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DAVID GOLIATH

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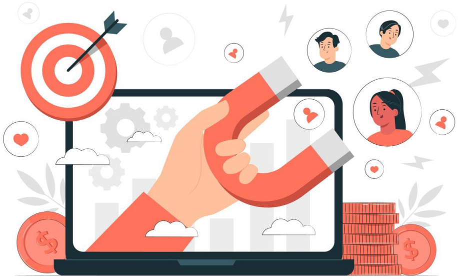

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Greenvissage Business Consulting LLP

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

Google vs Indian Startups – Another David versus Goliath with an epic showdown in making?

Introduction

Tensions are high between Indian app developers and the Google Play Store after a recent delisting incident. The issue? Commissions and a perceived lack of control for Indian businesses on Google's platform. The conflict ignited when Google delisted apps from popular Indian companies like Shaadi.com and BharatMatrimony.com, citing non-compliance with Play Store policies. This move sent shockwaves through the Indian startup ecosystem, with the government stepping in to mediate. Google eventually reinstated some apps, but the underlying issues remain unresolved. Developers criticize Google's lack of transparency and unwillingness to negotiate in good faith. The sentiment is that Google prioritizes its revenue over fostering a healthy app ecosystem in India. Let's understand the issue in more detail.

What is Google's Billing System?

Google Play Store is an official digital distribution service operated and developed by Google. It serves as the primary app store for devices running on the Android operating system, including smartphones, tablets, Android TV, and Chrome OS devices. The Play Store allows users to browse and download applications developed with the Android software development kit (SDK) and published through Google. Google's billing system rules within the Play Store pertain to how developers can monetize their apps and content, as well as how Google manages financial transactions related to purchases made within apps.

Google requires developers to use Google Play's billing system for in-app purchases of digital goods or services within their apps. This means that if an app offers items for purchase within the app itself (such as premium features, virtual goods, subscriptions, etc.), those purchases must be processed through Google Play's billing system, which involves Google taking a percentage of the transaction as a commission. Google typically takes a 30% commission on purchases made through its billing system. This means that for every transaction processed through Google Play's billing system, Google retains 30% of the revenue, and the remaining 70% goes to the developer. There are some exceptions to Google's billing system rules. For example, purchases of physical goods or services that are consumed outside of the app (e.g. ride-sharing services, food delivery, etc.) are not required to use Google Play's billing system. Additionally, certain types of digital content, such as music, movies, and books, may have alternative payment options outside of Google Play's billing system.

For subscription-based apps, Google's billing system rules also apply. Developers offering subscription services within their apps are required to use Google Play's billing system for processing subscription payments, and Google takes a 30% commission on these transactions as well. Google enforces its billing system rules through its policies and guidelines for developers. Apps found to violate these rules may be subject to various actions, including removal from the Play Store or suspension of developer accounts. Overall, Google's billing system rules are designed to ensure a consistent and secure payment experience for users while also providing a revenue stream for developers and for Google itself as the operator of the Play Store platform.

What are the allegations?

Google's billing system within the Google Play Store has faced several allegations and criticisms over the years. One of the primary allegations against Google's billing system is that it stifles competition by mandating the use of Google Play's billing system for in-app purchases. Critics argue that Google's requirement for developers to use its billing system and pay a 30% commission creates an unfair advantage for Google's own apps and services and limits choice for consumers and developers alike. The 30% commission fee charged by Google for transactions processed through its billing system has been a subject of criticism. Developers argue that this commission is excessive and cuts significantly into their revenue, especially for subscription-based services where the commission applies to recurring payments. Some developers have criticized Google for a lack of transparency in its billing system, particularly regarding how funds are distributed and how decisions are made regarding app suspensions or removals for policy violations. They argue that more transparency is needed to ensure fairness and accountability.

Critics have raised concerns about the limited payment options available to users within the Google Play Store. By requiring developers to use Google's billing system, Google effectively limits alternative payment methods, which could offer users more choices and potentially lower costs. Google's billing system has attracted regulatory scrutiny in various countries. For example, the European Union has launched antitrust investigations into Google's practices, including its billing system, to assess whether they violate competition laws. Similar investigations and legal challenges have been initiated in other regions as well. Many developers have expressed dissatisfaction with Google's billing system rules and policies, leading to public protests, petitions, and advocacy efforts calling for changes to the system. These allegations and criticisms have led to ongoing debates and discussions about the fairness, competitiveness, and transparency of Google's billing system within the Google Play Store ecosystem.

What action has CCI taken?

In October 2022, the Competition Commission of India (CCI) delivered a significant blow to Google, imposing a hefty fine of INR 1,337 crore (approximately USD 163 million) for abusing its dominant position in the Android mobile device ecosystem. Alongside the penalty, the CCI mandated eight behavioural changes to Google's Play Store policies. Notable among these directives was the requirement for Google to allow app developers to utilize alternative billing systems within their apps, breaking away from the tech giant's previous monopoly on in-app purchases. Additionally, the CCI ordered Google to refrain from mandating the pre-installation of its apps on Android devices and to provide greater transparency to developers regarding app suspensions and removals. Despite Google's decision to challenge the CCI's ruling in the Supreme Court of India, the company has complied with the financial penalty by depositing the imposed amount. However, the implementation of the mandated changes to Play Store policies remains contentious. While Google introduced user choice billing as an alternative payment option, Indian developers have expressed dissatisfaction due to additional fees associated with the new system. This development marks a significant step in regulating app store practices in India, yet the ongoing dispute underscores the ongoing struggle for a fairer app ecosystem.

Can alternatives to Playstore survive?

The dominance of Google Play Store in the app distribution space is facing a challenge from emerging alternatives, particularly in the Indian market. This reflects a growing desire for competition and independence. While Google Play Store holds a significant lead, there are opportunities for new platforms to succeed if they address certain key factors. One crucial factor is pre-installed integration on smartphones. This can significantly boost user adoption by making the app store readily available on new devices. Partnering with major phone manufacturers like Oppo, Samsung, and Xiaomi would ensure wider reach for these alternative stores. Strategic alliances with industry players can also be a game-changer. As seen with Indus Appstore's collaborations with PhonePe and Dream11, such partnerships bring credibility and attract both users and app developers to the platform. To compete effectively, alternative app stores need to offer unique value propositions. This could involve better revenue-sharing models for developers, improved discoverability for apps, and curated content that caters to local user preferences. Regulatory considerations come into play as well. While direct government intervention might not be the most practical solution, leveraging existing frameworks like the Open Network for Digital Commerce (ONDC) can be beneficial. This approach aligns with the focus on digital public infrastructure and has the potential to foster innovation in the app distribution landscape. Another key factor is developer support. Attracting a diverse range of developers is essential, and this can be achieved by offering a simplified onboarding process, transparent policies, and adequate tools and resources to publish and monetize their apps. Finally, a seamless and user-friendly experience is paramount. This includes making app discovery easy, ensuring a smooth installation process, implementing robust security measures, and providing efficient customer support.

Conclusion

The future remains uncertain. While the government's intervention has provided some relief, the fight between Indian apps and the Google Play Store is far from over. The success of alternative app stores and the possibility of an open app distribution network are developments to watch closely. One thing is clear - India's vibrant app industry is demanding a fairer and more transparent app store ecosystem. Although competing with the established Google Play Store is a formidable challenge, there is space for innovative alternatives to thrive, especially in a market like India where there's a growing demand for localized solutions and more autonomy in the digital ecosystem. By addressing the factors mentioned above, these alternative app stores have the potential to disrupt the status quo and offer a more competitive and user-centric app distribution landscape.

(References – Economic Times, Live Mint, Hindustan Times)

EXPERT OPINION

India's Latest Artificial Intelligence Rules: Good or Bad?

By Amit Chandak, Managing Partner, Greenvissage

Introduction

The Ministry of Electronic & Information Technology (MeitY) recently issued an advisory that has sparked debates regarding the regulation of Artificial Intelligence (AI) in India. The advisory introduces compliances aimed at ensuring the fairness, reliability, and accountability of AI systems. The initial advisory in March 2024 mandated prior government approval for AI tools. This caused controversy. MeitY has, therefore, issued a revised advisory removing the approval requirement but stressing the points mentioned. However, opinions on whether these rules are good or bad are divided, with stakeholders expressing various concerns and perspectives.

