly elevated the limit for processing e-mandates for recurring transactions and streamlining financial operations for specific categories. Through a circular, the transaction limit has been raised from INR 15,000 to a substantial INR 1,00,000 for three key categories: Mutual Fund Subscriptions, Insurance Premium Payments, and Credit Card Bill Payments. This move applies to Scheduled Commercial Banks and various financial institutions, impacting a wide range of stakeholders. The increased limit, effective immediately, signifies a proactive approach by the RBI to adapt to evolving financial landscapes and encourage smoother, more convenient transactions. While maintaining necessary regulatory safeguards, the RBI aims to streamline financial processes for specific categories through this significant policy shift. For financial institutions and stakeholders, aligning their processes to comply with the updated regulations is crucial. (Reserve Bank of India)

INR 2000 Notes Remain Legal Despite Near Return Despite over 97% of INR 2,000 banknotes returning to the Reserve Bank of India (RBI) by November 2023, the remaining notes will continue to be legal tender. This clarifies the status of the high-value denomination withdrawn in May 2023 as part of the Clean Note Policy. While the amount outstanding stands at INR 9,760 crore, the RBI assures continued acceptance of these notes. This announcement follows the successful return of a vast majority, demonstrating the effectiveness of the withdrawal process. Initially, the window for exchanging or depositing INR 2,000 notes ran until September 30, 2023, and later extended to October 7. The withdrawal aimed to curb financial crime and black money while promoting digital transactions. Introduced in 2016, the INR 2,000 note faced early criticism for its limited lifespan and potential misuse. With its near circulation, the withdrawal concludes a significant chapter in India's recent currency history. (Live Mint)

Cheaper Loans for SMEs as Banks Lobby for Lower Risk Weights Small and medium enterprises (SMEs) in India could soon breathe a sigh of relief, with banks urging the Reserve Bank of India (RBI) to consider lowering the risk weight on loans to unrated businesses. This move could significantly reduce borrowing costs for millions of small businesses struggling with late payments and complex paperwork. Currently, unrated SMEs face a risk weight of 100%, which is higher than the internationally accepted 85%. This translates to higher capital requirements for banks and consequently, higher interest rates for borrowers. Banks are proposing to lower the risk weight for unrated SMEs, potentially leading to reduced capital requirements for banks and lower interest rates for SME borrowers (estimated 30-40 basis points drop). Most SMEs lack formal credit ratings due to cost and complexity. However, the majority of SME loans are secured, mitigating risk. (Economic Times)

Green Deposits Optional with Adherence to Framework The Reserve Bank of India (RBI) has clarified that the raising of green funds is optional for banks and NBFCs, but those opting for it must adhere to the established framework. The clarification, presented through a new set of Frequently Asked Questions (FAQs), emphasizes that green deposits raised after June 1, 2023, must follow the RBI's specified guidelines. Banks and NBFCs are required to offer interest on green deposits as agreed with customers, irrespective of fund allocation, and premature withdrawals are allowed without affecting existing green projects. The clarification also permits the temporary parking of green funds in liquid instruments with up to one year of maturity. While foreign banks can use a global policy for green deposits raised outside India, the current limitation is that green deposits can only be denominated in Indian Rupees. Introduced in April 2023, the "Framework for Acceptance of Green Deposits" aims to mobilize resources for sustainable projects like renewable energy and green buildings. (Reserve Bank of India)

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

Accounting and management

NCLAT Upholds NFRA Penalty on DHFL Auditors The National Company Law Appellate Tribunal (NCLAT) has upheld penalties imposed by the National Financial Reporting Authority (NFRA) on auditors of Dewan Housing Finance Corporation Ltd (DHFL) for misconduct, establishing a noteworthy precedent. The ruling grants NFRA retrospective jurisdiction over alleged offences by auditors, extending to DHFL's 2017-18 financial statements. Despite an appeal by four DHFL auditors contesting debarment and fines, the NCLAT rejected their argument against retrospective jurisdiction, citing Section 132(4) of the Companies Act 2013. Factors like protecting public confidence, preventing economic impact, and addressing proven scams justified applying retrospective jurisdiction, according to NCLAT. The NFRA initiated an audit quality review of DHFL branches in 2020, revealing violations by auditors in their roles as Engagement Partners. (NCLAT)

