THE INDIAN EXPRESS, THURSDAY, AUGUST 11, 2022

16 ECONOMY

GOLD ₹52,811 | RUPEE 79.51/USD | OIL $96.65 | SILVER ₹58,985

Note: Gold, silver rates at Delhi spot market, gold per 10g, silver per 1 kg. Crude oil (Indian basket) as of August 9

SENSEX: 58,817.29 ▼ 35.78 (-0.06%) NIFTY: 17,534.75 ▲ 9.65 (0.06%) NIKKEI: 27,819.33 ▼ 180.63 HANG SENG: 19,610.84 ▼ 392.60 FTSE: 7,491.39 ▲ 3.24 DAX: 13,558.47 ▲ 23.50

International market data till 1900 IST

SECTOR WATCH
CONSUMER INTERNET

Microsoft's ONDC bet: Eye on social e-commerce foray & better pricing

SOUMYARENDRA BARIK
NEW DELHI, AUGUST 10

Microsoft coming on board ONDC means that the government-backed project gets its first international marquee name

MICROSOFT HAS become the first big tech company to join the Open Network for Digital Commerce (ONDC), a government-backed project aimed at enabling small merchants and mom-and-pop stores in some parts of the country to access processes and technologies that are typically deployed by large e-commerce platforms such as Amazon and Flipkart.

The US software giant intends to introduce social e-commerce — group buying experience — in the Indian market, which would include a shopping app for Indian consumers along with their social circle, harnessing the ONDC network to discover the best pricing among retailers and sellers.

EXPLAINED

What is ONDC?

It is an initiative aimed at promoting open networks for all aspects of exchange of goods and services over digital or electronic networks. ONDC is to be based on open-sourced methodology, using open specifications and open network protocols independent of any specific platform. It is being developed as a counter to the current duopoly in the Indian e-commerce market which is largely dictated by Amazon and Walmart-owned Flipkart. In May, the Department for Promotion of Industry and Internal Trade (DPIIT) went live with ONDC with a test run in cities like Delhi-NCR, Bengaluru, Coimbatore, Bhopal, and Shillong where it plans to onboard 150 sellers.

What does Microsoft joining the platform mean and who else is there on board?

Microsoft onboarding the ONDC wagon means the project gets its first international marquee name ahead of its Bengaluru launch. Many participants are currently live on the ONDC network, offering a number of services in the e-commerce supply chain like buying, selling and logistics services.

How does ONDC work?

The ONDC platform lies in the middle of the interfaces hosting the buyers and the sellers. So far, the buyer side interface is being hosted by Paytm, whereas the seller side interface is being hosted by players like GoFrugal, etc.

When a buyer searches for an item on the Paytm app, for where ONDC has gone live, the app will connect to the ONDC platform, which will connect it to seller side interfaces that will list all the sellers that have listed that particular item. On the ONDC, there will be several other backend partners such as logistics service providers, enterprise resource planners, e-commerce store hosting service providers, etc.

What issues will it solve?

An ONDC strategy paper published earlier this year flagged the rising dominance of global players in India's e-commerce ecosystem, pointing out that the large quantum of investment required to build competitors to the integrated solutions offered by the big players has become an entry barrier for digital marketplaces. It also flagged the inability of marketplace sellers to move out of the platform ecosystem given that the value created by these small players is stored with the larger platforms. With this in mind, ONDC eyes transforming the marketplace ecosystem from an operator-driven platform-centric model to a facilitator-driven interoperable decentralised network.

Full report on www.indianexpress.com

RESERVE BANK ISSUES GUIDELINES TO CURB MALPRACTICES

Digital lending norms: Direct credit to a/c, sans third party

ENS ECONOMIC BUREAU
MUMBAI/NEW DELHI, AUG 10

AIMING TO curb rising malpractices in the digital lending ecosystem, the Reserve Bank of India (RBI) on Wednesday issued guidelines for entities engaged in digital lending, with the norms stating that all digital loans must be disbursed and repaid through bank accounts of regulated entities only, without pass-through of lending service providers (LSPs) or other third parties.

The norms follow the recommendations of a working group for digital lending, whose report was made public last November. "The concerns primarily relate to unbridled engagement of third parties, mis-selling, breach of data privacy, unfair business conduct, charging of exorbitant interest rates, and unethical recovery practices," the central bank said in the final guidelines.

WORKING GROUP RECOMMENDATIONS

File

■ The norms issued on Wednesday by the Reserve Bank follow the recommendations of a working group for digital lending, whose report was made public last November

The regulator classified digital lenders into three categories: entities regulated by the RBI and permitted to carry out lending business, entities authorised to carry out lending as per other statutory or regulatory provisions but not regulated by the RBI, and entities lending outside the purview of any statutory or regulatory provisions.

The latest regulatory framework is focussed on the digital lending ecosystem of RBI's regulated entities (REs) and the LSPs engaged by them to extend credit facilitation services. As for entities falling in the second category, the respective regulator may consider formulating rules on digital lending, based on the recommendations of the working group, the RBI said. For entities in the third category, the working group has suggested specific legislative and institutional interventions for consideration by the government to curb illegitimate lending.

Apart from direct disbursals and repayments of digital loans, the norms mandate that any fees or charges payable to LSPs in the credit intermediation process shall be paid directly by the RE and not by the borrower.

A standardised key fact statement (KFS) must be provided to the borrower before executing the loan contract. The all-inclusive cost of digital loans in the form of annual percentage rate (APR) will have to be disclosed to borrowers. The APR shall also form part of KFS. Automatic increases in credit limit without the explicit consent of borrowers has been prohibited. The loan contract must provide for a cooling-off or look-up period during which borrowers can exit digital loans by paying the principal and the proportionate APR without any penalty.

All digital lending products extended by REs over merchant platforms involving short term credit or deferred payments must also be reported to credit bureaus by the REs. **WITH FE**

'PE/VC investments plummet 69% in July to $3 billion'

Investments by private equity and venture capital (PE/VC) funds into Indian entities fell by 69% to $3 billion during July, a report by IVCA and EY said

SLOWDOWN IN DEALMAKING ACTIVITY can be the result of global headwinds like recession and high interest rates in the developed world

ABSENCE OF LARGE DEALS was a cause for the shortfall, with just six such deals of over $100 million aggregating to $2.2 billion

LOWEST INVESTMENTS FOR ANY MONTH in a year were seen in July, which were also lower than the $4.9 billion recorded across 118 deals in June

40% Share of pure-play PE/VC investments (excluding real estate and infrastructure sectors) within total investments, compared to 90% in July 2021 and 82% in June 2022

76% Fall seen in investments into start-ups — which had given a leg-up to the overall venture investing landscape in last 18 months — to $820 million

74 PE/VC DEALS RECORDED LAST MONTH, AGAINST 134 DEALS IN THE YEAR-AGO PERIOD

Buyouts — the only segment that recorded a growth — was the best performing deal type in July at $1.6 billion across 5 deals, as against $1.1 billion in July 2021 across 9 deals

Largest deal in July saw Edelweiss Infrastructure Yield Plus fund buy eight road assets of L&T for $886 million

Source: IVCA & EY/PTI

Capex push: ₹1.16L-cr in two instalments released to states

Advance instalment along with monthly tax devolution from Centre

ENS ECONOMIC BUREAU
NEW DELHI, AUGUST 10

EASING PRESSURE

■ The advance release of the tax devolution amount to states is expected to ease fiscal pressure of states and incentivise them for extra spending

THE CENTRE on Wednesday released an advance instalment in addition to the regular monthly instalment of tax devolution to states totalling Rs 1.16 lakh crore with an aim to increase capital and developmental expenditure.