What is the latest advisory?

Firstly, the scope of the advisory and its implications for businesses have been a point of contention. The advisory primarily targets intermediaries, such as internet service providers and social media platforms, requiring them to adhere to specific guidelines when using or deploying AI models. This includes ensuring that AI systems do not exhibit bias or discrimination, obtaining explicit permission for under-tested or unreliable AI, and embedding identifiers in outputs to mitigate the spread of misinformation or deepfakes. However, the ambiguity surrounding the definition of significant platforms and whether startups are exempt from these regulations has confused businesses. While some argue that the rules provide much-needed oversight and accountability for AI technologies, others fear that the compliance burden could stifle innovation, particularly for smaller enterprises. Moreover, the timing and enforcement of the rules have also raised concerns. The advisory comes amidst a broader discourse on AI governance in India, following the enactment of the Digital Personal Data Protection Act and the drafting of the Digital India Bill. While proponents view these regulations as necessary steps towards safeguarding privacy and addressing modern challenges, critics caution against hasty implementations that could hinder technological advancements. Furthermore, the effectiveness of the rules in achieving their intended goals remains uncertain. While the principles of fairness, reliability, and accountability are crucial for responsible AI deployment, the feasibility of enforcing these principles through regulatory measures is debatable. Some argue that self-governance or reactive governance models may be more appropriate for addressing issues such as bias and discrimination in AI systems, as they allow for flexibility and adaptation to evolving technologies. On the other hand, concerns about misinformation and deepfakes highlight the need for proactive measures to protect users and mitigate potential harm. By holding technology firms accountable for the outputs of their AI systems and promoting transparency with end-users, policymakers aim to reinforce positive human values and ensure the responsible use of AI.

How have other countries approached?

The debate surrounding India's latest AI rules reflects broader discussions on the balance between innovation and regulation in the digital age. While there are valid concerns about the potential impact on businesses and the feasibility of enforcement, there is also recognition of the need to address emerging challenges such as misinformation and privacy breaches. Moving forward, policymakers must carefully consider these concerns and strive to develop pragmatic and effective AI governance frameworks that promote innovation while protecting societal interests. The regulation of Artificial Intelligence has become a pressing issue globally, leading to various approaches and strategies by different countries and organizations.

The UN passed a resolution highlighting the risks associated with AI systems and the need for responsible use to achieve the 2030 Sustainable Development Goals (SDGs). It emphasized the potential adverse impact of AI on the workforce, particularly in developing and least-developed countries, urging collaborative action to address these challenges. The EU introduced the AI Act, which categorizes AI systems into four risk categories: unacceptable, high, limited, and minimal risks. It imposes an absolute ban on applications that threaten citizens' rights, such as manipulation of human behaviour and mass surveillance, while allowing exemptions for law enforcement purposes with prior authorization. Meanwhile, China focuses on promoting AI innovation while implementing safeguards against potential harm to social and economic goals. Its regulatory framework addresses content moderation, personal data protection, and algorithmic governance, emphasizing security, ethics, and user consent. On the other hand, the UK adopted a principled and context-based approach to AI regulation, emphasizing mandatory consultations with regulatory bodies and technical expertise enhancement. It employs a decentralized and soft law approach, aiming to bridge regulatory gaps and better regulate complex technologies.

Should AI development be regulated?

There's a strong debate about regulating AI development, with arguments on both sides. AI systems can be misused for malicious purposes like spreading misinformation, creating deepfakes, or even controlling autonomous weapons. Regulation could help ensure AI development prioritizes safety and security. AI algorithms can reflect and amplify societal biases, leading to discriminatory practices. Regulations could promote fairer AI development that minimizes bias. Complex AI models can be like black boxes, making it hard to understand their decision-making process. Regulations could require developers to make AI models more transparent and explainable. AI development often relies on vast amounts of data, raising concerns about data privacy and security. Regulations could protect user data and prevent misuse. On the other hand, overly strict regulations could slow down AI research and development, hindering potential benefits. The field of AI is constantly evolving, making it difficult to write future-proof regulations. Rigid rules might not adapt well to new advancements. AI development is happening worldwide. Regulations in one country might not be effective if others don't follow suit. Many governments and organizations are actively considering or implementing AI regulations. The European Union's AI Act is one of the most comprehensive attempts so far. The question of regulating AI development is complex. While regulations are crucial for addressing potential risks and promoting ethical AI, they should be designed carefully to avoid stifling innovation. The ideal approach might involve a balance between industry self-regulation, government oversight, and international cooperation.

(References – Times of India, Economic Times, The Hindu)

GREENVISSAGE EXPLAINS

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Is the Credit Cards business profitable for the banks?

There's a common misconception that credit cards are a risky business for banks in India. An industry insider with over 10 years of experience sheds light on why that's not quite true. While credit card losses might seem high in absolute terms, they need to be seen in context with the overall growth of the industry. The rise in losses simply reflects the increasing number of cards issued and higher spending by cardholders. It's a sign of a flourishing industry, not a failing one. India's credit card usage is low compared to other developed economies. This means there's immense growth potential. Unlike some perceptions, Indians do rely on credit, but often through informal channels. Credit cards offer a more secure and regulated alternative.

Credit cards are one of the most profitable products banks offer. They generate significantly higher Returns on Assets compared to personal loans, car loans, or home loans. This is because they charge fees called Merchant Discount Rate (MDR) to the merchant who is receiving money from the credit card payments. This is usually 2-3% which is shared between the card issuing network, card issuing bank and the payment processing bank. Thus, banks make money for every penny spent on a credit card. SBI Card, for instance, consistently reports an ROA of 4-5%, while most banks hover around 2-3% for other credit products. News articles often focus on Gross or Net Non-Performing Assets numbers. These can be misleading as they're influenced by various factors, including accounting practices. A better measure of default risk is Gross or Net Credit Cost expressed as a percentage.

The approval of credit cards is dependent on various factors. A low score gets you rejected, but a high score isn't a guarantee. CIBIL is the most common credit score used, but some institutions might use others. A clean repayment record in the last 1-3 years is crucial. Defaults can lead to permanent rejection. Salaried applicants with a good score and credit history have a simpler approval process. Non-salaried applicants might face a more manual assessment, with some exceptions for professions like doctors or lawyers. Banks have specific areas where they issue cards. Bigger banks cover most of India, while smaller ones might be more restricted. Foreign banks are slowly expanding beyond major cities. Banks also share blacklists of fraudsters and money launderers. They avoid issuing cards to certain professions due to potential repayment challenges. Having multiple ongoing loans or frequent credit inquiries can raise red flags. Your spending capacity determines your credit limit. Banks consider your credit history, income (through payslips and ITR), and existing credit cards (card-on-card approach by some banks). Banks also use their scoring systems alongside CIBIL scores for a more nuanced evaluation.

(References – Investopedia, Experian)

Why are Private Hospitals worried about Price Transparency?

A recent landmark decision by the Supreme Court has jolted the Indian healthcare industry, shining a spotlight on the contentious issue of price transparency in hospitals. This ruling, aimed at rectifying long-standing grievances over price inconsistencies and soaring medical expenses, has thrust hospitals, particularly private ones, into a precarious position. The origins of this dilemma traced back to the Clinical Establishments Act of 2010, crafted to regulate clinical facilities, uphold healthcare standards, and tackle escalating medical costs. Despite being codified in law, the Act's mandate to standardize medical procedure rates languished without implementation for over a decade. The Supreme Court's intervention follows a Public Interest Litigation (PIL) filed by the Veterans Forum for Transparency in Public Life, shedding light on governmental laxity in enforcing the Act's provisions. Scrutiny revealed glaring disparities in treatment expenses between public and private hospitals, prompting the court to question the absence of specified standard rates, as mandated by law.

The implications of the Supreme Court's decree are profound, particularly for private hospitals accustomed to setting their pricing structures. The court's admonition to enforce Central Government Health Scheme (CGHS) rates, notably lower than prevailing private hospital charges, has instilled unease within the healthcare sector. Financial experts caution that mandating CGHS rates could precipitate a substantial revenue decline for hospitals, imperilling their financial sustainability. Opponents argue that uniform rates fail to accommodate differences in operational expenses, infrastructure, and expertise levels among hospitals. They contend that premier hospitals with advanced technology and esteemed medical professionals naturally incur higher costs, warranting higher service charges. Imposing standardized rates, they argue, risks compromising healthcare quality and stifling sectoral innovation.