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

Payroll and personal finance

Record Lease Rentals in Mumbai's BKC Mumbai's Bandra-

Kurla Complex (BKC) has witnessed a new record in office lease rentals, as Toronto-Dominion (TD) Bank renewed its lease for its India headquarters at Maker Maxity. The lease, priced at INR 604 per sq ft per month, surpasses the earlier benchmark of INR 565 per sq ft. This move comes on the heels of other notable leases in BKC, including LinkedIn's renewal at ₹565 per sq ft and Bank of China's securing office space at INR 500 per sq ft. The TD Bank lease, covering over 1,600 sq ft, further solidifies BKC and Maker Maxity's position as the country's most expensive office address. Limited supply in Grade A buildings, coupled with strong absorption post-Covid, has contributed to the growth in rental rates. BKC's strategic location, enhanced infrastructure, and connectivity have sustained its appeal to corporate occupiers, with the recent opening of Jio World Plaza and the anticipation of the Mumbai-Ahmedabad bullet train terminus adding to its allure.

In Focus: Participating Policies

- A participating policy is an insurance contract where you, the policyholder, get a share of the insurance company's profits in the form of dividends. It's like a two-way street: you pay premiums, and the company shares its success with you through these payments.
- Dividends are like bonuses you receive annually, based on the company's performance. You can use them to pay premiums, grow your policy's cash value, or take them as cash. You essentially share some risk with the company. If they do well, you benefit through dividends. If not, your dividends might be lower.
- However, compared to non-participating policies, premiums for participating ones might be higher upfront. But with dividends, the overall cost can be lower in the long run. While participating policies may have higher premiums upfront, the dividends can significantly reduce the overall cost over time. In essence, participating policies can be viewed as an investment with the potential for growth through dividends.
- Non-participating policies have lower premiums than participating policies because they don't involve sharing profits through dividends. This can be particularly attractive if you prioritize affordability and want to keep your monthly or annual payments as low as possible. Such policies offer guaranteed benefits, such as a death benefit or maturity payout. You know exactly what amount you or your beneficiaries will receive, regardless of the insurance company's performance.
- The structure of non-participating policies is simpler and easier to understand. You know exactly what you're paying for and what benefits you're receiving.

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

BUSINESS NEWS

Greenvissage

Government

Rapid 5G Expansion Surpasses 4,00,000 Sites The deployment of 5G technology has reached an impressive milestone, crossing the 4,00,000 site mark in less than 15 months, with Reliance Jio and Bharti Airtel adding 2,000 base tower stations a week. This rapid expansion signifies the relentless pursuit of cutting-edge technology and the commitment to providing high-speed connectivity. Industry experts speculate that this widespread adoption of 5G will revolutionize various sectors, from telecommunications to healthcare and beyond. (The Economic Times)

MPC Comments on Economic Landscape The Monetary Policy Committee (MPC) of the Reserve Bank of India (RBI) has recognized the period from 2020 to 2023 as one of 'Great Volatility' owing to the unprecedented challenges and uncertainties that have characterized this timeframe. Emphasizing India's economic strength, the MPC has projected a resilient and robust GDP growth of 7% for the current year. The MPC has also noted that significant progress has been made in bringing down inflation, especially in the aftermath of the summer of 2022. However, the MPC has expressed caution, recognizing that inflation management cannot be on auto-pilot. The looming uncertainty of food prices may pose challenges, with the anticipation of higher CPI data for November. The MPC commits is remaining highly alert to any signs of derailing the ongoing disinflation process, to achieve the 4% inflation target. The committee has announced its commitment to actively manage liquidity in line with monetary policy objectives. This approach ensures a balance between economic stability and growth while responding to changing financial dynamics. The MPC anticipates a modest current account deficit, emphasizing that it will be comfortably financed. With foreign exchange reserves standing at USD 604 billion, the MPC has underscored the strength of this buffer against global economic spillovers and provides a safety net, showcasing India's commitment to financial stability. (The Reserve Bank of India)

