



THE
VIT **SHALA**
IMES

HIGHLIGHTS

FINANCE AND INVESTMENT

Energy Announces Department Largest-Ever Investment in Carbon Removal

The US Energy Department has revealed its plan to invest up to \$1.2 billion in two projects focused on removing carbon dioxide directly from the atmosphere, marking what officials consider the largest investment in "engineered carbon removal" to date. The projects, called Project Cypress in Louisiana and South Texas DAC in Texas, aim to initially capture up to one million metric tons of carbon dioxide each per year, with the latter planning to scale up to 30 million metric tons annually once fully operational.

ANALYSIS

Fitch Ratings downgrades the US Long-Term Ratings to AA+ from AAA

The global credit rating agency Fitch Ratings downgraded the US credit rating to AA+ from AAA, its highest possible rating, citing expected fiscal deterioration over the next 3 years, growing debt burden on the general government and steady deterioration in governance over the last 20 years.

BUSINESS

DP World Chennai berths biggest vessel MV Navios Constellation

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BUSINESS CONTROVERSIES

Deloitte resigns as statutory auditor of Adani Ports, Adani Ports appointed MSKA & Associates as its auditor.

Weeks after raising concerns about a report by Hindenburg Research, Deloitte resigns as the statutory auditor of the Adani Ports. On August 12, Adani Ports announced that MSKA & Associates had been chosen to serve as the organization's statutory auditors. The action was taken after Adani Ports' board decided to accept Deloitte Haskins & Sells LLP resignation during a meeting held on Saturday.

GOVERNMENT SCHEMES

PM Modi announces the Vishwakarma Scheme, Drone Training for Women, and Aid for Urban Poor

During his speech to the nation on the 77th Independence Day from the ramparts of Red Fort, Prime Minister Narendra Modi unveiled three new programmes for workers with traditional skills, urban poor, and rural women.

For people with traditional talents, he established the Vishwakarma scheme with an outlay of Rs 13,000–15,000 crore. For the urban poor, PM Narendra Modi announced a reduction in interest rates on house loans. The PM announced another project to train women from 15,000 self-help groups to operate and maintain drones for agritech applications.



ECONOMY

Parliament passes bills to levy 28% GST on online gaming

The Lok Sabha, India's lower house of Parliament, has passed amendments to the Central and Integrated GST laws without discussion. The amendments enable the imposition of a 28% GST on the full value of bets placed in casinos, horse racing, and online gaming. These amendments focus on regulating and taxing online money gaming, especially from overseas suppliers catering to the Indian market. The amendments also provide simplified GST registration procedures for overseas suppliers and grant authorities the power to block non-compliant websites and platforms. The goal is to ensure proper tax compliance and regulation in the rapidly growing online gaming sector.

STOCK MARKET

On the last day i.e 7th august 2023, the SBFC Finance IPO was subscribed more than 19 times.

The initial public offering (IPO) of SBFC Finance, a non-banking finance company, had been subscribed 18.71 times. Investors submitted bids for 249.76 crore equity shares against a total offer size of 13.35 crore. The price band for the offer, which opened on August 3, has been fixed at Rs 54-57 a share. The proceeds from the fresh will be utilized to increase SBFC's capital base as it grows its operations.

ECONOMY

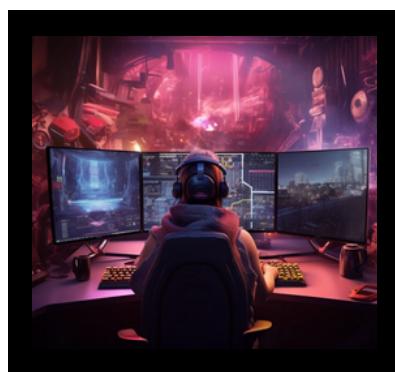
Private sector should also fund GPGs to aid inclusion: Shaktikanta Das

RBI Governor Shaktikanta Das has encouraged India's private sector to contribute to the development of financially viable public infrastructure, aiming to enhance financial inclusion. He pointed out that public goods don't necessarily have to be funded solely by the public sector, citing the example of the Unified Payments Interface (UPI), a public initiative. He emphasized the need for innovative designs that attract private investment in financing Global Public Goods (GPGs). Das highlighted the potential role of public investment in initiating GPG projects, followed by private sector financing to ensure broader market access. He also mentioned the importance of international capital flows for this purpose, as well as the role of multilateral development banks in promoting private sector investment through risk-sharing methods.