"This is in line with the commitment of the government to strengthen the hands of states to accelerate their capital and developmental expenditure. The Union Government has released two instalments of tax devolution to state governments amounting to Rs 1,16,665.75 crore on 10th August, 2022, as against normal monthly devolution of Rs 58,332.86 crore," a Finance Ministry statement said.

The Centre had, in January, released an advance instalment of tax devolution to state governments amounting to Rs 47,541 crore in addition to the regular devolution for the month, taking the total release amount to Rs 90,082 crore. It had advanced the payment of an instalment of tax devolution of Rs 47,541 crore in November 2021 also.

At present, 41 per cent of tax collected is devolved in 14 instalments during a financial year.

The advance release of the tax devolution amount to states is expected to ease fiscal pressure of states and incentivise them for extra spending, especially after the end of the compensation mechanism under the Goods and Services Tax (GST) regime, an official said. As per the GST (Compensation to States) Act, 2017, the states were guaranteed compensation at the compounded rate of 14 per cent from the base year 2015-16 for losses arising due to implementation of the taxation regime, for five years since its rollout. This came to an end on June 30.

Experts said that given the higher-than-anticipated non-excise tax revenues, tax devolution to states is expected to overshoot the budget estimates.

"Presuming that the amount devolved in July 2022 was half of the August 2022 figure, as the latter has been pegged as two monthly instalments, implies that a total of Rs. 3.18 trillion has been devolved in the first five months of FY2023, which is equivalent to 39% of the BE. We anticipate that central tax devolution will need to be as large as Rs. 9.3 trillion in FY2023, overshooting the FY2023 Budget Estimates, led by an expected upside in non-excise tax revenues," Aditi Nayar, chief economist, ICRA said.

Given that capital spending and projects involve a considerable lead time, Nayar said, an early reassessment of the monthly amounts being shared with the states will help enable them to boost their capital spending. "In FY2022, a large part of the upside in tax devolution was backended to Q4, which ended up reducing state government borrowings in that quarter but did not translate to higher spending," she said.

INPUTS FROM ENTERPRISES WITH NET WORTH OF AT LEAST ₹100 CR

Pvt 5G: DoT invites cos for study

ENS ECONOMIC BUREAU
NEW DELHI, AUGUST 10

THE DEPARTMENT of Telecommunications (DoT) on Wednesday invited stakeholders to participate in a demand study for direct assignment of spectrum for setting up captive non-public networks (CNPNs), also known as private 5G networks.

Enterprises with a net worth of at least Rs 100 crore who are willing to set up CNPNs by obtaining spectrum directly from the government can send their inputs for the demand study until September 9, the DoT said.

These networks are typically set up by an enterprise or organisation like factories for their private use and are not accessible to the general public. The DoT had issued 'Guidelines for Captive Non-Public Network license' in June with an aim to set up a regulatory framework for CNPNs. It had said that enterprises setting up CNPNs will have to ensure there is no interference caused to any public network or any other licensed user of spectrum.

The norms call for enterprises wanting to obtain spectrum directly from the government to take a 10-year renewable licence, for which the government won't charge any licence fee. An applicant will have to pay a one-time non-refundable application processing fee of Rs 50,000 and the licensee will be required to follow stipulated network security norms regarding procurement of telecom equipment from trusted sources.

Eligible enterprises must submit details including ownership, net worth, requirement of spectrum in various bands, among other things. The DoT said that participation in this demand study will not entitle the enterprises any claim for spectrum assignment. *Full report on www.indianexpress.com*

JSW Energy to buy Mytrah Energy's renewable portfolio for ₹10,530 cr

ENS ECONOMIC BUREAU
MUMBAI, AUGUST 10

The deal is being executed through its wholly-owned subsidiary JSW Neo Energy

SAJJAN JINDAL-LED JSW Energy on Wednesday signed an agreement to acquire Mytrah Energy's 1,753 MW renewable energy portfolio for an enterprise value of about Rs 10,530 crore. This is the largest acquisition by JSW Energy in a space where investment flows have been steadily rising over the last few months.

The deal is being executed through its wholly-owned subsidiary JSW Neo Energy, and will help the company achieve its renewable-led capacity growth target of 10 GW by FY25.

Mytrah Energy's portfolio comprises 10 wind special purpose vehicles (SPVs) with a generation capacity of 1,331 MW and seven solar SPVs with a generation capacity of 422 MW, operating primarily in the southern, western and central parts of India. The assets have power purchase agreements and an average remaining life of 18 years, it said in a regulatory update.

The transaction, which is subject to Competition Commission of India and other customary approvals, is expected to be completed by November 15, 2022. The enterprise value of Rs 10,530 crore is after adjusting for net current assets, subject to net working capital and other adjustments. **FE**

BRIEFLY

Bank credit up

Mumbai: In the fortnight ended July 29, bank credit rose 14.52% to ₹123.69 lakh crore and deposits 9.14% to ₹169.7 lakh crore, as per data from the RBI's Scheduled Banks' Statement of Position in India as on July 29.

Pilot licence

New Delhi: The Directorate General of Civil Aviation (DGCA) on Wednesday issued guidelines for medical examiners to assess fitness of transgender persons who have applied for commercial pilot licence.

Alibaba stake

Tokyo: SoftBank Group Corp said it would book a gain of $34.1 billion by cutting its stake in Alibaba Group Holding to 14.6% from 23.7%, as the investment behemoth looks to shore up its cash reserve to weather the market downturn. **PTI**

Oil India Q1 PAT

New Delhi: Oil India Ltd (OIL) reported a massive 206% rise in its profit after tax (PAT) for the quarter ended June 2022 at ₹1,555.49 crore against ₹507.94 crore during the year-ago quarter. **ENS**

US inflation slows from a 40-year peak but remains high

ASSOCIATED PRESS
WASHINGTON, AUGUST 10

FALLING PRICES for gas, airline tickets and clothes helped give Americans a slight break from the pain of high inflation last month, though overall price increases slowed only modestly from a four-decade high that was reached in June.

Consumer prices jumped 8.5 per cent in July as against a year earlier, the government said Wednesday, down from a 9.1 per cent year-over-year rise in June. On a monthly basis, prices were unchanged from June to July, the smallest such rise in more than two years. Much of the relief last month was felt by travelers: Hotel room costs fell 2.7 per cent from June to July, airfares nearly 8 per cent and rental car prices a whopping 9.5 per cent.

Last month's declines in travel-related prices helped lower so-called core inflation, a measure that excludes the volatile food and energy categories to provide a clearer picture of underlying inflation. Core prices rose just 0.3 per cent from June, the smallest month-to-month increase since March. And compared with a year ago, core inflation amounted to 5.9 per cent in July, the same year-over-year increase as in June.

All told, the July figures raised hope that inflation may have peaked after over a year of relentless increases. Still, core prices have slowed in the recent past only to re-accelerate in subsequent months.

Oil up, bond yields tumble

New York: Oil prices rose Wednesday as a lower-than-expected US inflation figure drove investors into riskier assets. As of 1746 GMT, Brent rose 68 cents, or 0.7%, to $96.99 and US WTI 83 cents, or 0.9%, to $91.33.