Economies

European Union's AI Act Talks Resume In a pivotal development, talks surrounding the stalled European Union (EU) AI Act have resumed. The EU AI Act aims to establish a comprehensive regulatory framework for artificial intelligence, addressing issues such as ethics, transparency, and accountability. The resumption of discussions signals a renewed commitment to shaping the future of AI within the EU. As stakeholders converge, expectations are high for the formulation of policies that balance innovation with ethical considerations, ensuring the responsible deployment of AI technologies. (Reuters)

ITU Agrees to Open 6 GHz Spectrum for 5G, 6G Breaking ground in the telecommunications arena, the International Telecommunication Union (ITU) has reached a historic agreement to open up the new 6 GHz spectrum band for 5G and future 6G technologies. This decision paves the way for enhanced connectivity, increased data speeds, and the seamless integration of emerging technologies. As the telecom industry evolves, the allocation of the 6 GHz spectrum heralds a new era of possibilities, offering a substantial boost to global efforts in advancing high-speed, low-latency communication networks. (The Economic Times)

India's Q3 GDP Exceeds Estimates at 7.6% India's economic landscape is experiencing a robust recovery, as the country's Gross Domestic Product (GDP) for the July-September quarter records a remarkable growth of 7.6%. This figure surpasses earlier estimates, indicating a faster-than-expected rebound. As India navigates through post-pandemic challenges, the strong GDP performance reflects resilience and adaptability. The buoyancy in economic indicators provides optimism for continued growth and positions India as a key player in the global economic recovery landscape. (Times of India)

Corporates

Hindalco to Invest 800 Crore for Battery Foil Facility in Odisha Hindalco Industries, the flagship company of the Aditya

Birla Group, is poised to invest a substantial INR 800 crore in the establishment of a state-of-the-art battery foil manufacturing facility in Odisha. This strategic venture is strategically aligned with the burgeoning demand for electric vehicles (EVs) across the country. The facility is meticulously designed to enhance the production of high-quality battery foils, a critical component of EV batteries. The substantial investment underscores Hindalco's commitment to sustainable practices and also solidifies the company's position in the swiftly evolving EV market. (LiveMint)

■ **Tata Power to Establish Two Pumped Hydro Storage Projects in Maharashtra** Tata Power is set to embark on a groundbreaking initiative, commencing work on two pumped hydro storage projects (PSPs) in Maharashtra by mid-2024. With a combined capacity of 2,800 MW, the projects will be strategically located at Shirawata (1,800 MW) and Bhivpuri (1,000 MW), representing a significant investment of INR 13,000 crore. The Bhivpuri PSP is anticipated to be operational by the end of 2027, with Shirawata following suit in 2028. These ventures are poised to revolutionize the power sector by enabling Tata Power to offer 24/7 blended renewable power to consumers. Employing a closed-loop system with minimal water wastage, the projects underscore Tata Power's commitment to sustainable and efficient energy solutions. Pumped hydro storage, recognized for its cost-effectiveness compared to battery storage, holds the promise of potentially lower electricity costs for consumers. In parallel, Tata Power EZ Charge, a subsidiary, has ambitious plans to install over 10,000 public and 2 lakh home electric vehicle (EV) chargers by FY28, contributing significantly to the burgeoning EV infrastructure in the country. (Indian Express)

■ **IREDA's Remarkable Market Debut, Shares Surge 74%** IREDA, India's largest dedicated green financing Non-Banking Financial Company (NBFC), made a resounding entry into the stock market as its shares listed at a remarkable 56.25% premium over the issue price. Debuting at INR 50 on both the NSE and BSE, the stock closed the day at INR 55.7, marking an impressive 74% increase from the issue price. The oversubscription of the IPO by 38.8 times highlights the widespread optimism and interest in the company's prospects. Analysts attribute IREDA's attractiveness to its status as a Public Sector Undertaking (PSU) player in renewable energy, coupled with the potential upgrade to a Navratna company. IREDA boasts an impressive 36-year track record in supporting renewable energy (RE) and energy efficiency and conservation (EEC) projects. With a diverse portfolio exceeding INR 47,200 crore, the company has emerged as a leader in the green financing space. In 2023, IREDA witnessed significant financial growth, with half-year revenue surging by 47% and profits escalating by 41%. The fiscal year 2023 also witnessed substantial increases in revenue (22%) and profit (36%), showcasing the company's consistent and robust performance. (The Economic Times)