Regarding global cooperation, Das proposed considering a multilateral debt relief program targeted at assisting low-income countries with sustainable development projects and poverty reduction. He suggested employing instruments like debt-for-development swaps and green debt relief programs for this initiative. He also discussed the World Bank and IMF's roles in addressing global debt vulnerabilities, emphasizing the need to mitigate stigma associated with certain arrangements from these agencies. Das noted that countries might avoid seeking support from the IMF due to perceived stigma, which could lead to debt sustainability issues. He urged for timely corrective measures that ensure open access and help remove this stigma.

Parliament passes bills to levy 28% GST on online gaming

The Lok Sabha, India's lower house of Parliament, has passed amendments to the Central and Integrated GST laws without discussion. The amendments enable the imposition of a 28% GST on the full value of bets placed in casinos, horse racing, and online gaming. However, for this 28% levy to be implemented, states need to make changes to their own GST Acts through legislative measures. The Rajya Sabha (upper house) returned the Bill to the Lok Sabha, clearing the way for enactment. The Finance Minister, Nirmala Sitharaman, has targeted October 1 for the new tax's implementation, with a review planned six months after introduction. The government will closely monitor the online gaming sector to assess the tax's impact on investments and job opportunities. These amendments focus on regulating and taxing online money gaming, especially from overseas suppliers catering to the Indian market. The amendments also provide simplified GST registration procedures for overseas suppliers and grant authorities the power to block non-compliant websites and platforms. The goal is to ensure proper tax compliance and regulation in the rapidly growing online gaming sector.



Telangana launches India's first Agricultural Data Exchange platform

Telangana's IT and Industries Minister, K Taraka Ramarao, has launched India's first Agricultural Data Exchange (ADeX) and Agriculture Data Management Framework (ADMF) in Hyderabad. ADeX, created in collaboration with the State Government, the World Economic Forum, and the Indian Institute of Science, serves as a digital public infrastructure for the agricultural sector. Ramarao highlighted that both ADeX and ADMF offer a platform for fair and efficient utilization of agricultural data by industry and startups. These initiatives aim to bolster the data economy, particularly in agriculture, leading the country in using innovation and technology to enhance food systems and farmer incomes. Currently implemented in Khammam district, ADeX will expand to cover the entire state of Telangana in phases. The platform facilitates secure data exchange between agricultural data users and providers, such as government agencies, private companies, NGOs, and universities. ADMF, developed after consultations on data protection, management, and innovation, plays a crucial role in these efforts.

BUSINESS

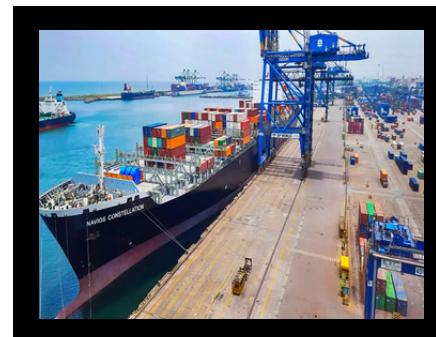
After short breather; FPIs invest in equities on global uncertainty, concerns over China

Foreign Portfolio Investors (FPIs) have invested more than Rs 3,200 crore in Indian equities this month due to uncertainties in global markets, economic worries in China, and the stability of the Indian economy. While FPIs had pulled out around Rs 2,000 crore in the first week of August, they shifted their focus back to Indian markets later due to global market uncertainty and concerns about China. The Indian market's resilience, positive earnings reports for the June quarter, and a favorable Price-to-Earnings (PE) ratio contributed to FPI interest. The stability of Indian Treasury rates and contrasting volatility in the US 10-year rates also enhanced India's attractiveness for FPIs. FPIs had previously shown consistent inflows in the past five months, particularly in financials, capital goods, and IT sectors, with domestic institutional investors (DIIs) offsetting FPI selling. This influx has brought the total equity market inflow to around Rs 1.26 lakh crore and the debt market inflow to about Rs 23,300 crore for the year.