Meanwhile, the yield on the two-year US Treasury fell to 3.14% from 3.27% late Tuesday and the 10-year yield to 2.76% from 2.78%. Wall Street, however, shot up, with the S&P 500 rising 1.9%, the Nasdaq composite index by 2.5%, and the Dow Jones Industrial Average by 1.4%, as of 1:34 p.m ET. Bitcoin rose 3.3% to top $24,000. **REUTERS & AP**

FEARS OF FORCED TWITTER DEAL

Musk sells $6.9-bn worth Tesla stocks

Elon Musk *AP file*

San Francisco: Tesla Inc chief executive Elon Musk sold $6.9 billion worth of shares in the electric vehicle maker, saying the funds could be used to finance a potential Twitter deal if he loses a legal battle with the social media platform.

"In the (hopefully unlikely) event that Twitter forces this deal to close *and* some equity partners don't come through, it is important to avoid an emergency sale of Tesla stock," he said in a tweet late on Tuesday.

Shares of the microblogging site rose 3.5 per cent to $44.35 in early trading, but were still significantly below Musk's offer price of $54.20 per share. Musk in early July tore up his April 25 pact to buy Twitter for $44 billion. **REUTERS**

Two new Galaxy phones in Samsung's foldable offerings

SHRUTI DHAPOLA
BENGALURU, AUGUST 10

The Galaxy Z Fold 4 and the Galaxy Z Flip 4 were launched in Seoul

SAMSUNG HAS expanded its foldable phone lineup with two new devices launched in Seoul, South Korea: the Galaxy Z Fold 4 — which can open into a nearly tablet-size display — and the Galaxy Z Flip 4 with its iconic 'flip' design are likely to further cement Samsung's dominant position in the foldable segment.

"Through our unwavering focus and industry leadership, excitement for the foldables continues to grow. We've successfully transformed this category from a radical project to a mainstream device lineup enjoyed by millions worldwide," TM Roh, president and head of Mobile eXperience Business at Samsung Electronics.

Both phones come with various improvements over the previous generation, including the latest Qualcomm flagship processor, better cameras and battery life for users. Samsung has also improved multitasking on these phones.

Nearly 10 million foldable phones were shipped globally in 2021 and the South Korean player has a majority of the market. While players like Huawei, Oppo and Vivo have released foldable devices in the China market, these are not being sold globally, keeping Samsung's dominance in this segment unchallenged. *Full report on www.indianexpress.com*

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SECTOR WATCH
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The ONDC platform lies in the middle of the interfaces hosting the buyers and the sellers. So far, the buyer side interface is being hosted by Paytm, whereas the seller side interface is being hosted by players like GoFrugal, etc.

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Full report on www.indianexpress.com

ADVANCE INSTALMENT ALONG WITH MONTHLY TAX DEVOLUTION

Capex push: ₹1.16L-cr in two instalments released to states

ENS ECONOMIC BUREAU
NEW DELHI, AUGUST 10

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Experts said that given the higher-than-anticipated non-excise tax revenues, tax devolution to states is expected to overshoot the budget estimates.

"Presuming that the amount devolved in July 2022 was half of the August 2022 figure, as the latter has been pegged as two monthly instalments, implies that a total of Rs. 3.18 trillion has been devolved in the first five months of FY2023, which is equivalent to 39% of the BE. We anticipate that central tax devolution will need to be as large as Rs. 9.3 trillion in FY2023, overshooting the FY2023 Budget Estimates, led by an expected upside in non-excise tax revenues," Aditi Nayar, chief economist, ICRA said.

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Source: IVCA & EY/PTI

INPUTS FROM ENTERPRISES WITH NET-WORTH OF AT LEAST ₹100 CR SOUGHT BY SEPT 9

Pvt 5G networks: DoT invites cos for study

ENS ECONOMIC BUREAU
NEW DELHI, AUGUST 10

The Department of Telecommunications had issued 'Guidelines for Captive Non-Public Network license' in June with an aim to set up a regulatory framework for CNPNs

THE DEPARTMENT of Telecommunications (DoT) has invited stakeholders to participate in a demand study for direct assignment of spectrum for setting up captive non-public networks (CNPNs), also known as private 5G networks.

Enterprises with a net-worth of at least Rs 100 crore who are willing to set up CNPNs by obtaining spectrum directly from the government can send their inputs for the demand study until September 9, the DoT said in a notification Wednesday. These networks are typically set up by an enterprise or organisation like factories for their private use and are not accessible to the general public.

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Eligible enterprises are required to submit details including ownership, net worth, requirement of spectrum in various bands, among other things. The Department has clarified that participation in this demand study will not entitle the enterprises any claim for spectrum assignment.

In its June guidelines, the DoT had said that enterprises setting up CNPNs will have to ensure that there is no interference caused to any public network or any other licensed user of spectrum. On the scope of the CNPN licence for enterprises, the DoT said such a licensee may establish indoor or within premise isolated captive non-public network for own use within the areas of operation of licence.

RBI ISSUES NORMS TO CURB MALPRACTICE

Digital lending rules: Direct disbursal to a/c, sans third party

ENS ECONOMIC BUREAU
NEW DELHI, AUGUST 10

ENTITIES TO PAY FEES TO LSPs

File

■ **The RBI, in a set of guidelines, said digital lending entities should pay fees or charges payable to lending service providers (LSPs) in the credit intermediation process**

THE CENTRAL bank issued regulations for the digital lending space with an eye on checking malpratice, mandating that such loans must be credited directly into the bank accounts of borrowers and not through any third party.

Besides, the Reserve Bank of India (RBI) said digital lending entities, and not the borrowers, should pay fees or charges payable to lending service providers (LSPs) in the credit intermediation process.

The regulator, in a detailed set of guidelines for digital lending issued Wednesday, mentioned the concerns primarily related to unbridled engagement of third parties, mis-selling, breach of data privacy, unfair business conduct, charging of exorbitant interest rates, and unethical recovery practices. The RBI had constituted a Working Group on 'digital lending including lending through online platforms and mobile applications' (WGDL) on January 13, 2021.

It further said regulatory framework to support orderly growth of credit delivery through digital lending methods while mitigating the regulatory concerns has been firmed up.

"This regulatory framework is based on the principle that lending business can be carried out only by entities that are either regulated by the Reserve Bank or entities permitted to do so under any other law," it said.

The Reserve Bank's regulatory framework is focused on the digital lending ecosystem of RBI's Regulated Entities (REs) and the LSPs engaged by them to extend various permissible credit facilitation services.

"All loan disbursals and repayments are required to be executed only between the bank accounts of borrower and the RE without any pass-through/ pool account of the LSP or any third party," the RBI said.

Also, any fees, charges, payable to LSPs in the credit intermediation process shall be paid directly by RE and not by the borrower, it added. **WITH PTI**

Two new Galaxy phones in Samsung foldable offerings

SHRUTI DHAPOLA
NEW DELHI, AUGUST 10

SAMSUNG HAS expanded its foldable phone lineup with two new devices launched in Seoul, South Korea: the Galaxy Z Fold 4 — which can open into a nearly tablet-size display — and the Galaxy Z Flip 4 with its iconic 'flip' design are likely to further cement Samsung's dominant position in the foldable segment.

"Through our unwavering focus and industry leadership, excitement for the foldables continues to grow. We've successfully transformed this category from a radical project to a mainstream device lineup enjoyed by millions worldwide," Dr. TM Roh, President and Head of Mobile eXperience Business at Samsung Electronics.

Both phones come with various improvements over the previous generation, including the latest Qualcomm flagship processor, better cameras and battery life for users. Samsung has also improved multitasking on these phones.

Nearly 10 million foldable phones were shipped globally in 2021 and the South-Korean player commands a majority of the market. While players like Huawei, Oppo and Vivo have released foldable devices in the China market, these are not being sold globally. Thus Samsung's dominance in this particular segment remains unchallenged.