■ **Trai Rules in Favor of Jio and Airtel's Unlimited 5G Plans, Emphasizes Transparency** In a recent ruling, the Telecom Regulatory Authority of India (TRAI) has determined that Jio and Airtel's unlimited 5G data plans are not below costs, as alleged by Vodafone Idea. Trai's investigation concluded that the current plans are not predatory but highlighted the need for clearer communication on terms and conditions. While both operators, Jio and Airtel, have been permitted to continue their unlimited 5G plans, TRAI emphasized the necessity for more explicit terms and conditions. Airtel has already updated its Fair Usage Policy (FUP) for 5G unlimited data, taking commercial use beyond 300 GB in 30 days into consideration. Jio clarified that although usage is limitless, download speeds are subject to various external factors, potentially affecting data consumption. No regulatory restrictions were found on unlimited plans, as long as costs are covered and terms are transparent. Operators are now mandated to inform customers about any FUP applicable to unlimited plans. The background of the case involves Vodafone Idea accusing Jio and Airtel of predatory pricing with their unlimited 5G plans, raising concerns reminiscent of 2016 when Jio faced similar accusations for its early promotional offers. (The Economic Times)

■ **Tata Technologies' IPO Makes Record-breaking Debut, Surges 180% on First Day** Tata Technologies' initial public offering (IPO) has marked the most impressive debut of the year in India, with shares skyrocketing by a staggering 180%

on the first day of trading. The IPO, which saw robust demand, was fully subscribed within an astonishing 36 minutes. The listing price on the National Stock Exchange (NSE) stood at INR 1,200, while on the Bombay Stock Exchange (BSE), it was slightly lower at INR 1,199, reflecting a remarkable 140% premium over the IPO price. Shares hit a peak of INR 1,400 in early trade, eventually settling at a 165% premium and closing at INR 1,326. Tata Technologies' strategic focus on engineering and design services for automotive clients, particularly amid the industry's shift towards electric and autonomous mobility, proved to be a compelling factor for investors. The company's stellar performance was further buoyed by the solid reputation of the Tata Group and the successful IPO history of Tata Consultancy Services (TCS). (BQ Prime)

■ **Coca-Cola India Ventures into Alcohol Segment with Pilot Test of Lemon-Dou** Coca-Cola India has made its inaugural entry into the alcohol segment with the pilot testing of Lemon-Dou, a global alcoholic ready-to-drink beverage. The test launch is currently underway in Goa and parts of Maharashtra, marking a significant move for Coca-Cola India into the alcoholic beverage market. Lemon-Dou, a concoction of shochu (similar to brandy and vodka) and lime, is a known chuhai, an alcoholic cocktail originating from Japan. Priced at INR 230 for a 250 ml can during the test phase, the beverage is part of Coca-Cola's global portfolio and was initially launched in Japan in 2018. Despite the complexities of the large-scale alcohol distribution business and heavy regulations in India, Coca-Cola plans a gradual market seeding. Lemon-Dou's availability extends beyond Japan and India, reaching select countries like China and the Philippines. In October, Coca-Cola announced a collaboration with global spirits maker Pernod Ricard to launch Absolut vodka and Sprite as a ready-to-drink pre-mixed cocktail in 2024, starting in the UK, Netherlands, Spain, and Germany. (The Economic Times)