DP World Chennai berths biggest vessel MV Navios Constellation

DP World Chennai, an end-to-end logistics provider, recently welcomed the largest vessel ever handled at the Chennai Container Terminal. The vessel, named 'MV Navios Constellation', measures 350 meters in length and can accommodate 9,954 TEUs (Twenty-foot equivalent units) of cargo. This marks a significant milestone for DP World Chennai since its establishment in 2001. The successful berthing of such a large vessel underscores the company's dedication to maritime excellence and its role in supporting India's trade growth. The terminal's ability to handle fifth-generation vessels with a draft of 15 meters and its connections to various global trade routes, including Colombo, Singapore, China, West Africa, and Europe, contribute to its reputation as a preferred choice for international trade partners.



Adani Ports says Deloitte auditor resignation arguments not convincing

Deloitte's decision to resign as the auditor of Adani Ports, an Indian company, has been met with skepticism by the company itself. Adani Ports stated that the reasons given by Deloitte for their resignation were not convincing, and the company believed that Deloitte had all the necessary information to conduct the auditing process. Deloitte's resignation came after concerns were raised over certain related party transactions flagged in a report by U.S. short seller Hindenburg earlier this year. Adani Ports did not independently investigate these concerns, leading to Deloitte's decision to resign. Adani Ports clarified that it was not within its authority to recommend audit appointments for other independent entities within the Adani Group. The Audit Committee of Adani Ports expressed its disagreement with Deloitte's grounds for resignation. As a result, the contractual relationship between Adani Ports and Deloitte was ended on agreeable terms. Adani Ports has appointed MSKA & Associates as its new auditor. The controversy had initially led to a significant decline in Adani group stocks' market value, but the values have partially recovered. Adani's Ambuja Cements also recently announced a significant acquisition after the tumultuous period.

FINANCE & INVESTMENT

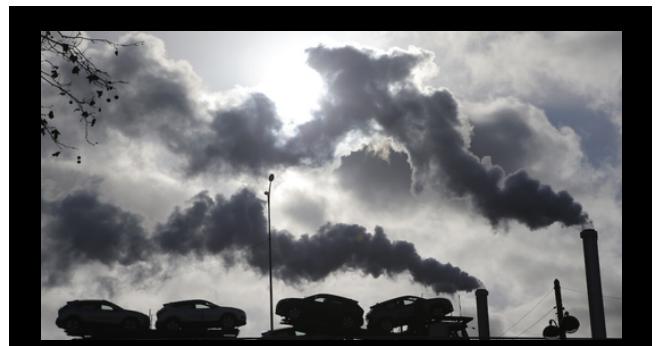
World Bank mulling local currency lending in countries like India

- The World Bank is considering the possibility of offering local currency loans in countries like India to help borrowers reduce costs, according to Anshula Kant, the Managing Director and Chief Financial Officer of the World Bank. She mentioned that the World Bank is exploring ways to provide local currency lending to India at favourable rates, acknowledging the Indian government's advantage in local currency borrowing. This is despite the World Bank being rated AAA, which signifies high creditworthiness. Kant noted that while local currency lending might work for India, it might not be suitable for countries in Africa due to the absence of sufficient market infrastructure for borrowing.
- During an event organized by the Ministry of Finance and the Reserve Bank of India (RBI), various economic experts shared insights on the global economy. Chief Economic Advisor to the Government of India, V Anantha Nageswaran, highlighted the easing of global inflationary pressures, although concerns about persistent core inflation remain. He stressed the importance of coordination between fiscal and monetary policies. Ashima Goyal, an academic and an external member of RBI's monetary policy committee, emphasized the necessity for monetary policy to address financial stability requirements.



Energy Department Announces Largest-Ever Investment in Carbon Removal

- The US Energy Department has revealed its plan to invest up to \$1.2 billion in two projects focused on removing carbon dioxide directly from the atmosphere, marking what officials consider the largest investment in "engineered carbon removal" to date. The process, known as direct air capture, is not yet widely scaled but has the potential to be a game-changing technology if it becomes both practical and cost-effective.
- The projects, called Project Cypress in Louisiana and South Texas DAC in Texas, aim to initially capture up to one million metric tons of carbon dioxide each per year, with the latter planning to scale up to 30 million metric tons annually once fully operational. These endeavours are expected to create thousands of jobs and contribute to the nation's efforts to address climate change by reducing carbon emissions. The move underlines the Biden administration's commitment to exploring innovative technologies to mitigate the impact of carbon emissions on the environment.