Full report on www.indianexpress.com

BRIEFLY

Pilot licence

New Delhi: The Directorate General of Civil Aviation (DGCA) on Wednesday issued guidelines for medical examiners to assess fitness of transgender persons who have applied for commercial pilot licence.

Coal India Q1 net

New Delhi: Coal India Ltd posted an almost three-fold rise in consolidated net profit at ₹8,832.86 crore for June quarter 2022-23 on the back of higher sales.

BoB MCLR hike

New Delhi: Bank of Baroda on Wednesday said it will raise the marginal cost of fund-based lending rates (MCLR) by up to 0.20 per cent across tenors from August 12. The bank has approved the revision in MCLR with effect from August 12, 2022, Bank of Baroda said in a regulatory filing. **PTI**

Oil India Q1 PAT

New Delhi: Oil India Ltd (OIL) reported a massive 206% rise in its profit after tax (PAT) for the quarter ended June 2022 at ₹1,555.49 crore against ₹507.94 crore during the year-ago quarter. **ENS**

Wary of forced Twitter deal, Musk sells $6.9-bn worth of Tesla stock

HYUNJOO JIN & AKRITI SHARMA
SAN FRANCISCO/BENGALURU, AUGUST 10

Elon Musk. The Tesla CEO's share sale resulted in the company's stock rising nearly 4% at $882. *AP file*

TESLA INC CEO Elon Musk sold $6.9 billion worth of shares in the electric vehicle maker, saying the funds could be used to finance a potential Twitter deal if he loses a legal battle with the social media platform.

"In the (hopefully unlikely) event that Twitter forces this deal to close *and* some equity partners don't come through, it is important to avoid an emergency sale of Tesla stock," he said in a tweet late on Tuesday.

Shares of the microblogging site rose 3.5% to $44.35 in early trading, but were still significantly below Musk's offer price of $54.20 per share. Tesla shares were up nearly 4% at $882.

Musk in early July tore up his April 25 agreement to buy Twitter for $44 billion. Twitter has sued Musk to force him to complete the transaction, dismissing his claim that he was misled about the number of spam accounts on the social media platform as buyer's remorse in the wake of a plunge in technology stocks. The two sides head to trial on October 17.

Following the announcement of the share sale on Tuesday, Musk took to Twitter and said "yes" when asked if he was done selling Tesla stock, adding he would buy it again if the Twitter deal does not close.

"The removal of the 'firesale' risk, the fact Musk has already raised cash in case of a Twitter decision going against him and the comment that he'll buy back stock if Twitter deal gets dropped all builds into a positive bias for Tesla," said Mark Taylor, a sales trader at Mirabaud Securities.

Tesla did not immediately respond to a Reuters request for comment, while Twitter declined to comment. **REUTERS**

SoftBank to gain $34 bn from cutting Alibaba stake

SAM NUSSEY
TOKYO, AUGUST 10

SOFTBANK GROUP Corp said on Wednesday it would book a gain of $34.1 billion by cutting its stake in Alibaba Group Holding, as the investment behemoth looks to shore up its cash reserve to weather the market downturn. The Japanese company will reduced its stake in Alibaba to 14.6 per cent from 23.7 per cent by settling prepaid forward contracts. Alibaba's US-listed shares were down 1.3 per cent in early trade.

SoftBank booked a $50 billion loss at its Vision Fund investment arm in the first half of the year as its tech bets soured, with Chief Executive Masayoshi Son on Monday pledging to further reduce investment activity and cut costs.

By settling the Alibaba share contracts, SoftBank "will be able to eliminate concerns about future cash outflows, and furthermore, reduce costs associated with these prepaid forward contracts," it said in a filing.

"These will further strengthen our defence against the severe market environment." **REUTERS**

July: US consumer prices unchanged as gasoline cost falls

LINDSAY DUNSMUIR
WASHINGTON, AUGUST 10

US CONSUMER prices were unchanged in July due to a sharp drop in the cost of gasoline, delivering the first notable sign of relief for weary Americans who have watched inflation climb over the past two years.

The Consumer Price Index (CPI) was flat last month after advancing 1.3 per cent in June, the Labor Department said on Wednesday in a closely watched report that could allow the Federal Reserve to dial down the size of interest rate hikes in September.

The reading was the largest month-on-month deceleration of price increases since 1973 and follows on the heels of a roughly 20 per cent drop in the cost of gasoline. Prices at the pump spiked in the first half of this year due to the war in Ukraine, hitting a record-high average of more than $5 per gallon in mid-June, according to motorist advocacy group AAA.

In the 12 months through July, the CPI increased by a weaker-than-expected 8.5 per cent following a 9.1 per cent rise in June. Underlying inflation pressures, which exclude volatile food and energy components, also showed some green shoots.

The so-called core CPI rose 0.3 per cent in July after climbing 0.7 per cent in June, but still increased 5.9 per cent in the 12 months through July, matching the pace in June.

The lower-than-expected CPI data ignited a strong rally in equity markets. **REUTERS**

ECONOMY

GOLD	RUPEE	OIL	SILVER
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Note: Gold, silver rates at Delhi spot market, gold per 10g, silver per 1 kg; Crude oil (Indian basket) as of August 8

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SECTOR WATCH
CONSUMER INTERNET

Microsoft's ONDC bet: Eye on social e-commerce foray & better pricing

SOUMYARENDRA BARIK
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MICROSOFT HAS become the first big tech company to join the Open Network for Digital Commerce (ONDC), a government-backed project aimed at enabling small merchants and mom-and-pop stores in some parts of the country to access processes and technologies that are typically deployed by large e-commerce platforms such as Amazon and Flipkart.

The US software giant intends to introduce social e-commerce — group buying experience — in the Indian market, which would include a shopping app for Indian consumers along with their social circle, harnessing the ONDC network to discover the best pricing among retailers and sellers.

Microsoft coming on board ONDC means that the government-backed project gets its first international marquee name

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What is ONDC?

It is an initiative aimed at promoting open networks for all aspects of exchange of goods and services over digital or electronic networks. ONDC is to be based on open-sourced methodology, using open specifications and open network protocols independent of any specific platform. It is being developed as a counter to the current duopoly in the Indian e-commerce market which is largely dictated by Amazon and Walmart-owned Flipkart. In May, the Department for Promotion of Industry and Internal Trade (DPIIT) went live with ONDC with a test run in cities like Delhi-NCR, Bengaluru, Coimbatore, Bhopal, and Shillong where it plans to onboard 150 sellers.

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When a buyer searches for an item on the Paytm app, for where ONDC has gone live, the app will connect to the ONDC platform, which will connect it to seller side interfaces that will list all the sellers that have listed that particular item. On the ONDC, there will be several other backend partners such as logistics service providers, enterprise resource planners, e-commerce store hosting service providers, etc.

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An ONDC strategy paper published earlier this year flagged the rising dominance of global players in India's e-commerce ecosystem, pointing out that the large quantum of investment required to build competitors to the integrated solutions offered by the big players has become an entry barrier for digital marketplaces. It also flagged the inability of marketplace sellers to move out of the platform ecosystem given that the value created by these small players is stored with the larger platforms. With this in mind, ONDC eyes transforming the marketplace ecosystem from an operator-driven platform-centric model to a facilitator-driven interoperable decentralised network.