Conversely, advocates of price transparency assert its necessity in ensuring fair healthcare access and shielding consumers from exploitation. They argue that exorbitant medical expenses have long burdened patients, exacerbating financial hardship and dissuading many from seeking timely treatment. By mandating price transparency and rate standardization, the court aims to curb arbitrary pricing practices and enhance affordability. Nonetheless, the future of India's healthcare industry remains uncertain. The Supreme Court's directive has ignited debates and lobbying endeavours from various stakeholders, including hospital conglomerates, medical practitioners, and consumer advocacy groups. While the court's intent to catalyze government action on rate standardization is evident, the practical ramifications and feasibility of such measures necessitate thorough deliberation and negotiation.

(References – Indian Express, Money Control)

Why did the US Government Ban TikTok?

The United States House of Representatives recently passed a bill aiming to force ByteDance, the Chinese owner of the popular social media app TikTok, to divest from the company. The bill, titled the Protecting Americans from Foreign Adversary Controlled Applications Act, received bipartisan support, signalling significant concerns among US lawmakers regarding national security and data privacy. The primary driver behind the push to ban TikTok stems from concerns over Chinese influence and data security. Many US legislators and the White House fear that TikTok could potentially provide a conduit for the Chinese government to access sensitive user data and influence American citizens through its algorithmic recommendations.

Despite denials from ByteDance regarding any ties to the Chinese government, suspicions persist, especially given China's history of exerting control over domestic tech firms. The passage of the bill in the House of Representatives signifies a significant step towards potential restrictions or divestment for TikTok. However, its journey to becoming law is far from straightforward. The bill must clear the US Senate, where it faces further scrutiny and potential competition from alternative versions of the ban. Moreover, with the upcoming 2024 election year adding political complexities, the process could face delays or alterations. TikTok has vehemently denied accusations of being a national security risk, asserting its independence from the Chinese government and highlighting its efforts to safeguard user data. However, scepticism remains, fueled by past instances where Chinese-owned tech companies faced allegations of compromising user privacy.

The legislation presents a formidable challenge for Tiktok, potentially disrupting its operations and market presence, despite its efforts to assuage concerns. Should the bill progress and become law, TikTok's future in the US could be at risk. While the legislation does not explicitly ban the app outright, it sets the stage for divestment within a stipulated timeframe. Such a scenario could disrupt the app's functionality, limiting updates and potentially rendering it obsolete over time. This could have significant ramifications for TikTok's extensive user base, content creators, and businesses reliant on the platform for marketing and commerce. The US's move to ban TikTok reflects broader international scrutiny of the app's operations and underscores growing concerns over data privacy and national security in the digital age. Other countries, including India and Nepal, have already implemented bans on TikTok, citing similar concerns. Additionally, the tech industry's response to the situation will be closely watched, as it navigates the delicate balance between innovation, regulation, and geopolitical tensions.

(References – AlJazeera, Financial Times)

COMPLIANCE UPDATES

Greenvissage

Goods and services tax

■ **Integration of E-Waybill System with New IRP Portals** The Goods and Services Tax Network (GSTN) has announced the successful integration of E-Waybill services with four new IRP (Invoice Registration Portal) portals via NIC (National Informatics Centre). This integration allows taxpayers to generate e-way bills concurrently with e-invoicing on these four IRPs. The move expands the existing services available on the NIC-IRP portal, ensuring that e-waybill services, alongside e-invoicing, are now accessible across all six IRPs. This integration aims to streamline tax compliance processes for taxpayers, enhancing efficiency and convenience in generating E-Waybills and E-Invoices. (GSTN)

■ **Introduction of New 14A and 15A Tables** The Goods and Services Tax Network (GSTN) has informed the introduction of two new tables, Table 14A and Table 15A, in GSTR-1, as per Notification No. 26/2022 – Central Tax dated 26th December 2022. These tables are designed to capture the amendment details of supplies made through e-commerce operators (ECO), for which the operators are liable to collect tax under section 52 or liable to pay tax under section 9(5) of the CGST Act, 2017. Effective from the February 2024 tax period onwards, these tables are now live on the GST common portal and are accessible in GSTR-1/IFF. Notably, these amendment tables are pertinent for taxpayers who have previously reported supplies in Table 14 or Table 15 in earlier tax periods. (GSTN)

■ **Food Firms, GST Authority Spar Over 18% Tax Rate on Snacks** In a recent development, several major food companies including ITC, PepsiCo India, Balaji Wafers, and Prataap Snacks find themselves at odds with the Directorate General of GST Intelligence over the imposition of an 18% goods and services tax (GST) on snack foods. The contention arises from a government clarification categorizing snacks as extruded and non-extruded, where extrusion involves pushing ingredients through a machine to achieve the desired shape. Notably, popular snacks like PepsiCo's Kurkure, Prataap Snacks' Yellow Diamond puffs, and ITC's Bingo Mad Angles fall under the extruded category, constituting 25-30% of the total INR 47,000-crore salty snacks market. The remaining share comprises non-extruded snacks such as biscuits and potato chips. While these companies have historically paid a 12% GST on snacks overall, the GST Intelligence body now advocates for an 18% GST on extruded snacks and 12% on non-extruded snacks. This development unfolds amidst a surge in GST notices to both food and non-food firms for various discrepancies in tax payments and returns filed for the financial years 2017-18, 2018-19, and 2019-20. (Financial Express)

■ **CBIC Asks Officers to Avoid Summoning CEO or CFO** The Central Board of Indirect Tax and Customs (CBIC) has issued directives to the Directorate General of Goods and Services Tax Intelligence (DGGI), emphasizing a bottom-up approach to investigating the tax liabilities of multinational companies (MNCs). These guidelines instruct field officials to first engage with the authorized person within an MNC, responsible for tax compliance, rather than immediately summoning the company's top executives such as the CEO or CFO. The move comes in response to concerns raised by MNCs regarding the challenges faced by top management during interactions with DGGI officials. Typically, during GST investigations, CEOs and CFOs are called upon to provide insights, but their busy schedules often hinder their prompt responses. Hence, MNCs usually designate representatives or external advisors to address tax inquiries. The involvement of top management is reserved for cases where comprehensive explanations about business operations are required or serious violations are detected. The CBIC's intervention follows instances where GST authorities directly questioned senior executives, as observed in the recent case concerning secondment charges. (Financial Express)

■ **Bihar Offers One-Time Settlement for Pre-GST Era Tax Liabilities** The Government in Bihar has introduced a one-time settlement initiative aimed at assisting traders with tax liabilities dating back to the pre-GST era. The Bihar Tax Disputes Settlement Bill, 2024, was presented in the state assembly. Under this scheme, traders would be required to pay 10% of the penalty, with the remaining 90% waived. Additionally, they would need to settle 35% of the disputed tax amount to receive a waiver for the remaining 65%. Chaudhary clarified that traders opting for this settlement would have to pay both 10% of the interest and penalty, along with 35% of the disputed tax. Furthermore, he announced the government's decision to exempt petrol pump owners from filing VAT returns. (Business Standard)

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

Income tax

Changes to Form 3CD and Disclosures The Central Board of Direct Taxes (CBDT) has recently introduced modifications to Form 3CD through Notification No. 27/2024, dated March 5, 2024. These revisions encompass the inclusion of disclosures about disallowance under section 43B(h) in clause 26. Additionally, Clause 22, which addresses interest restrictions under the MSME Development Act, has been updated to encompass the disclosure of the amount disallowed under section 43B(h). By incorporating these amendments into Form 3CD, the CBDT seeks to ensure that taxpayers accurately disclose all relevant information, thereby facilitating a more comprehensive assessment of their tax liabilities. Taxpayers and professionals involved in tax compliance need to familiarize themselves with these alterations to Form 3CD to ensure adherence to the latest regulatory requirements and avoid any potential non-compliance issues. (CBDT)