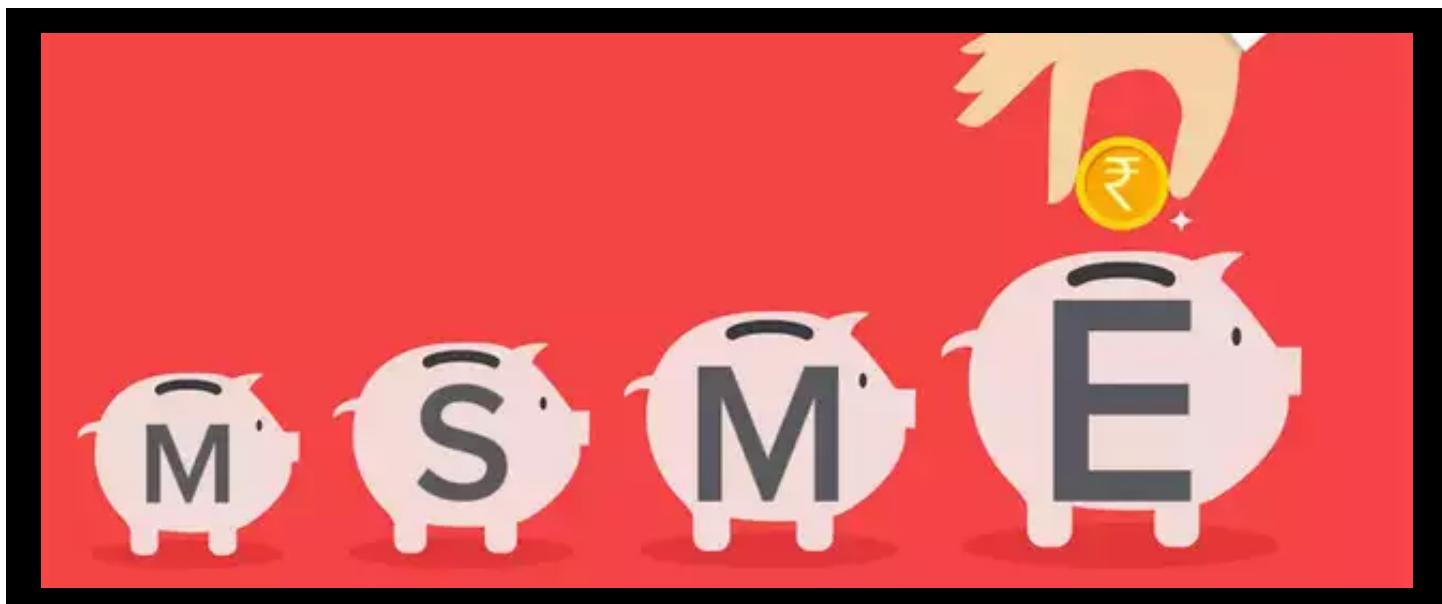
FINANCE & INVESTMENT

Slowdown in delinquencies to make MSME lending attractive

A recent report highlights those measures promoting the formalization of Micro, Small, and Medium Enterprises (MSMEs) and their digital adoption have led to improved access to granular enterprise data and increased confidence among lenders, especially for micro-segment MSMEs. Data from the report reveals that credit demand, measured by credit inquiry volumes, grew at 1.29 times YoY in the quarter ending September 2022. Credit supply remained stable, with disbursements growing by 24% YoY. Micro, small, and medium enterprises saw disbursements grow by 54%, 23%, and 8% YoY, respectively. Overall, MSME credit exposure reached ₹22.9 lakh crores in September 2022, reflecting a YoY growth rate of 10.6%. Public sector banks, private banks, and non-banking financial companies (NBFCs) hold ₹7.9 lakh crore, ₹10.1 lakh crore, and ₹3.1 lakh crore, respectively. The top ten states for MSME lending balance are Maharashtra, Gujarat, Tamil Nadu, Uttar Pradesh, Delhi, Karnataka, Rajasthan, West Bengal, Telangana, and Haryana, making up 72% of the outstanding MSME balance. These states showed varied growth rates and delinquency rates. The report suggests that government reforms and data analytics have bolstered the MSME sector, fostering growth and access to credit opportunities.

Foxconn's Board of Directors has given the green light to a substantial \$400 million investment in the Indian state of Telangana, as confirmed by Foxconn India representative V Lee. Foxconn is a significant supplier for Apple. The investment plan was disclosed through FIT Hon Teng's filing with the Hong Kong Stock Exchange on August 11. The funds will be directed towards Chang Yi Interconnect Technology (India) Private Limited, held by FIT Singapore. V Lee took to social media to celebrate the progress in Telangana and the forthcoming investment.