■ **Reliance Industries and Walt Disney in Advanced Talks for Mega Merger** Reliance Industries (RIL) and Walt Disney are on the verge of creating the largest media and entertainment entity in India, as they engage in advanced discussions to merge their operations. A non-binding term sheet has been signed in London, paving the way for finalization anticipated by February 2024. The proposed deal structure outlines a 51:49 stock-and-cash merger in favour of RIL, valuing Disney's Star India business between USD 5.5 billion and USD 6.5 billion. RIL is set to be the majority shareholder with a minimum 51% stake, secured through a cash investment that grants them controlling interest. JioCinema, a component of Viacom18, will also be integrated into the merged entity. This strategic move underscores Disney's commitment to the Indian market, aiming to fortify its position and enhance profitability. The decision to merge follows Viacom18's successful acquisition of IPL streaming rights, which has dampened investor enthusiasm for Disney's India business. Preliminary estimates suggest Viacom18's valuation is in the range of INR 25,000 to INR 30,000 crore, further highlighting the significance of this potential merger in shaping the landscape of India's media and entertainment industry. (The Economic Times)

■ **Trent Hits INR 1 Trillion Market Value Milestone** Trent, the retail fashion chain under the Tata Group, reached a market value of INR 1 trillion, marking its position as the fifth Tata company to achieve this milestone. The surge in Trent's market value is underscored by its shares reaching an all-time high of INR 2,837. This remarkable feat is attributed to the success of Trent's retail chains, including Westside and Zudio, which have demonstrated robust earnings and growth plans. Investors are expressing confidence in Trent's potential, leading to an almost doubling of its stock price over the past year. The current valuation, estimated at 70-80 times one-year forward earnings, is deemed justified by experts considering Trent's anticipated strong revenue growth trajectory. In comparison to other Tata Group entities, Tata Consultancy Services (TCS) remains at the forefront in terms of market value, nearing INR 13 lakh crore. The cumulative market value of all listed Tata Group companies exceeds INR 25 lakh crore. Providing further context, Trent's stock has exhibited an impressive gain of 300% over the past three years, with a notable surge of 108% in the year 2023 alone. This outstanding performance reflects Trent's resilience and strategic positioning in the competitive retail landscape. (The Economic Times)

Startups

■ **Mobikwik Resumes IPO Journey, Aiming to Raise USD 84**

Million Indian fintech unicorn, Mobikwik, has reinitiated its Initial Public Offering (IPO) process with plans to raise $84 million (about INR 700 crore) from the public listing. The company has selected DAM Capital Advisors Ltd and SBI Capital Markets Ltd as the banks to manage the IPO. Mobikwik intends to file its draft red herring prospectus (DRHP) in December, eyeing a public debut in the coming year. In 2021, Mobikwik filed for an IPO with the ambition to raise INR 1,900 crore. The Securities and Exchange Board of India (SEBI) approved it in October 2021. However, the company paused the IPO process due to market volatility and a downturn in new-age tech stocks. The market landscape has stabilized in 2023, witnessing a resurgence in momentum for new-age tech stocks. Mobikwik has achieved profitability, marking its second consecutive profitable quarter in Q2 FY24. The company reported a 17% YoY increase in total revenue, reaching INR 208 crore in the September quarter. Mobikwik joins a roster of new-age tech startups gearing up for IPOs in 2024. Notable names in this lineup include OYO, GoDigit, Navi, Ola Electric, Swiggy, and PayU. The renewed interest in public offerings reflects the positive sentiment and confidence in the market for tech-based enterprises. (Inc 42)

■ **Paytm Implements Workforce Changes, Laying Off Over 1,000 Employees** Paytm has undertaken a restructuring initiative, resulting in the layoff of over 1,000 employees in the past month. The decision is attributed to multiple factors, including the implementation of AI automation and performance-related issues. Paytm is actively integrating AI technology to streamline and automate repetitive tasks, leading to a reduction in the demand for human resources in certain areas. Some employees have been let go due to performance-related concerns, signalling a strategic move to optimize the workforce. The impact of the layoffs is most pronounced in the operations, sales, and engineering teams, particularly affecting the lending team. Paytm recently faced regulatory pressure, prompting a slowdown in its small-ticket loan business. Following this announcement, the company's stock price experienced a decline. Despite the recent workforce adjustments, Paytm remains focused on its growth trajectory. The company plans to concentrate on expanding its insurance and wealth management businesses. In line with this strategy, Paytm aims to bring in new talent to drive innovation and growth in these key areas. This is not the first instance of Paytm implementing layoffs. In 2021, the company let go of 500-700 employees, citing non-performance reasons. (Money Control)