Full report on www.indianexpress.com

RESERVE BANK ISSUES GUIDELINES TO CURB MALPRACTICES

Digital lending norms: Direct credit to a/c, sans third party

ENS ECONOMIC BUREAU
MUMBAI/NEW DELHI, AUG 10

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All digital lending products extended by REs over merchant platforms involving short term credit or deferred payments must also be reported to credit bureaus by the REs. **WITH FE**

'PE/VC investments plummet 69% in July to $3 billion'

Investments by private equity and venture capital (PE/VC) funds into Indian entities fell by 69% to $3 billion during July, a report by IVCA and EY said

40% Share of pure-play PE/VC investments (excluding real estate and infrastructure sectors) within total investments, compared to 90% in July 2021 and 82% in June 2022

76% Fall seen in investments into start-ups — which had given a leg-up to the overall venture investing landscape in last 18 months — to $820 million

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74 PE/VC DEALS RECORDED LAST MONTH, AGAINST 134 DEALS IN THE YEAR-AGO PERIOD

Buyouts — the only segment that recorded a growth — was the best performing deal type in July at $1.6 billion across 5 deals, as against $1.1 billion in July 2021 across 9 deals

Largest deal in July saw Edelweiss Infrastructure Yield Plus fund buy eight road assets of L&T for $886 million

Source: IVCA & EY/PTI

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Advance instalment along with monthly tax devolution from Centre

ENS ECONOMIC BUREAU
NEW DELHI, AUGUST 10

THE CENTRE on Wednesday released an advance instalment in addition to the regular monthly instalment of tax devolution to states totalling Rs 1.16 lakh crore with an aim to increase capital and developmental expenditure.

"This is in line with the commitment of the government to strengthen the hands of states to accelerate their capital and developmental expenditure. The Union Government has released two instalments of tax devolution to state governments amounting to Rs 1,16,665.75 crore on 10th August, 2022, as against normal monthly devolution of Rs 58,332.86 crore," a Finance Ministry statement said.

The Centre had, in January, released an advance instalment of tax devolution to state governments amounting to Rs 47,541 crore in addition to the regular devolution for the month, taking the total release amount to Rs 90,082 crore. It had advanced the payment of an instalment of tax devolution of Rs 47,541 crore in November 2021 also.

At present, 41 per cent of tax collected is devolved in 14 instalments during a financial year.

The advance release of the tax devolution amount to states is expected to ease fiscal pressure of states and incentivise them for extra spending, especially after the end of the compensation mechanism under the Goods and Services Tax (GST) regime, an official said. As per the GST (Compensation to States) Act, 2017, the states were guaranteed compensation at the compounded rate of 14 per cent from the base year 2015-16 for losses arising due to implementation of the taxation regime, for five years since its rollout. This came to an end on June 30.

EASING PRESSURE

■ **The advance release of the tax devolution amount to states is expected to ease fiscal pressure of states and incentivise them for extra spending**

Experts said that given the higher-than-anticipated non-excise tax revenues, tax devolution to states is expected to overshoot the budget estimates.

"Presuming that the amount devolved in July 2022 was half of the August 2022 figure, as the latter has been pegged as two monthly instalments, implies that a total of Rs. 3.18 trillion has been devolved in the first five months of FY2023, which is equivalent to 39% of the BE. We anticipate that central tax devolution will need to be as large as Rs. 9.3 trillion in FY2023, overshooting the FY2023 Budget Estimates, led by an expected upside in non-excise tax revenues," Aditi Nayar, chief economist, ICRA said.

Given that capital spending and projects involve a considerable lead time, Nayar said, an early reassessment of the monthly amounts being shared with the states will help enable them to boost their capital spending. "In FY2022, a large part of the upside in tax devolution was backended to Q4, which ended up reducing state government borrowings in that quarter but did not translate to higher spending," she said.

INPUTS FROM ENTERPRISES WITH NET WORTH OF AT LEAST ₹100 CR

Pvt 5G: DoT invites cos for study

ENS ECONOMIC BUREAU
NEW DELHI, AUGUST 10

THE DEPARTMENT of Telecommunications (DoT) on Wednesday invited stakeholders to participate in a demand study for direct assignment of spectrum for setting up captive non-public networks (CNPNs), also known as private 5G networks.

Enterprises with a net worth of at least Rs 100 crore who are willing to set up CNPNs by obtaining spectrum directly from the government can send their inputs for the demand study until September 9, the DoT said.

These networks are typically set up by an enterprise or organisation like factories for their private use and are not accessible to the general public. The DoT had issued 'Guidelines for Captive Non-Public Network license' in June with an aim to set up a regulatory framework for CNPNs. It had said that enterprises setting up CNPNs will have to ensure there is no interference caused to any public network or any other licensed user of spectrum.

The norms call for enterprises wanting to obtain spectrum directly from the government to take a 10-year renewable licence, for which the government won't charge any licence fee. An applicant will have to pay a one-time non-refundable application processing fee of Rs 50,000 and the licensee will be required to follow stipulated network security norms regarding procurement of telecom equipment from trusted sources.

Eligible enterprises must submit details including ownership, net worth, requirement of spectrum in various bands, among other things. The DoT said that participation in this demand study will not entitle the enterprises any claim for spectrum assignment. *Full report on www.indianexpress.com*

JSW Energy to buy Mytrah Energy's renewable portfolio for ₹10,530 cr

ENS ECONOMIC BUREAU
MUMBAI, AUGUST 10

SAJJAN JINDAL-LED JSW Energy on Wednesday signed an agreement to acquire Mytrah Energy's 1,753 MW renewable energy portfolio for an enterprise value of about Rs 10,530 crore. This is the largest acquisition by JSW Energy in a space where investment flows have been steadily rising over the last few months.

The deal is being executed through its wholly-owned subsidiary JSW Neo Energy, and will help the company achieve its renewable-led capacity growth target of 10 GW by FY25.

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Mytrah Energy's portfolio comprises 10 wind special purpose vehicles (SPVs) with a generation capacity of 1,331 MW and seven solar SPVs with a generation capacity of 422 MW, operating primarily in the southern, western and central parts of India. The assets have power purchase agreements and an average remaining life of 18 years, it said in a regulatory update.

The transaction, which is subject to Competition Commission of India and other customary approvals, is expected to be completed by November 15, 2022. The enterprise value of Rs 10,530 crore is after adjusting for net current assets, subject to net working capital and other adjustments. **FE**

BRIEFLY

Bank credit up

Mumbai: In the fortnight ended July 29, bank credit rose 14.52% to ₹123.69 lakh crore and deposits 9.14% to ₹169.7 lakh crore, as per data from the RBI's Scheduled Banks' Statement of Position in India as on July 29.

Pilot licence

New Delhi: The Directorate General of Civil Aviation (DGCA) on Wednesday issued guidelines for medical examiners to assess fitness of transgender persons who have applied for commercial pilot licence.

Alibaba stake

Tokyo: SoftBank Group Corp said it would book a gain of $34.1 billion by cutting its stake in Alibaba Group Holding to 14.6% from 23.7%, as the investment behemoth looks to shore up its cash reserve to weather the market downturn. **PTI**

Oil India Q1 PAT

New Delhi: Oil India Ltd (OIL) reported a massive 206% rise in its profit after tax (PAT) for the quarter ended June 2022 at ₹1,555.49 crore against ₹507.94 crore during the year-ago quarter. **ENS**

US inflation slows from a 40-year peak but remains high

ASSOCIATED PRESS
WASHINGTON, AUGUST 10

FALLING PRICES for gas, airline tickets and clothes helped give Americans a slight break from the pain of high inflation last month, though overall price increases slowed only modestly from a four-decade high that was reached in June.

Consumer prices jumped 8.5 per cent in July as against a year earlier, the government said Wednesday, down from a 9.1 per cent year-over-year rise in June. On a monthly basis, prices were unchanged from June to July, the smallest such rise in more than two years. Much of the relief last month was felt by travelers: Hotel room costs fell 2.7 per cent from June to July, airfares nearly 8 per cent and rental car prices a whopping 9.5 per cent.