KT Rama Rao, Telangana's Minister for IT and Industries, responded to V Lee's post with a tweet on August 12, emphasizing that the new investment adds to the earlier committed \$150 million. The total investment from Foxconn is now reaching \$550 million. Rama Rao expressed his confidence that Foxconn is poised to fulfil its promises in Telangana, highlighting the region's agility. Foxconn Interconnect Technology, a major electronics player, laid the foundation for an electronics manufacturing facility in Telangana as part of its \$500 million investment strategy in the state. This facility, planned in Kongara Kalan, represents a significant move in Foxconn's global expansion plans and its goal to diversify its manufacturing base. The facility is expected to function as a hub for Foxconn Interconnect Technology's operations in Telangana, allowing for an expansion of its production capacity. Earlier this year, Young Liu, the chairman of Foxconn Technology Group, along with other senior officials, met with Telangana's Chief Minister K Chandrasekhar Rao. Apple supplier Foxconn ups its investment proposal in Telangana to \$550 million



STOCK MARKET

On the last day i.e 7th august 2023, the SBFC Finance IPO was subscribed more than 19 times.

By the afternoon of August 7, the last day of bidding, the initial public offering (IPO) of SBFC Finance, a non-banking finance company, had been subscribed 18.71 times. Investors submitted bids for 249.76 crore equity shares against a total offer size of 13.35 crore; retail investors purchased 8.64 times their allotted quota, while the portion reserved for employees, who will receive shares valued at Rs. 10.25 crore, was subscribed to 4.57 times; high net worth individuals (HNIs) submitted bids for 33.70 times their reserved shares; and qualified institutional buyers (QIBs) submitted bids for 25.83 times. The price band for the offer, which opened on August 3, has been fixed at Rs 54-57 a share. The proceeds from the fresh will be utilized to increase SBFC's capital base as it grows its operations. By August 10, the non-banking finance firm will finalize the basis of allotment, and by August 14, qualified investors will get their shares transferred to their demat accounts. By August 11, failed investors' accounts will receive their refunds. On August 16, the stock will be listed. Grey market premium for the TVS Supply Chain IPO on August 15, 2023, is ₹15.00 per share. Market watchers reported that TVS Supply Chain Solutions' shares were trading at a premium of 15 rupees per share on the grey market. According to the most recent GMP and the upper end of the IPO pricing range, the listing price for TVS Supply Chain is anticipated to be 212 per share (197 + 15).



After a three-month surge, FPIs were net sellers in August and sold more than 7,000 crores; analysts predicted profit booking.

So far in August, foreign portfolio investors' (FPIs') performance on D-Street has been muted, much below the inflows sustained during the previous three months. Analysts estimate that FPIs have sold Indian stocks for a total of 7,543 crore. FPIs nevertheless continue to make judicious investments in IT and capital goods. However, a robust buying tendency led by domestic institutional investors (DIIs) has offset the August trend of FPI selling. With an inflow of \$1.9 billion in the April-June quarter compared to an outflow of \$14.4 billion in the comparable quarter of the prior year, FPI turned into net purchasers. Financial services, automobiles, FMCG, and healthcare were among the industries where foreign investors showed significant interest. Analysts believe that the FPIs will now start to book some profits after the stock markets had record gains over the previous three months. FPIs in India have started selling after three months of consistent buying with a total investment of 13,7603 crore. A total of 7,543 crores worth of stocks were sold by FPIs from August 1 through August 11. FPIs may continue to sell in India given the strong currency and high US bond yields. Additionally, given the markets' successful three-month rally, it would be reasonable to anticipate some profit booking by FPIs.

Due to a retail boom, the number of new demat accounts opened in July reached an 18-month high, totaling 12.35 crore.

In July, around 30 lakh new Demat accounts were opened with two depositories, CDSL and NSDL, which are highest since January 2022 and about 50 percent more than the previous 12-month average of 20 lakh. The total count has also hit a fresh high of 12.35 crore. The market performance, which saw the Sensex and Nifty achieve new highs, and the popularity of derivatives trading both contributed to this enthusiasm, caused the continued fresh demat opening. A greater number of investors opened demat accounts as a result of the influx of cash from both local and foreign institutional investors, as well as from active initial public offerings (IPOs).