UN to design a model blueprint for wealth tax The United Nations (UN) is set to embark on designing a model blueprint for wealth tax, aiming to establish consistent and straightforward legislation that can be adopted by countries worldwide. This initiative will be carried out by the UN tax committee, comprised of experts on international cooperation in tax matters, who are nominated by UN member countries. The UN's guidance on wealth tax will equip countries with a comprehensive framework for implementation, providing both technical expertise and political support to tax the wealthiest members of society. Historically, many countries have refrained from taxing extreme wealth due to intense lobbying pressure. The agreement to develop this guidance marks a significant shift in global consensus regarding the taxation of extreme wealth and underscores the UN's role in driving tax reform on a global scale. (Times of India)

CBDT expands the scope of appeals by income tax officers The Central Board of Direct Taxes (CBDT) has issued a circular dated March 15, expanding the scope for filing appeals by income tax officers. This expansion includes cases related to Tax Deducted at Source (TDS) disputes, undisclosed foreign income, and information received from investigating agencies such as the Enforcement Directorate (ED) and GST Intelligence. Previously, tax authorities could file appeals before various judicial bodies if the disputed tax demand exceeded certain monetary thresholds. However, the CBDT's new circular removes these monetary limits in cases where prosecution has been filed, trial is pending, or conviction orders have been passed. Additionally, appeals can now be filed regardless of the tax demand in disputes involving TDS/TCS matters, disputes relating to the applicability of provisions of Double Taxation Avoidance Agreements, and cases of undisclosed foreign income/assets/bank accounts. (Financial Express)

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

Customs and foreign trade

DGFT Imposes Cap on IEC at INR 2.5 Crores The Directorate General of Foreign Trade (DGFT) has introduced an amendment under the Interest Equalization Scheme, imposing a cap of INR 2.5 crores per Importer-Exporter Code (IEC) from April 1 to June 30. This directive aims to regulate and standardize trade practices during this period. The extension of the Interest Equalization Scheme until June 30, notified by the RBI, underscores the government's commitment to supporting exporters. Notably, this scheme facilitates competitive interest rates on loans acquired by exporters, boosting their global competitiveness. The recent decision also entails additional funding of INR 2,500 crore allocated by the Union Cabinet to sustain the scheme until the specified date. This allocation particularly benefits exporters operating in designated sectors and all MSMEs involved in manufacturing and exporting activities. The extension of the scheme ensures exporters' continued access to competitive rates for pre and post-shipment Rupee export credit, fostering a conducive environment for international trade operations. (India Shipping News)

India's February Trade Deficit Expands The Commerce Ministry's release of trade data for February 2024 revealed India's merchandise trade deficit widening to USD 18.71 billion, up from USD 17.49 billion in January and USD 16.57 billion in February 2023. Despite the widening deficit, exports surged by 11.9 per cent year-on-year to USD 41.40 billion, marking the highest figure in 11 months, last seen in March 2023. Imports also rose, reaching a four-month high at USD 60.11 billion. Notable contributors to export growth included engineering goods (15.9 per cent), electronic goods (54.81 per cent), organic and inorganic chemicals (33.04 per cent), and drugs and pharmaceuticals (22.24 per cent). This growth is significant, with 22 out of 30 key sectors exhibiting positive growth compared to February 2023. Commerce Secretary Sunil Barthwal expressed optimism despite global challenges such as the Ukraine conflict, Suez Canal blockage, and commodity price fluctuations, noting that February's trade performance exceeded expectations. (Money Control)

Windfall Tax on Crude Petroleum Increased On March 15, the government announced an increase in the windfall tax on crude petroleum from INR 4,600 per tonne to INR 4,900 per tonne, effective from March 16. This tax is imposed as a Special Additional Excise Duty (SAED). Notably, the tax on the export of diesel, petrol, and jet fuel (ATF) remains nil. This move follows a previous increase on February 16, when the windfall tax on petroleum crude was raised from Rs 3,200 to INR 3,300 per metric tonne, along with a hike in diesel tax from zero to INR 1.5 per litre. The windfall tax was initially introduced in July 2022 amidst rising crude oil prices. It was extended to exports of gasoline, diesel, and aviation fuel, aiming to regulate the profits earned by private refiners from selling fuel overseas. Under this tax regime, domestic crude oil is taxed if global benchmark rates exceed USD 75 per barrel. Similarly, the export of diesel, ATF, and petrol attracts the levy if product margins surpass USD 20 per barrel. Despite concerns over global economic conditions and increased crude inventories in the US, leading to lower crude prices, the government has maintained its tax measures to ensure revenue stability and regulate the petroleum sector. (Money Control)

India Extends Ban on Onion Exports Indefinitely India has unexpectedly extended its ban on onion exports indefinitely, a move that is likely to worsen high prices in international markets. The ban, initially imposed in December, was set to expire on March 31. However, the government issued an order on March 15, stating that the ban would continue until further notice. The decision to extend the ban comes despite a significant decrease in local onion prices, which have more than halved since the export restrictions were put in place, and the arrival of fresh supplies from the new crop season. Traders and industry insiders have expressed surprise and disappointment at the extension, deeming it unnecessary given the current market conditions. Onion prices in major wholesale markets in Maharashtra, the largest onion-producing state, have dropped from 4,500 rupees per 100 kg in December to 1,200 rupees per 100 kg. This move is expected to impact countries that rely on imports from India to meet their domestic onion demand, leading to higher prices in those markets. Importing nations such as Bangladesh, Malaysia, Nepal, and the United Arab Emirates have been grappling with elevated onion prices since the ban was initially imposed. Despite the extension of the ban, India remains the world's largest exporter of onions and plays a significant role in global onion trade. The country exported a record 2.5 million metric tons of onions in the previous financial year, highlighting its importance in meeting international demand for this essential vegetable. (Economic Times)

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

Corporate and allied laws

Digital Competition Law Committee Submits Report The Centre-appointed Committee on Digital Competition Law (CDCL) has submitted its report and a draft Bill on the proposed Digital Competition Law to the Finance Minister. The

16-member committee was constituted in February 2023 to examine the need for a separate law on competition in digital markets. The committee recommends introducing new regulations alongside the existing framework. This would involve identifying large digital companies with a significant presence in India and core digital services. These companies would then be subject to predetermined rules governing their conduct. The report suggests bolstering the Competition Commission of India's (CCI) capacity for technical regulation in digital markets. It also recommends establishing a mechanism for inter-regulatory consultations. The CDCL's recommendations are modelled on the European Union's Digital Markets Act, with some adjustments for the Indian context. The proposed law would significantly impact major technology companies like Google, Apple, and Amazon, bringing them under a separate regulatory regime. Some experts worry that ex-ante regulations might stifle innovation by imposing excessive burdens on tech companies, potentially leading to fewer choices and higher prices for consumers. (The Hindu Business Line)

- **SEBI to Repeal Circulars on Private Placement of Securities** The Securities and Exchange Board of India (SEBI) has made a significant decision to repeal certain circulars related to the allotment of securities through private placement. These circulars provided relaxation in cases involving private placement routes. Previously, under the Companies Act, of 1956, private placement was defined as the issuance of securities to 49 individuals, a limit that was increased to up to 200 under the Companies Act, of 2013. In cases under the Companies Act, of 1956, where securities were issued to more than 49 persons but up to 200 persons in a financial year, SEBI had provided conditions to avoid penal action. These conditions included offering investors the option to surrender securities and receive a refund amount not less than the subscription money paid along with a 15% interest per annum or higher return as promised. However, SEBI noted that considerable time has passed since the repeal of the Companies Act, of 1956. As a result, it has decided to repeal the circulars in this regard. (Indian Express)

- **SEBI Extends Compliance Deadline for High-Value Debt-Listed Entities** The Securities and Exchange Board of India (SEBI) has granted an extension for High-Value Debt Listed Entities (HVDLE) to adhere to listing norms, now set to March 31, 2025, as decided in its March 15 board meeting. Previously slated for March 31, this extension comes as a relief for entities dealing with non-convertible debt securities valued at INR 500 crore or more. Notably, SEBI amended the Listing Obligations and Disclosure Requirements (LODR) Regulations in September 2022, bringing HVDLEs under corporate governance norms applicable to listed entities. However, feedback from the industry, particularly on difficulties in adhering to Related Party Transaction (RPT) norms, prompted SEBI to reevaluate. A consultation paper issued highlighted the challenge that many HVDLEs have a majority of shareholders who are related parties, making RPT compliance near impossible. 93 out of 138 HVDLEs had all shareholders as related parties. In response, SEBI proposed amendments to address these concerns, potentially invoking a proviso under the Companies Act for certain exemptions, thus aiming to streamline compliance for affected entities. (Money Control)