Last month's declines in travel-related prices helped lower so-called core inflation, a measure that excludes the volatile food and energy categories to provide a clearer picture of underlying inflation. Core prices rose just 0.3 per cent from June, the smallest month-to-month increase since March. And compared with a year ago, core inflation amounted to 5.9 per cent in July, the same year-over-year increase as in June.

All told, the July figures raised hope that inflation may have peaked after over a year of relentless increases. Still, core prices have slowed in the recent past only to re-accelerate in subsequent months.

Oil up, bond yields tumble

New York: Oil prices rose Wednesday as a lower-than-expected US inflation figure drove investors into riskier assets. As of 1746 GMT, Brent rose 68 cents, or 0.7%, to $96.99 and US WTI 83 cents, or 0.9%, to $91.33.

Meanwhile, the yield on the two-year US Treasury fell to 3.14% from 3.27% late Tuesday and the 10-year yield to 2.76% from 2.78%. Wall Street, however, shot up, with the S&P 500 rising 1.9%, the Nasdaq composite index by 2.5%, and the Dow Jones Industrial Average by 1.4%, as of 1:34 p.m ET. Bitcoin rose 3.3% to top $24,000. **REUTERS & AP**

FEARS OF FORCED TWITTER DEAL

Musk sells $6.9-bn worth Tesla stocks

Elon Musk *AP file*

San Francisco: Tesla Inc chief executive Elon Musk sold $6.9 billion worth of shares in the electric vehicle maker, saying the funds could be used to finance a potential Twitter deal if he loses a legal battle with the social media platform.

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Two new Galaxy phones in Samsung's foldable offerings

SHRUTI DHAPOLA
BENGALURU, AUGUST 10

SAMSUNG HAS expanded its foldable phone lineup with two new devices launched in Seoul, South Korea: the Galaxy Z Fold 4 — which can open into a nearly tablet-size display — and the Galaxy Z Flip 4 with its iconic 'flip' design are likely to further cement Samsung's dominant position in the foldable segment.

"Through our unwavering focus and industry leadership, excitement for the foldables continues to grow. We've successfully transformed this category from a radical project to a mainstream device lineup enjoyed by millions worldwide," TM Roh, president and head of Mobile eXperience Business at Samsung Electronics.

Both phones come with various improvements over the previous generation, including the latest Qualcomm flagship processor, better cameras and battery life for users. Samsung has also improved multitasking on these phones.

The Galaxy Z Fold 4 and the Galaxy Z Flip 4 were launched in Seoul

Nearly 10 million foldable phones were shipped globally in 2021 and the South Korean player has a majority of the market. While players like Huawei, Oppo and Vivo have released foldable devices in the China market, these are not being sold globally, keeping Samsung's dominance in this segment unchallenged. *Full report on www.indianexpress.com*

THE INDIAN EXPRESS, THURSDAY, AUGUST 11, 2022
13 ECONOMY

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SECTOR WATCH
CONSUMER INTERNET

Microsoft's ONDC bet: Eye on social e-commerce foray & better pricing

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Source: IVCA & EY/PTI

INPUTS FROM ENTERPRISES WITH NET WORTH OF AT LEAST ₹100 CR

Pvt 5G: DoT invites cos for study

ENS ECONOMIC BUREAU
NEW DELHI, AUGUST 10

THE DEPARTMENT of Telecommunications (DoT) on Wednesday invited stakeholders to participate in a demand study for direct assignment of spectrum for setting up captive non-public networks (CNPNs), also known as private 5G networks.

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These networks are typically set up by an enterprise or organisation like factories for their private use and are not accessible to the general public. The DoT had issued 'Guidelines for Captive Non-Public Network license' in June with an aim to set up a regulatory framework for CNPNs. It had said that enterprises setting up CNPNs will have to ensure there is no interference caused to any public network or any other licensed user of spectrum.

The norms call for enterprises wanting to obtain spectrum directly from the government to take a 10-year renewable licence, for which the government won't charge any licence fee. An applicant will have to pay a one-time non-refundable application processing fee of Rs 50,000 and the licensee will be required to follow stipulated network security norms regarding procurement of telecom equipment from trusted sources.

Eligible enterprises must submit details including ownership, net worth, requirement of spectrum in various bands, among other things. The DoT said that participation in this demand study will not entitle the enterprises any claim for spectrum assignment. *Full report on www.indianexpress.com*

JSW Energy to buy Mytrah Energy's renewable portfolio for ₹10,530 cr

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SAJJAN JINDAL-LED JSW Energy on Wednesday signed an agreement to acquire Mytrah Energy's 1,753 MW renewable energy portfolio for an enterprise value of about Rs 10,530 crore. This is the largest acquisition by JSW Energy in a space where investment flows have been steadily rising over the last few months.

The deal is being executed through its wholly-owned subsidiary JSW Neo Energy, and will help the company achieve its renewable-led capacity growth target of 10 GW by FY25.

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Mytrah Energy's portfolio comprises 10 wind special purpose vehicles (SPVs) with a generation capacity of 1,331 MW and seven solar SPVs with a generation capacity of 422 MW, operating primarily in the southern, western and central parts of India. The assets have power purchase agreements and an average remaining life of 18 years, it said in a regulatory update.

The transaction, which is subject to Competition Commission of India and other customary approvals, is expected to be completed by November 15, 2022. The enterprise value of Rs 10,530 crore is after adjusting for net current assets, subject to net working capital and other adjustments. **FE**

BRIEFLY

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Mumbai: In the fortnight ended July 29, bank credit rose 14.52% to ₹123.69 lakh crore and deposits 9.14% to ₹169.7 lakh crore, as per data from the RBI's Scheduled Banks' Statement of Position in India as on July 29.

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New Delhi: Oil India Ltd (OIL) reported a massive 206% rise in its profit after tax (PAT) for the quarter ended June 2022 at ₹1,555.49 crore against ₹507.94 crore during the year-ago quarter. **ENS**

US inflation slows from a 40-year peak but remains high

ASSOCIATED PRESS
WASHINGTON, AUGUST 10

FALLING PRICES for gas, airline tickets and clothes helped give Americans a slight break from the pain of high inflation last month, though overall price increases slowed only modestly from a four-decade high that was reached in June.

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Last month's declines in travel-related prices helped lower so-called core inflation, a measure that excludes the volatile food and energy categories to provide a clearer picture of underlying inflation. Core prices rose just 0.3 per cent from June, the smallest month-to-month increase since March. And compared with a year ago, core inflation amounted to 5.9 per cent in July, the same year-over-year increase as in June.

All told, the July figures raised hope that inflation may have peaked after over a year of relentless increases. Still, core prices have slowed in the recent past only to re-accelerate in subsequent months.

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Meanwhile, the yield on the two-year US Treasury fell to 3.14% from 3.27% late Tuesday and the 10-year yield to 2.76% from 2.78%. Wall Street, however, shot up, with the S&P 500 rising 1.9%, the Nasdaq composite index by 2.5%, and the Dow Jones Industrial Average by 1.4%, as of 1:34 p.m ET. Bitcoin rose 3.3% to top $24,000. **REUTERS & AP**

FEARS OF FORCED TWITTER DEAL

Musk sells $6.9-bn worth Tesla stocks

Elon Musk *AP file*

San Francisco: Tesla Inc chief executive Elon Musk sold $6.9 billion worth of shares in the electric vehicle maker, saying the funds could be used to finance a potential Twitter deal if he loses a legal battle with the social media platform.