■ **Ola Electric Files IPO Prospectus, Awaits Public Debut as First Pure-Play EV Maker** Ola Electric, a leading electric vehicle (EV) manufacturer, has taken a significant step towards becoming the first pure-play EV maker to enter the public markets by submitting its draft red herring prospectus (DRHP) to the Securities Exchange Board of India (SEBI). The eagerly awaited initial public offering (IPO) includes a fresh issue of INR 5,500 crore and an offer for sale (OFS) of INR 1,750 crore, totalling INR 7,250 crore, with existing shareholders planning to sell 95.19 million shares. The funds raised will be allocated for capital expenditure, debt repayment, and research and development (R&D), acknowledging R&D as a significant expense. The DRHP outlines potential risks, including internal challenges such as dependence on the promoter, talent scarcity, and profitability risks. The board comprises six directors, featuring one executive director, two non-executive directors, and three independent directors, including one woman director. Ola Electric reported consolidated revenues of INR 2,782 crore in the financial year ending March 2023, with a notable growth of nearly 510%, although the net loss widened to INR 1,472 crore due to increased expenses. The IPO's strategic significance is underscored by Ola Electric's active involvement in building a cell manufacturing gigafactory and an EV hub in Tamil Nadu, aligning with its commitment to advancing sustainable transportation solutions. (Money Control)

■ **Swiggy's Network Expansion Insights Dashboard** Swiggy has introduced the Network Expansion Insights Dashboard, a data-driven tool aimed at assisting its partner restaurants in strategic expansion decisions. The platform provides insightful data derived from Swiggy's extensive user base, allowing restaurant partners to access information on preferred cuisines, price ranges, and geographies. With a user-friendly interface, the dashboard enables partners to specify criteria, generating personalized, ranked recommendations for potential expansion locations with high viability and success potential. This move follows Zomato's 'Zomato Food Trends' platform, indicating the ongoing competition between the two major players in the Indian food delivery market. Swiggy emphasizes the empowerment of its restaurant partners, foreseeing increased success rates and a balanced demand-supply scenario on its platform. The introduction of innovative features like the Network Expansion Insights Dashboard showcases the dynamic landscape of competition between Swiggy and Zomato, both vying for market dominance and customer satisfaction. Other noteworthy insights include Swiggy's claim of profitability in its food delivery business in March 2023 and its upcoming co-branded credit card initiative with HDFC Bank, contrasting with Zomato's discontinuation of its RBL Bank credit card earlier this year. Additionally, Swiggy's feature, WhatToEat, enhances user experience by providing personalized recommendations based on individual moods and cravings. (Inc 42)

KreditPE's Acquisition Proposal Offers Revival for ZestMoney Ashwin Bhambri, the founder of micro-lending startup KreditPE, has presented a proposal to acquire and merge with ZestMoney, aiming to create a more robust entity. Expressing the belief that ZestMoney is too good to shut down Bhambri envisions a combined product that surpasses the success of PhonePe. The proposal emphasizes the importance of frugality and innovation as key drivers for the merged entity. Bhambri's plan includes the development of a postpaid UPI wallet service tailored for credit-worthy KreditPE users willing to pay interest, diverging from ZestMoney's focus on Buy Now Pay Later (BNPL) and interest-free EMIs, which he deems slow and catering to Prime customers preferring banks. This proposal comes in the wake of ZestMoney's planned shutdown in December, leading to the layoff of 150 employees. KreditPE's offer presents a potential alternative for ZestMoney and its employees after failed fundraising and the collapse of the PhonePe acquisition deal. Additionally, major ZestMoney investor Prosus wrote off its USD 38 million investment, underscoring the challenges faced by the company. (The Hindu Business Line)