GOVERNMENT SCHEMES

The Karnataka government officially launches the "Gruha Jyothi" free power programme



On August 5, 2023, at Kalaburagi, Karnataka Chief Minister Siddaramaiah officially introduced the "Gruha Jyoti" programme. A registered person who uses less than 200 units of power per month is exempt from paying an electricity bill in the coming months thanks to a programme that offers free electricity to all households up to 200 units per month. This programme went into effect on August 1. One of Congress' five election promises for the Karnataka assembly elections is Gruha Jyoti.

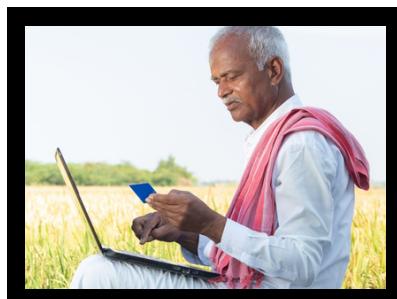
To register for the programme, individuals can access the specific page for it on the Karnataka government's seva sindhu portal and upload scanned copies of their Aadhar and customer ID as listed on their power bill. By visiting local "Bangalore One," "Gramma One," and "Karnataka One" centres, one can register offline as well. Callers can reach 1912 at any time for free, which is a toll-free number. This programme is available to all residential homes in Karnataka whose monthly power consumption is less than the preceding fiscal year's average monthly consumption plus 10%. Tenants in the state are also covered, and even those residing in rental housing may sign up for 200 units of free electricity. The household is required to pay the full cost of the electricity used, nevertheless, if the monthly usage exceeds 200 units.

The Goa government has launched the "Gramin Mitra" programme

The Goa government inaugurated its flagship programme, "Gramin Mitra," on 14th August 2023 to enable doorstep delivery of public services throughout the state and encourage digital empowerment in rural areas. The programme will close the digital divide and encourage digital empowerment in the state's rural areas.

The "Gramin Mitra" initiative's inauguration is an important step in bridging the gap between rural and urban Goa. The program's objective is to give rural people access to knowledge and opportunities that can improve their quality of life and encourage socioeconomic development. The project makes certain that no one is left behind in the digital age by bringing certain government services right to people's doorsteps, saving them time and resources.

Under the project, anyone can phone the designated call centre number to obtain public services. **The call centre is open seven days a week from 8 am to 8 pm.** To improve public service delivery and promote a digitised and inclusive governance system, the government is delivering government services right to people's front doors.



PM Modi announces the Vishwakarma Scheme, Drone Training for Women, and Aid for Urban Poor

During his speech to the nation on the 77th Independence Day from the ramparts of Red Fort, Prime Minister Narendra Modi unveiled three new programmes for workers with traditional skills, urban poor, and rural women.

For people with traditional talents, he established the Vishwakarma scheme with an outlay of Rs 13,000–15,000 crore. On September 17, Vishwakarma Jayanti, which is also the Prime Minister's birthday, it will be unveiled. The programme specifically targets skilled professionals like goldsmiths, masons, and barbers.

For the urban poor, PM Narendra Modi announced a reduction in interest rates on house loans. The government is offering slum dwellers and those who live in unlicensed colonies in cities a discount on their mortgage payments.

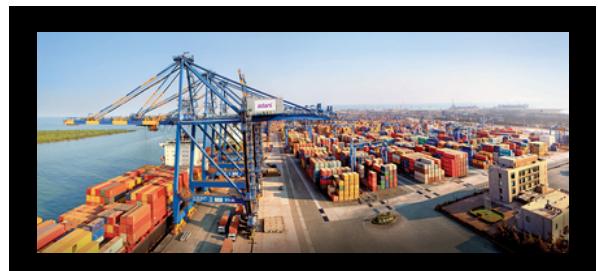
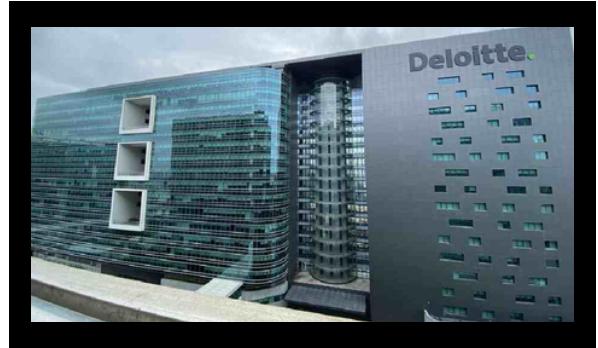
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CONTROVERSIAL NEWS

Deloitte resigns as statutory auditor of Adani Ports, Adani Ports appointed MSKA & Associates as its auditor.