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Two new Galaxy phones in Samsung's foldable offerings

SHRUTI DHAPOLA
BENGALURU, AUGUST 10

SAMSUNG HAS expanded its foldable phone lineup with two new devices launched in Seoul, South Korea: the Galaxy Z Fold 4 — which can open into a nearly tablet-size display — and the Galaxy Z Flip 4 with its iconic 'flip' design are likely to further cement Samsung's dominant position in the foldable segment.

"Through our unwavering focus and industry leadership, excitement for the foldables continues to grow. We've successfully transformed this category from a radical project to a mainstream device lineup enjoyed by millions worldwide," TM Roh, president and head of Mobile eXperience Business at Samsung Electronics.

Both phones come with various improvements over the previous generation, including the latest Qualcomm flagship processor, better cameras and battery life for users. Samsung has also improved multitasking on these phones.

The Galaxy Z Fold 4 and the Galaxy Z Flip 4 were launched in Seoul

Nearly 10 million foldable phones were shipped globally in 2021 and the South Korean player has a majority of the market. While players like Huawei, Oppo and Vivo have released foldable devices in the China market, these are not being sold globally, keeping Samsung's dominance in this segment unchallenged. *Full report on www.indianexpress.com*

ECONOMY

GOLD	RUPEE	OIL	SILVER
₹52,811	79.51/USD	$96.65	₹58,985

Note: Gold, silver rates at Delhi spot market, gold per 10g, silver per 1 kg; Crude oil (Indian basket) as of August 8

SENSEX: 58,817.29 ▼ 35.78 (-0.06%) NIFTY: 17,534.75 ▲ 9.65 (0.06%) NIKKEI: 27,819.33 ▼ 180.63 HANG SENG: 19,610.84 ▼ 392.60 FTSE: 7491.39 ▲ 3.24 DAX: 13,558.47 ▲ 23.50

International market data till 1900 IST

SECTOR WATCH
CONSUMER INTERNET

Microsoft's ONDC bet: Eye on social e-commerce foray & better pricing

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MICROSOFT HAS become the first big tech company to join the Open Network for Digital Commerce (ONDC), a government-backed project aimed at enabling small merchants and mom-and-pop stores in some parts of the country to access processes and technologies that are typically deployed by large e-commerce platforms such as Amazon and Flipkart.

The US software giant intends to introduce social e-commerce — group buying experience — in the Indian market, which would include a shopping app for Indian consumers along with their social circle, harnessing the ONDC network to discover the best pricing among retailers and sellers.

E. EXPLAINED

What is ONDC?

It is an initiative aimed at promoting open networks for all aspects of exchange of goods and services over digital or electronic networks. ONDC is to be based on open-sourced methodology, using open specifications and open network protocols independent of any specific platform. It is being developed as a counter to the current duopoly in the Indian e-commerce market which is largely dictated by Amazon and Walmart-owned Flipkart. In May, the Department for Promotion of Industry and Internal Trade (DPIIT) went live with ONDC with a test run in cities like Delhi-NCR, Bengaluru, Coimbatore, Bhopal, and Shillong where it plans to onboard 150 sellers.

What does Microsoft joining the platform mean and who else is there on board?

Microsoft onboarding the ONDC wagon means the project gets its first international marquee name ahead of its Bengaluru launch. Many participants are currently live on the ONDC network, offering a number of services in the e-commerce supply chain like buying, selling and logistics services.

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The ONDC platform lies in the middle of the interfaces hosting the buyers and the sellers. So far, the buyer side interface is being hosted by Paytm, whereas the seller side interface is being hosted by players like GoFrugal, etc.

When a buyer searches for an item on the Paytm app, for where ONDC has gone live, the app will connect to the ONDC platform, which will connect it to seller side interfaces that will list all the sellers that have listed that particular item. On the ONDC, there will be several other backend partners such as logistics service providers, enterprise resource planners, e-commerce store hosting service providers, etc.

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An ONDC strategy paper published earlier this year flagged the rising dominance of global players in India's e-commerce ecosystem, pointing out that the large quantum of investment required to build competitors to the integrated solutions offered by the big players has become an entry barrier for digital marketplaces. It also flagged the inability of marketplace sellers to move out of the platform ecosystem given that the value created by these small players is stored with the larger platforms. With this in mind, ONDC eyes transforming the marketplace ecosystem from an operator-driven platform-centric model to a facilitator-driven interoperable decentralised network.

Full report on www.indianexpress.com

RESERVE BANK ISSUES GUIDELINES TO CURB MALPRACTICES

Digital lending norms: Direct credit to a/c, sans third party

ENS ECONOMIC BUREAU
MUMBAI/NEW DELHI, AUG 10

AIMING TO curb rising malpractices in the digital lending ecosystem, the Reserve Bank of India (RBI) on Wednesday issued guidelines for entities engaged in digital lending, with the norms stating that all digital loans must be disbursed and repaid through bank accounts of regulated entities only, without pass-through of lending service providers (LSPs) or other third parties.

The norms follow the recommendations of a working group for digital lending, whose report was made public last November. "The concerns primarily relate to unbridled engagement of third parties, mis-selling, breach of data privacy, unfair business conduct, charging of exorbitant interest rates, and unethical recovery practices," the central bank said in the final guidelines.

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Apart from direct disbursals and repayments of digital loans, the norms mandate that any fees or charges payable to LSPs in the credit intermediation process shall be paid directly by the RE and not by the borrower.

A standardised key fact statement (KFS) must be provided to the borrower before executing the loan contract. The all-inclusive cost of digital loans in the form of annual percentage rate (APR) will have to be disclosed to borrowers. The APR shall also form part of KFS. Automatic increases in credit limit without the explicit consent of borrowers has been prohibited. The loan contract must provide for a cooling-off or look-up period during which borrowers can exit digital loans by paying the principal and the proportionate APR without any penalty.

All digital lending products extended by REs over merchant platforms involving short term credit or deferred payments must also be reported to credit bureaus by the REs. WITH FE

Capex push: ₹1.16L-cr in two instalments released to states

Advance instalment along with monthly tax devolution from Centre

ENS ECONOMIC BUREAU
NEW DELHI, AUGUST 10

THE CENTRE on Wednesday released an advance instalment in addition to the regular monthly instalment of tax devolution to states totalling Rs 1.16 lakh crore with an aim to increase capital and developmental expenditure.

"This is in line with the commitment of the government to strengthen the hands of states to accelerate their capital and developmental expenditure. The Union Government has released two instalments of tax devolution to state governments amounting to Rs 1,16,665.75 crore on 10th August, 2022, as against normal monthly devolution of Rs 58,332.86 crore," a Finance Ministry statement said.

The Centre had, in January, released an advance instalment of tax devolution to state governments amounting to Rs 47,541 crore in addition to the regular devolution for the month, taking the total release amount to Rs 90,082 crore. It had advanced the payment of an instalment of tax devolution of Rs 47,541 crore in November 2021 also.

At present, 41 per cent of tax collected is devolved in 14 instalments during a financial year.

The advance release of the tax devolution amount to states is expected to ease fiscal pressure of states and incentivise them for extra spending, especially after the end of the compensation mechanism under the Goods and Services Tax (GST) regime, an official said. As per the GST (Compensation to States) Act, 2017, the states were guaranteed compensation at the compounded rate of 14 per cent from the base year 2015-16 for losses arising due to implementation of the taxation regime, for five years since its rollout. This came to an end on June 30.