Conglomerates

Corning to INR 1,000 Crore in Tamil Nadu for Electronics Manufacturing Hub Corning, a key supplier to Apple and the renowned maker of Gorilla Glass, is set to invest INR 1,000 crore in establishing a manufacturing facility in Tamil Nadu. The facility, situated near Sriperumbudur on a 25-acre plot with room for expansion, is expected to generate approximately 300 job opportunities. This move signifies a substantial entry into India's burgeoning electronics manufacturing ecosystem, particularly for components supplied to Apple. Tamil Nadu was chosen as the preferred location over Telangana due to its well-established electronics infrastructure and proximity to other Apple suppliers. The formal agreement is slated to be signed during the Global Investor Meet scheduled for January 2024. The Tamil Nadu government is actively pursuing specialized manufacturers like Corning to fortify its electronics industry, aiming to elevate India's status as a global electronics hub. Corning, a leading materials science company, is the exclusive manufacturer of Gorilla Glass, a widely used reinforced glass in numerous mobile devices. This investment underscores the increasing significance of India's electronics manufacturing sector and its ability to attract major players, including suppliers to tech giants like Apple. (The Economic Times)

Google Unveils Gemini Pro to Challenge Microsoft in Cloud AI Google introduced Gemini Pro, an enhanced version of its flagship multimodal AI model, as part of its strategy to gain prominence in the cloud AI market and compete with Microsoft. Gemini Pro is designed to attract developers and enterprises, offering advanced features and capabilities. Gemini Pro is accessible through two platforms: Google AI Studio, available for free, and Vertex AI, Google's enterprise AI platform. Key features of Gemini Pro include support for 38 languages, an initial focus on text-to-text generation, and a dedicated Vision endpoint for multimodal capabilities, accepting both text and image inputs. Google claims superior performance in benchmarks like MMLU and GSM8K compared to GPT-3.5. Google aims to provide a powerful and affordable AI tool for developers and enterprises, capitalizing on the growing demand for advanced AI solutions. In support of this strategy, Google has witnessed a significant surge in active generative AI projects on Vertex AI, growing sevenfold between Q2 and Q3 2023. (Money Control)

ECONOMIC INDICATORS

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ECONOMIC INDICATORS

Key Economic Indicators

Indicator	As on	Current	Prior
GDP Growth (%)	Sep-23	7.60	7.80
Inflation (%)	Nov-23	5.55	4.87
Unemployment (%)	Sep-23	7.10	8.10
Trade Balance ($m)	Nov-23	(20.58)	(31.46)
Business confidence	Dec-23	135.00	132.00
Manufacturing PMI	Nov-23	56.00	55.50
Services PMI	Nov-23	56.90	58.40

Commodities Future

Commodity	Expiry	Price	%
Gold	Feb-24	63,189.00	0.72
Silver	Mar-24	74,400.00	(3.51)
Crude Oil	Jan-24	5,998.00	(7.96)
Natural Gas	Jan-24	211.00	(10.59)
Aluminum	Jan-24	211.70	4.36
Copper	Jan-24	730.40	1.37
Cotton	Jan-24	56,380.00	(1.50)

Global Indices

Index	Country	%
BOVESPA	Brazil	4.68
BSE SENSEX	India	7.05
CAC 40	France	2.68
DAX	Germany	2.16
DOW JONES	USA	3.98
FSTE 100	UK	2.71
HANG SENG	Hong Kong	1.14
INDIA VIX	India	17.12
KOSPI	South Korea	6.00
MOEX	Russia	(1.37)
NASDAQ	USA	4.94
NIFTY 50	India	7.22
NIFTY BANK	India	7.76
NIKKEI 225	Japan	0.10
S&P 500	USA	3.81
S&P ASX 200	Australia	7.30
SHANGHAI COM	China	(1.87)

Currency Exchange Rates

Pair	Current	Prior	%
INR/1 USD	83.12	83.32	0.24
INR/1 GBP	106.11	105.92	(0.17)
INR/1 EUR	92.00	91.64	(0.39)
INR/100 YEN	58.82	56.59	(3.94)

Cryptocurrencies

Pair	Crypto	Price	%
BTC/USD	Bitcoin	42,032.60	10.82
ETH/USD	Ethereum	2,302.04	13.08
USDT/USD	Tether	1.00	0.08
BNB/USD	Binance	317.00	38.91

Small Savings Schemes

Scheme	Current	Prior	%
SSCS	8.20	8.20	-
SSA	8.20	8.00	0.20
NSC	7.70	7.70	-
PPF	7.10	7.10	-
KVP	7.50	7.50	-

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