Weeks after raising concerns about a report by Hindenburg Research, Deloitte resigns as the statutory auditor of the Adani Ports. On August 12, Adani Ports announced that MSKA & Associates had been chosen to serve as the organization's statutory auditors. The action was taken after Adani Ports' board decided to accept Deloitte Haskins & Sells LLP resignation during a meeting held on Saturday. The appointment is in place until the company's upcoming annual general meeting, which is scheduled for 2024. In May, the Indian branch of Deloitte expressed alarm over transactions between Adani Ports and three, according to Adani, unrelated companies. At the time, the auditor claimed it was unable to independently verify Adani's assertions and assess if the company was entirely in compliance with local legislation. In a letter dated Aug. 12 announcing its resignation as statutory auditors, Deloitte Haskins & Sells stated that "we are not statutory auditors of a substantial number of other Adani Group of companies." The financial management at the Adani Group, headed by Indian billionaire Gautam Adani, has come under further scrutiny as a result of the auditor's resignation. The Audit Committee (of Adani Ports) was of the view that the grounds advanced by Deloitte for resignation as Statutory Auditor were not convincing or sufficient to warrant such a move.



Women have a minority status in leading manufacturing organisations as employees: Economic Times Report

According to data from the companies that make up the S&P BSE India Manufacturing Index, the top Indian manufacturing corporations employ less than seven women per 100 employees on average. When factory positions are considered, where women often make up just around 5% of the workforce, the statistics are worse. In these companies, women make up little over 10% of the white-collar workforce. Experts place a variety of factors, such as unfavourable working conditions for women in manufacturing industries, cultural hurdles, and a lower inclination among female students for core manufacturing jobs, as the cause of this gap. There is a shortage of talent as well, as fewer girls choose technical degrees in fields like mechanical, industrial production, or electrical engineering, or certificates in closely related fields. Divi's Laboratories and Maruti Suzuki had the lowest gender diversity among the businesses ET examined in blue-collar jobs, both at less than 0.1%. Less than 0.5% of the workforce at UPL and Larsen & Toubro is made up of women. On the other extreme of the spectrum, Titan and Britannia stand out with 49.1% and 43.1% of women employed in factories, respectively. With 26.7% of all white-collar jobs, Hindustan Unilever has the largest percentage of female employees. With 4.7% of all white collar jobs, UltraTech Cement had the lowest percentage of female employees. White collar positions offer better scheduling and, in some circumstances, even the option of working remotely, so the situation is a little better there.



EDITORIAL ANALYSIS

Fitch Ratings downgrades the US Long-Term Ratings to AA+ from AAA

The global credit rating agency Fitch Ratings downgraded the US credit rating to AA+ from AAA, its highest possible rating, citing expected fiscal deterioration over the next 3 years, growing debt burden on the general government and steady deterioration in governance over the last 20 years.

Impact on Markets

While the US markets were not much affected by the downgrade, the domestic market fell by approximately 1% on Wednesday, 2 August 2023. US benchmark stock index Dow Jones was up by 0.2% on 1 August after the Fitch news. However, Dow Futures was down by 0.37% on August 2. Sensex fell by over 1% below the 66,000 level as investors turned cautious. Hong Kong, Tokyo, Australia, Korea and other Asian markets fell by upto 2% following such downgrade. Stocks of tech firms which depend on US and Western markets were affected the most. However, US investors were worried about selling their US Treasuries. The selling of US Treasuries could lead to further increase in US Treasury yields, which could limit stock market rallies.

Fitch's Explanation

In Fitch's view, there has been a steady deterioration in the governance standards over the last 20 years, including fiscal and debt matters. Expected fiscal deterioration over the next 3 years is also a major reason for such a decision. Further, the government lacks a medium-term fiscal framework, unlike most of its peers and has a complex budgeting process. These factors, along with several economic shocks, tax cuts and spending on new projects, has increased the US debts over the last decade.

Response of White House and US Treasury

The White House and US Treasury have been highly critical of this downgrade and strongly disagreed with the decision of Fitch. The White House Press Secretary Karine Jean-Pierre stated that this decision defies reality to downgrade the US credit ratings at a moment when President Biden delivered the strongest recovery of any major economy in the world.



THE VIT SHALA IMES



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