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

Finance and banking

- **RBI Governor Urges Enhanced Grievance Redress Mechanism** Reserve Bank of India (RBI) Governor Shaktikanta Das called upon regulated entities to bolster their grievance redress mechanisms, highlighting identified gaps during the Annual Conference of the RBI Ombudsman. Das emphasized the need for improvement in the internal ombudsman (IO) mechanism, stressing that its effectiveness is paramount for fair adjudication. Notably, the RBI received 234,000 grievances in 2022-23 under its Integrated Ombudsman Scheme, rising to 268,000 in 2023-24, with a remarkable 98% disposal rate. The average turnaround time for resolving complaints decreased to 33 days post-implementation of the new scheme. Das also addressed the rising concerns regarding fraudulent transactions, emphasizing the importance of strengthening monitoring systems and employing technology, particularly artificial intelligence (AI), to preempt potential frauds. He highlighted the need for financial institutions to protect customer information and promptly address vulnerabilities. Additionally, Das mentioned the establishment of a working group to review the RBI Integrated Ombudsman Scheme's functioning, expected to submit its report by April, aiming to further enhance its efficacy. (Business Standard)

RBI Mandates Banks to Offer Choice in Credit Card Networks The Reserve Bank of India (RBI) has directed banks and non-banking financial companies (NBFCs) to allow customers the option to select from multiple credit card networks. This move aims to promote competition and enhance customer choice within the credit card ecosystem. Effective September 6, the directive prohibits card issuers and networks from entering into agreements that restrict customers from accessing services offered by other networks. Consequently, card issuers must provide customers with the flexibility to choose from various networks at the time of issuance or renewal. While the circular doesn't explicitly address co-branded cards, it necessitates that every card has at least two networks. Notably, the directive exempts American Express, whose credit cards on their authorized network are excluded. The mandate applies to card issuers with over 1 million active cards, impacting major players like HDFC Bank, SBI Card, ICICI Bank, and Axis Bank. The RBI's intent behind this move appears to encourage the proliferation of domestic card networks like NPCI's Rupay, potentially challenging the dominance of international networks like Visa and Mastercard. Shivaji Thapliyal, head of research at YES Securities, highlights Rupay's unique position, offering credit card services on the UPI platform, which may influence its adoption. This directive comes amid India's burgeoning credit card market, with nearly 100 million outstanding credit cards as of December 2023, reflecting a steady growth trajectory over recent years driven by both banking initiatives and evolving consumer spending habits. (Business Standard)

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

Accounting and management

In Focus: Debt Service Coverage Ratio

- The Debt Service Coverage Ratio (DSCR) is a financial metric used to assess the ability of a company or individual to cover their debt obligations with available cash flow. It's a crucial measure for lenders, investors, and analysts in evaluating the financial health and creditworthiness of a borrower. The formula to calculate DSCR is – DSCR = Net Operating Income / Total Debt Service, where Net Operating Income (NOI) represents the income generated from operations before interest and taxes. Total Debt Service includes all payments made towards servicing debt obligations, including interest, principal repayments, and any other mandatory debt payments.
- A DSCR above 1 indicates that the entity generates enough cash flow to cover its debt obligations. In other words, it has more operating income than debt payments, which is a positive sign for lenders and investors. A ratio below 1 implies that the entity may have difficulty meeting its debt obligations with its current cash flow, suggesting higher financial risk. For example, if a company has a DSCR of 1.5, it means that its net operating income is 1.5 times greater than its total debt service, indicating a relatively healthy financial position. Conversely, a DSCR of 0.8 would signify that the company's cash flow is only sufficient to cover 80% of its debt obligations, potentially raising concerns about its ability to meet its financial commitments.
- Lenders typically have minimum DSCR requirements when evaluating loan applications to ensure that borrowers have adequate cash flow to repay their debts. A higher DSCR is generally preferred, as it indicates a stronger ability to service debt and withstand financial challenges. Overall, the Debt Service Coverage Ratio is a fundamental tool in financial analysis, providing valuable insights into an entity's ability to manage its debt obligations and maintain financial stability.

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

Payroll and personal finance

- **India to Implement a Living Wage System by 2025** The Indian government is set for a significant reform by replacing the minimum wage with a living wage system by 2025. This move aims to improve the lives of millions of workers, particularly those in the informal sector. The government is collaborating with the International Labour Organization (ILO) to establish a framework for calculating and implementing living wages effectively. A living wage goes beyond just meeting basic needs. It encompasses essential expenses like housing, food, healthcare, education, and clothing, ensuring a decent standard of living for workers and their families. India has a vast workforce exceeding 500 million, with an estimated 90% employed in the unorganized sector. Currently, minimum wages in this sector vary by state, with some workers earning as little as INR 176 per day. The national minimum wage has also stagnated since 2017, leading to inconsistencies in enforcement and wage discrepancies. The Code on Wages passed in 2019, proposes a standardized minimum wage applicable across all states. While its implementation is pending, it paves the way for a more uniform system. Shifting to living wages aligns with India's commitment to achieving the Sustainable Development Goals (SDGs) by 2030, particularly the goal of poverty alleviation. This reform is expected to accelerate efforts in lifting millions out of poverty. (Times of India)

- **SEBI Stress Tests Mutual Funds** The Securities and Exchange Board of India (SEBI) conducted stress tests on small-cap and mid-cap mutual funds to assess their preparedness in case of market emergencies. It would take an average of 14 days for small-cap funds and 6 days for mid-cap funds to liquidate 50% of their holdings if there's a sudden rush for redemption by investors. This highlights potential liquidity issues, especially in small-cap funds. Schemes with a larger corpus tend to have a higher proportion of illiquid stocks. For instance, small-cap schemes with a corpus less than INR 10,000 crore could liquidate 50% of their portfolio in 6 days on average, while those exceeding INR 20,000 crore could take about 43 days. The stress test also measured the level of overvaluation in a fund's portfolio. Nippon India Small Cap Fund, despite its good liquidity numbers, has a Price-Earnings (PE) ratio of 41.91, significantly exceeding its benchmark index. This indicates potential overvaluation in its holdings. SEBI's stress test aims to improve transparency and empower investors to make informed decisions. Fund houses are required to publish these stress test results every 15 days. Investors shouldn't panic based on these numbers alone. However, the stress test results provide valuable insights into potential risks associated with small-cap and mid-cap mutual funds. (Money Control)

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

BUSINESS NEWS

Greenvissage

Government

India's New EV Policy India's new Electric Vehicle (EV) policy is poised to revolutionize the country's automotive landscape, with a focus on attracting investment and fostering the local manufacturing of EVs equipped with cutting-edge technology. Key provisions include a minimum investment requirement of INR 4,150 crore by companies intending to establish local manufacturing facilities within three years. Moreover, the policy mandates a gradual increase in local sourcing of components, starting from 25% by the third year and reaching 50% by the fifth year. In a bid to incentivize EV imports, the policy offers a reduced import duty of 15% for EVs valued at USD 35,000 and above, subject to a cap based on total investment or annual Production-Linked Incentive (PLI). However, to encourage local production, companies are restricted to importing a maximum of 8,000 EVs per year over five years. Industry experts anticipate that the new policy will elevate India's stature as a premier EV manufacturing hub, attracting significant investments and fostering technological advancements in the sector. (Money Control)

Government Approves 17% Wage Hike for LIC Employees The Indian government has approved a substantial 17% wage revision for employees of the Life Insurance Corporation of India (LIC), effective from August 1, 2022. This decision, announced by LIC, will positively impact over 110,000 employees. LIC conducts wage revision exercises for its workforce once every five years, ensuring fair compensation and keeping pace with economic changes. In addition to the wage hike, the revision includes a notable increase in the National Pension System (NPS) contribution, rising to 14% from the previous 10% for approximately 24,000 employees who joined after April 1, 2010. Furthermore, the revision incorporates a one-time ex-gratia payment for LIC pensioners, benefiting more than 30,000 individuals and their families. Notably, the government had previously augmented the quantum of family pension, providing relief to over 21,000 family pensioners. (Business Standard)

Government and RBI Collaborate to Facilitate E-commerce Exports In a significant move to bolster e-commerce exports, the Ministry of Commerce is engaging in discussions with the Reserve Bank of India (RBI) to liberalize the Foreign Exchange Management Act (FEMA) guidelines. Santosh Kumar Sarangi, Director General of Foreign Trade (DGFT), revealed this development during the First Asia Pacific E-Commerce Policy Summit organized by the economic think tank ICRIER. Key areas of focus include easing regulations related to the realization of payments within a stipulated period for business-to-business (B2B) shipments. The commerce department, in collaboration with the RBI, is exploring options to extend this timeline, thereby facilitating smoother transactions for e-commerce exports. Additionally, efforts are underway to simplify the process of generating Electronic Bank Realisation Certificates (e-BRC) through self-declaration, thereby reducing reliance on traditional banking channels for exporters, particularly those dealing with numerous consignments of varying values. Furthermore, the commerce department is working closely with other government bodies such as the Department of Revenue and the Department of Post to expedite e-commerce exports. Initiatives include establishing designated zones for efficient clearance of consignments and ensuring sufficient warehousing capacity to meet consumer demand promptly. (Business Standard)

Delhi's Annual Budget 2024-25 The Delhi Government's 10th annual budget was presented by Finance Minister Atishi on March 4, 2024. The total budget allocation was increased to INR 76,000 crore. A significant portion i.e. INR 16,396 crore has been allocated to education, reflecting the government's focus on this sector. The health sector has received an allocation of INR 8,685 crore, with funds for hospitals, Mohalla Clinics, medicine supplies, and ambulance services. The Delhi State Finance Minister claimed that Delhi's per capita income has grown substantially, from INR 2.47 lakh in 2014 to INR 4.62 lakh in 2024, exceeding the national average by 2.5 times. Delhi's Gross State Domestic Product (GSDP) also increased two and a half times in the last ten years, reaching INR 11.08 lakh crore. The Finance Minister also linked the budget to the concept of 'Ram Rajya', an ideal state of good governance, highlighting efforts to provide public services and prosperity. (India.com)

■ **Petrol and Diesel Prices Slashed** In a significant move, The Ministry of Petroleum and Oil Marketing Companies (OMCs) have announced a revision in petrol and diesel prices across the country, effective from March 15. Following the price revision, petrol prices in the national capital are slated to decrease to INR 94.72 per litre, down from INR 96.72 per litre. Similarly, Mumbai, Kolkata, and Chennai will witness reductions to INR 104.21 per litre, INR 103.94 per litre, and INR 100.75 per litre, respectively. Diesel prices will also see a decline, with rates in the national capital dropping to INR 87.62 per litre, along with decreases in Mumbai, Kolkata, and Chennai to INR 92.15 per litre, INR 90.76 per litre, and INR 92.34 per litre, respectively. The downward adjustment in fuel prices is poised to provide much-needed relief to consumers, with the Petroleum Ministry emphasizing its positive impact on consumer spending and operational expenses for a vast number of vehicles, including heavy goods vehicles, cars, and two-wheelers. (Economic Times)

Economies

■ **US Federal Reserve Holds Interest Rates Steady** During its latest meeting, the Jerome Powell-led Federal Open Market Committee (FOMC) opted to maintain the benchmark interest rates at a range of 5.25% to 5.50%, marking the fifth consecutive meeting without change. Despite acknowledging persistently high inflation, the FOMC signalled its anticipation of three rate cuts in 2024, aiming to navigate economic uncertainties while striving for sustained inflation near the 2% target. The FOMC underscored its cautious stance, emphasizing the need for greater confidence in inflation's trajectory before considering rate reductions. Maintaining a median projection for interest rates at the midpoint between 4.50% and 4.75%, the committee anticipates potential cuts totalling 0.75 percentage points by year-end, likely executed through three 0.25 percentage point reductions. In tandem with the rate decision, Fed policymakers revised their economic forecasts, notably upgrading the US growth outlook for 2024 to 2.1% from 1.4% projected in December. (Live Mint)

■ **Bitcoin Surges to New Heights Amid Economic Optimism** Bitcoin made headlines this month as it smashed through the USD 73,000 mark, reaching a fresh all-time high of USD 73,803. This surge, bolstered by a flood of investments pouring into new spot Bitcoin exchange-traded funds (ETFs), reflects growing investor confidence in the cryptocurrency market. Additionally, the anticipation of potential interest rate cuts by the US Federal Reserve added fuel to Bitcoin's rally, further elevating its appeal to investors. The cryptocurrency's market capitalization soared to an impressive USD 1.40 trillion, marking a remarkable 67% increase since the beginning of 2024. Bitcoin's price movements continue to be shaped by a myriad of factors, including institutional adoption, macroeconomic trends, regulatory developments, and overall investor sentiment. Federal Reserve Chair Jerome Powell's recent remarks, hinting at a cautious approach towards future interest rate adjustments, have only intensified market speculation. As Bitcoin continues to assert its dominance in the financial landscape, its unprecedented surge underscores a broader optimism amidst economic uncertainties. (Live Mint)

■ **India's Forex Reserves Surge to USD 636 Billion** India's foreign exchange reserves witnessed a significant uptick, soaring by USD 10.47 billion to reach USD 636 billion as of March 8, as reported by the Reserve Bank of India (RBI). This surge comes on the heels of a previous week's rise of USD 6.55 billion, underscoring the nation's robust financial standing despite global economic uncertainties. However, it's noteworthy that the country's forex kitty had touched an all-time high of USD 645 billion back in October 2021. The increase in reserves comes amidst the central bank's utilization of these reserves to shield the rupee from pressures stemming primarily from global developments over the past year. Moreover, gold reserves also saw a notable increase of USD 2.299 billion, reaching USD 50.716 billion. The Special Drawing Rights (SDRs) climbed by USD 31 million to USD 18.211 billion. Additionally, India's reserve position with the International Monetary Fund (IMF) rose by USD 19 million to USD 4.817 billion. This surge in forex reserves reflects India's ongoing efforts to bolster its economic resilience amidst evolving global financial dynamics. (Money Control)

Gold Prices Surge to New Highs Gold rates soared to unprecedented levels, reaching INR 65,000 per 10 grams in the national capital, marking a significant INR 800 increase from its previous close of INR 64,200. This surge was propelled by mounting speculation that the US Federal Reserve would initiate interest rate cuts in June, as indicated by experts. In major cities like Mumbai, Kolkata, and others, 24K gold was priced at INR 64,850 per 10 grams, with Chennai witnessing a slightly higher rate of INR 65,620. Factors contributing to the uptick in gold prices included signs of slowing industrial and construction spending in the US, coupled with decreasing inflationary pressures. Silver prices also surged to INR 74,900 per kg. Investors have sought refuge in these safe-haven assets amidst uncertainties surrounding US Federal Reserve policies on interest rate cuts. Gold, renowned for its role as a hedge against inflation, remains a preferred investment option, with its price influenced by various factors, including fluctuations in the US dollar. (Hindustan Times)

Corporates

US Launches Investigation into Adani Group for Alleged Bribery US authorities have intensified their probe into India's Adani Group, focusing on potential bribery and the actions of its billionaire founder, Gautam Adani. The investigation, spearheaded by the US Attorney's Office for the Eastern District of New York and the Justice Department's fraud unit in Washington, is delving into suspicions that an Adani entity may have paid officials in India for favourable treatment on an energy project. Notably, the probe also encompasses Indian renewable energy firm Azure Power Global Limited. In response to these allegations, the Adani Group has firmly denied any wrongdoing, asserting its adherence to the highest standards of governance and compliance with anti-corruption laws in India and other countries. The investigation stems from accusations made last year by short-seller Hindenburg Research, which alleged stock price manipulation and accounting fraud within the Adani conglomerate. Despite these challenges, the US government has maintained collaborative engagements with Adani Group entities, such as providing significant financing for a port terminal project in Sri Lanka. Operating under the auspices of the Foreign Corrupt Practices Act (FCPA), US prosecutors have the jurisdiction to pursue foreign corruption allegations if ties to American investors or markets are identified. While Adani Group does not trade in the US, its dealings with American investors warrant scrutiny under this legal framework. (Live Mint)

RBI's Ban on JM Financial Products In a significant blow to JM Financial Products Limited, the Reserve Bank of India (RBI) has prohibited the company from extending loans against shares and debentures due to identified regulatory and governance lapses. The regulatory action also includes a ban on JM Financial Products from sanctioning and disbursing loans against Initial Public Offerings (IPOs) of shares with immediate effect. RBI justified its intervention by citing serious deficiencies observed in loans sanctioned by the company for IPO financing and non-convertible debenture subscriptions, asserting that these actions contravene regulatory guidelines and raise concerns regarding governance issues detrimental to customer interests. JM Financial Group, however, has vehemently refuted the allegations, stating that no material deficiencies exist in its loan sanctioning processes and asserting compliance with applicable regulations. Regarding the specific issue of IPO financing, JM Financial clarified its longstanding involvement in funding IPOs over the past two decades and defended the practice of obtaining Power of Attorney (POA) as a risk containment measure, emphasizing its legality and industry-wide acceptance. The company expressed readiness to cooperate with RBI's special audit initiative and provide explanations as necessary. (Live Mint)

RBI Halts Gold Loan Operations at IIFL Finance The Reserve Bank of India (RBI) has issued an immediate ban on IIFL Finance's approval and disbursement of gold loans, citing significant supervisory concerns within its gold loan portfolio. While IIFL Finance is allowed to manage its existing gold loan portfolio using standard collection and recovery procedures, it is prohibited from sanctioning, disbursing, or engaging in any transactions related to gold loans, as per RBI's directive. The decision to impose restrictions on IIFL Finance stems from a thorough inspection of the company's financial position as of March 31, which uncovered several supervisory concerns within its gold loan operations. Significant deviations were identified in the assaying and certification process of gold, both during loan sanctioning and auction upon default. The central bank noted breaches in Loan-to-Value (LTV) ratios. Significant cash disbursal and collection activities exceeding statutory limits were observed. Instances of non-adherence to standard auction procedures and lack of transparency in charges to customer accounts were also noted. The supervisory restrictions imposed on IIFL Finance will be subject to review upon the completion of a special audit initiated by RBI. The company will need to rectify the findings of the special audit and the RBI inspection to the satisfaction of the central bank before any relaxation of restrictions is considered. (Hindustan Times)

■ **Adani Green Energy Commences 1,000 MW Solar Project in Gujarat** Adani Green Energy (AGEL) announced the operationalization of a 1,000 MW solar energy project at Khavda, Gujarat. This achievement propels AGEL's operational capacity to 9,478 MW, aligning with its ambitious target of reaching 45,000 MW by 2030. The company efficiently delivered the 1,000 MW capacity in less than 12 months from the initiation of work at Khavda, involving the installation of approximately 2.4 million solar modules. This rapid progress underscores AGEL's commitment to supporting India's objective of attaining 500 GW of non-fossil fuel capacity by 2030. Spanning an impressive 538 square kilometres on barren land, the Khavda project is touted as the world's largest renewable energy plant, surpassing even the size of Paris by five times. Expected to be completed within the next five years, the project is anticipated to generate over 15,200 green jobs. (Money Control)

■ **Tata Motors Announces Demerger** Tata Motors has revealed plans to demerge its operations into two distinct listed entities: one for commercial vehicles (CV) and another for passenger vehicles (PV), including electric vehicles (EVs), Jaguar Land Rover (JLR), and related investments. This strategic move is viewed as a natural progression following the earlier subsidiarization of PV and EV businesses in 2022. In recent years, Tata Motors' CV, PV+EV, and JLR businesses have pursued distinct growth trajectories, with each functioning independently under respective CEOs since 2021. The demerger will be executed through an NCLT scheme of arrangement, ensuring that all Tata Motors shareholders maintain identical shareholding in both listed entities. However, completing necessary shareholder, creditor, and regulatory approvals could take an additional 12-15 months. Tata Motors Chairman N Chandrasekaran emphasized the company's significant turnaround in recent years and highlighted the operational independence and consistent performance of its automotive business units. (Money Control)

Startups

■ **Meta Teams Up with ONDC to Empower Small Businesses on WhatsApp** Meta, the social media giant, has announced a strategic partnership with the Open Network for Digital Commerce (ONDC), a government-backed initiative in India. This collaboration aims to support and educate small businesses in creating seamless conversational experiences for buyers and sellers on WhatsApp, leveraging Meta's business and technical solutions. As part of the partnership, ONDC will assist business solution providers in becoming seller apps, facilitating the integration of the businesses they serve into the ONDC network and driving commerce effectively. To digitally empower micro, small, and medium enterprises (MSMEs), Meta plans to upskill over 500,000 MSMEs through the Meta Small Business Academy over the next two years. This initiative is part of Meta's broader goal to empower 10 million small businesses across India. The Meta Small Business Academy offers certifications to entrepreneurs and marketers, equipping them with essential digital marketing skills to thrive on Meta's platforms. (Indian Startup News)

■ **US Court Orders Freeze of USD 533 Million Linked to Byju's** Members of a lending consortium, who provided USD 1.2 billion to Byju's, have revealed that a US bankruptcy court has issued an order freezing USD 533 million associated with the edtech firm. This amount, originally held with a hedge fund but later transferred to an offshore trust, ha been prohibited from further utilization by the court's decree. Additionally, the Judge has ordered the arrest of William Morton, founder of hedge fund Camshaft Capital, for his repeated refusal to appear in court and provide information regarding the money transfer. According to the lenders, the Delaware bankruptcy court found that Byju's founders, Byju Raveendran and Divya Gokulnath, were acting in concert with Byju's Alpha and ordered compliance with its ruling. Byju's Alpha, a US subsidiary of Think & Learn Private Limited, had initially housed the USD 533 million from the term loan before it allegedly moved to the hedge fund. Byju's Alpha is now undergoing bankruptcy proceedings in the US. The conflict between Byju's and the lender group has been ongoing for about a year, originating from alleged breaches of loan terms by Byju's, including delays in furnishing audited financial results. Byju's has been attempting to resolve the matter by selling off group assets like Epic and Great Learning, while simultaneously facing opposition from investors seeking to block its rights issue and leadership changes. (Economic Times)

Paytm Authorized as Third-Party UPI Provider by NPCI Paytm has secured approval from the National Payments Corporation of India (NPCI) to operate as a Third-Party Application Provider (TPAP) under the multibank model for Unified Payments Interface (UPI) services, according to filings made by the fintech company with the exchange. NPCI announced that four major banks—Axis Bank, HDFC Bank, State Bank of India, and Yes Bank—will serve as Payment System Providers (PSP) for UPI. This decision ensures uninterrupted UPI services for Paytm users and merchants, including autopay mandates. One 97 Communications Limited (OCL), the parent company of Paytm, has been advised to swiftly migrate all existing handles and mandates to the new PSP banks as needed. The approval follows recent actions taken by the central bank against Paytm Payments Bank, including the discontinuation of inter-company agreements between Paytm and Paytm Payments Bank Limited (PPBL) to ensure the latter's independent operations. These developments were prompted by regulatory concerns and non-compliance issues that led the Reserve Bank of India (RBI) to impose business restrictions on Paytm Payments Bank. (Entrackr)

Byju's Announces Closure of Offices Nationwide Amidst Financial Crisis In a bid to streamline operations and curb expenses, Byju's has decided to shutter all its offices across India, retaining only its headquarters at IBC, Knowledge Park, Bengaluru, as reported by Moneycontrol. This move signifies a strategic shift for the edtech giant and comes in response to an impending liquidity crisis. The decision is reportedly prompted by a heated dispute with investors questioning the validity of funds raised from a recent USD 200 million rights issue offering. Financial challenges arising from this dispute have led to delays in salary payments for a significant portion of Byju's workforce. Byju's had previously appealed to the National Company Law Tribunal (NCLT) to utilize the funds, but the NCLT directed the company to place the funds from the rights issue in an escrow account, barring withdrawals until the matter is resolved. With nearly 14,000 employees in India, Byju's has mandated indefinite work-from-home arrangements for all employees, except those working at approximately 300 Byju's Tuition Centres across the country. (Business Standard)

Swiggy Merges InsanelyGood with Instamart Food delivery platform Swiggy has merged its two grocery delivery services - InsanelyGood and Instamart to streamline operations and reduce costs. InsanelyGood has limited its operations to Bengaluru only. The company was originally launched as SuprDaily in 2018 and rebranded to InsanelyGood in March 2023. It is known for premium grocery offerings and high-quality products. Instamart will now offer premium groceries through a separate section. Swiggy is preparing for an IPO and this move could improve its financial position. (Indian Startup News)

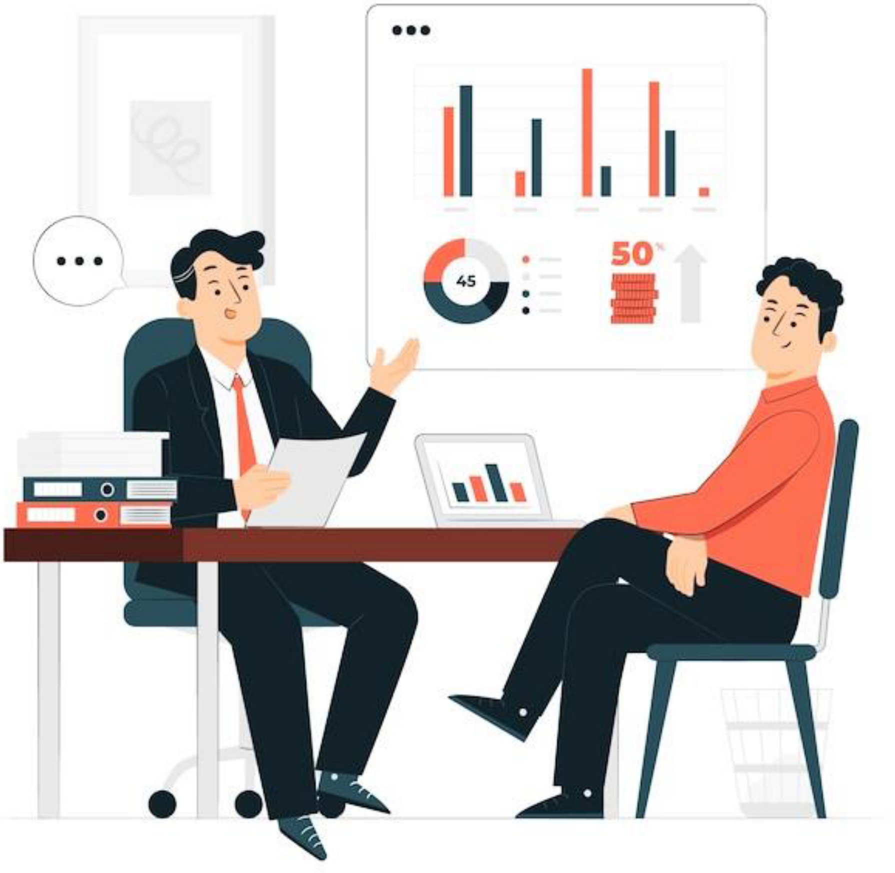
Conglomerates

The Body Shop Declares Bankruptcy, Shuts Down US Stores The renowned UK-based cosmetics company, The Body Shop, has taken a significant hit, leading to the closure of all its US-based stores and impending shutdowns of numerous Canadian locations after filing for bankruptcy. The Body Shop announced the cessation of operations for its US subsidiary effective March 1. Additionally, it disclosed that 33 out of its 105 stores in Canada will commence liquidation sales immediately, with online sales via Canada's e-commerce store ceasing. However, all Canadian outlets will remain operational for the time being.

The company's struggle can be attributed to various factors, including high inflation in recent years, affecting traditional retailers, particularly those, like The Body Shop, heavily reliant on mall-based operations targeting the middle class. Founded in 1976 by human rights activist and environmental campaigner, Anita Roddick, The Body Shop gained prominence for its natural, sustainable, ethical, and cruelty-free products. Despite its illustrious history and global presence with over 2,500 retail locations in over 80 countries and online availability in more than 60 markets, The Body Shop underwent several ownership changes. Acquired by cosmetics giant L'Oreal in 2006 and later sold to Brazilian company Natura in 2017, the brand has struggled in recent years. The Body Shop experienced a decline of 13.5% in 2022, as noted by Natura in an early 2023 report. To cope with its financial turmoil, The Body Shop was sold to asset management group Aurelius for approximately USD 266 million late last year. However, the efforts could not revive the brand. (Economic Times)

■ **CCI Initiates Investigation into Google's Billing System** The Competition Commission of India (CCI) has taken action against tech giant Google, ordering an investigation into its Users Choice Billing system (UCB) for potential violations of the Competition Act, of 2002. This decision directs the Director General (DG) to conduct a thorough investigation and submit a report within 60 days. The CCI's order suggests that Google's UCB system may prima facie violate sections 4(2)(a), 4(2)(b), and 4(2)(c) of the Competition Act, with concerns raised regarding unfair pricing practices imposed on app developers. The commission noted that such practices could limit the resources available for developers to enhance or innovate their apps, thereby restricting market growth. Moreover, Google's imposition of unfair service fees on app developers could potentially drive them out of the market or discourage new entrants due to increased operational costs, hindering market access for these developers. Additionally, the CCI highlighted concerns about Google's actions limiting the freedom of app developers to choose their business model and user engagement methods. (Money Control)

■ **Nissan and Honda Partner for EV Components and AI Software** Japanese automakers Nissan Motor and Honda Motor are exploring a potential strategic partnership aimed at collaborating on the production of essential components for electric vehicles and the development of artificial intelligence software platforms for automotive use. This initiative reflects the companies' efforts to achieve economies of scale in the EV market amid fierce competition from global players like China's BYD and Tesla. Nissan, renowned for its early adoption of EV technology with the Nissan Leaf model, acknowledges the rapid advancement of new market entrants and the necessity to adapt to evolving industry dynamics. Honda, facing similar challenges in the EV market, has seen minimal adoption of battery-powered vehicles, constituting less than 0.5% of its global sales. The memorandum of understanding signed by Nissan and Honda signals their intent to explore potential areas of collaboration, with the scope yet to be determined. Both companies express openness to collaboration in various regions, including Japan and overseas, while affirming that existing partnerships—such as Nissan's alliance with Renault—will remain unaffected. (Reuters)



ECONOMIC INDICATORS

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ECONOMIC INDICATORS

Key Economic Indicators

Indicator	As on	Current	Prior
GDP Growth (%)	Dec-23	8.40	8.10
Inflation (%)	Feb-24	5.09	5.10
Unemployment (%)	Mar-24	7.64	8.01
Trade Balance ($m)	Feb-24	(18.70)	(17.50)
Business confidence	Mar-24	127.00	130.00
Manufacturing PMI	Mar-24	59.10	56.90
Services PMI	Mar-24	61.20	60.60

Commodities Future

Commodity	Expiry	Price	%
Gold	Jun-24	71,547.00	14.21
Silver	May-24	82,785.00	15.98
Crude Oil	Apr-24	6,535.00	-
Natural Gas	Apr-24	160.00	3.16
Aluminum	Apr-24	224.85	12.51
Copper	Apr-24	825.65	13.36
Cotton	May-24	61,560.00	(0.39)

Global Indices

Index	Country	%
NIFTY 50	India	0.66
BSE SENSEX	India	0.76
INDIA VIX	India	(16.58)
NIFTY BANK	India	1.87
DOW JONES	USA	0.28
NASDAQ	USA	1.43
S&P 500	USA	1.64
FSTE 100	UK	3.69
NIKKEI 225	Japan	0.18
SHANGHAI COM	China	0.08
MOEX	Russia	3.30
CAC 40	France	0.43
DAX	Germany	1.87
S&P ASX 200	Australia	(0.39)
BOVESPA	Brazil	1.91
KOSPI	South Korea	0.92
HANG SENG	Hong Kong	2.90

Currency Exchange Rates

Pair	Current	Prior	%
INR/1 USD	83.32	82.92	(0.47)
INR/1 GBP	105.23	105.03	(0.19)
INR/1 EUR	90.25	89.86	(0.44)
INR/100 YEN	54.88	55.36	0.87

Cryptocurrencies

Pair	Crypto	Price	%
BTC/USD	Bitcoin	70,172.00	10.70
ETH/USD	Ethereum	3,596.00	2.92
USDT/USD	Tether	1.00	0.06
BNB/USD	Binance	581.00	41.95

Small Savings Schemes

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

For queries and feedback, please write to us at **info@greenvissage.com**

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