EASING PRESSURE

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Experts said that given the higher-than-anticipated non-excise tax revenues, tax devolution to states is expected to overshoot the budget estimates.

"Presuming that the amount devolved in July 2022 was half of the August 2022 figure, as the latter has been pegged as two monthly instalments, implies that a total of Rs. 3.18 trillion has been devolved in the first five months of FY2023, which is equivalent to 39% of the BE. We anticipate that central tax devolution will need to be as large as Rs. 9.3 trillion in FY2023, overshooting the FY2023 Budget Estimates, led by an expected upside in non-excise tax revenues," Aditi Nayar, chief economist, ICRA said.

Given that capital spending and projects involve a considerable lead time, Nayar said, an early reassessment of the monthly amounts being shared with the states will help enable them to boost their capital spending. "In FY2022, a large part of the upside in tax devolution was backended to Q4, which ended up reducing state government borrowings in that quarter but did not translate to higher spending," she said.

'PE/VC investments plummet 69% in July to $3 billion'

Investments by private equity and venture capital (PE/VC) funds into Indian entities fell by 69% to $3 billion during July, a report by IVCA and EY said

SLOWDOWN IN DEAL MAKING ACTIVITY can be the result of global headwinds like recession and high interest rates in the developed world

ABSENCE OF LARGE DEALS was a cause for the shortfall, with just six such deals of over $100 million aggregating to $2.2 billion

LOWEST INVESTMENTS FOR ANY MONTH in a year were seen in July, which were also lower than the $4.9 billion recorded across 118 deals in June

40% Share of pure-play PE/VC investments (excluding real estate and infrastructure sectors) within total investments, compared to 90% in July 2021 and 82% in June 2022

76% Fall seen in investments into start-ups — which had given a leg-up to the overall venture investing landscape in last 18 months — to $820 million

74 PE/VC DEALS RECORDED LAST MONTH, AGAINST 134 DEALS IN THE YEAR-AGO PERIOD

Buyouts — the only segment that recorded a growth — was the best performing deal type in July at $1.6 billion across 5 deals, as against $1.1 billion in July 2021 across 9 deals

Largest deal in July saw Edelweiss Infrastructure Yield Plus fund buy eight road assets of L&T for $886 million

Source: IVCA & EY/PTI

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THE INDIAN EXPRESS, THURSDAY, AUGUST 11, 2022

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SLOWDOWN IN DEALMAKING ACTIVITY can be the result of global headwinds like recession and high interest rates in the developed world

ABSENCE OF LARGE DEALS was a cause for the shortfall, with just six such deals of over $100 million aggregating to $2.2 billion

LOWEST INVESTMENTS FOR ANY MONTH in a year were seen in July, which were also lower than the $4.9 billion recorded across 118 deals in June

40% Share of pure-play PE/VC investments (excluding real estate and infrastructure sectors) within total investments, compared to 90% in July 2021 and 82% in June 2022

76% Fall seen in investments into start-ups — which had given a leg-up to the overall venture investing landscape in last 18 months — to $820 million

74 PE/VC DEALS RECORDED LAST MONTH, AGAINST 134 DEALS IN THE YEAR-AGO PERIOD

Buyouts — the only segment that recorded a growth — was the best performing deal type in July at $1.6 billion across 5 deals, as against $1.1 billion in July 2021 across 9 deals

Largest deal in July saw Edelweiss Infrastructure Yield Plus fund buy eight road assets of L&T for $886 million

Source: IVCA & EY/PTI

Capex push: ₹1.16L-cr in two instalments released to states

Advance instalment along with monthly tax devolution from Centre

ENS ECONOMIC BUREAU
NEW DELHI, AUGUST 10

EASING PRESSURE

■ **The advance release of the tax devolution amount to states is expected to ease fiscal pressure of states and incentivise them for extra spending**

THE CENTRE on Wednesday released an advance instalment in addition to the regular monthly instalment of tax devolution to states totalling Rs 1.16 lakh crore with an aim to increase capital and developmental expenditure.

"This is in line with the commitment of the government to strengthen the hands of states to accelerate their capital and developmental expenditure. The Union Government has released two instalments of tax devolution to state governments amounting to Rs 1,16,665.75 crore on 10th August, 2022, as against normal monthly devolution of Rs 58,332.86 crore," a Finance Ministry statement said.

The Centre had, in January, released an advance instalment of tax devolution to state governments amounting to Rs 47,541 crore in addition to the regular devolution for the month, taking the total release amount to Rs 90,082 crore. It had advanced the payment of an instalment of tax devolution of Rs 47,541 crore in November 2021 also.

At present, 41 per cent of tax collected is devolved in 14 instalments during a financial year.

The advance release of the tax devolution amount to states is expected to ease fiscal pressure of states and incentivise them for extra spending, especially after the end of the compensation mechanism under the Goods and Services Tax (GST) regime, an official said. As per the GST (Compensation to States) Act, 2017, the states were guaranteed compensation at the compounded rate of 14 per cent from the base year 2015-16 for losses arising due to implementation of the taxation regime, for five years since its rollout. This came to an end on June 30.

Experts said that given the higher-than-anticipated non-excise tax revenues, tax devolution to states is expected to overshoot the budget estimates.

"Presuming that the amount devolved in July 2022 was half of the August 2022 figure, as the latter has been pegged as two monthly instalments, implies that a total of Rs 3.18 trillion has been devolved in the first five months of FY2023, which is equivalent to 39% of the BE. We anticipate that central tax devolution will need to be as large as Rs 9.3 trillion in FY2023, overshooting the FY2023 Budget Estimates, led by an expected upside in non-excise tax revenues," Aditi Nayar, chief economist, ICRA said.

Given that capital spending and projects involve a considerable lead time, Nayar said, an early reassessment of the monthly amounts being shared with the states will help enable them to boost their capital spending. "In FY2022, a large part of the upside in tax devolution was backended to Q4, which ended up reducing state government borrowings in that quarter but did not translate to higher spending," she said.

INPUTS FROM ENTERPRISES WITH NET WORTH OF AT LEAST ₹100 CR

Pvt 5G: DoT invites cos for study

ENS ECONOMIC BUREAU
NEW DELHI, AUGUST 10

THE DEPARTMENT of Telecommunications (DoT) on Wednesday invited stakeholders to participate in a demand study for direct assignment of spectrum for setting up captive non-public networks (CNPNs), also known as private 5G networks.

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These networks are typically set up by an enterprise or organisation like factories for their private use and are not accessible to the general public. The DoT had issued 'Guidelines for Captive Non-Public Network license' in June with an aim to set up a regulatory framework for CNPNs. It had said that enterprises setting up CNPNs will have to ensure there is no interference caused to any public network or any other licensed user of spectrum.

The norms call for enterprises wanting to obtain spectrum directly from the government to take a 10-year renewable licence, for which the government won't charge any licence fee. An applicant will have to pay a one-time non-refundable application processing fee of Rs 50,000 and the licensee will be required to follow stipulated network security norms regarding procurement of telecom equipment from trusted sources.

Eligible enterprises must submit details including ownership, net worth, requirement of spectrum in various bands, among other things. The DoT said that participation in this demand study will not entitle the enterprises any claim for spectrum assignment. *Full report on www.indianexpress.com*

JSW Energy to buy Mytrah Energy's renewable portfolio for ₹10,530 cr

ENS ECONOMIC BUREAU
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The transaction, which is subject to Competition Commission of India and other customary approvals, is expected to be completed by November 15, 2022. The enterprise value of Rs 10,530 crore is after adjusting for net current assets, subject to net working capital and other adjustments. **FE**

BRIEFLY

Bank credit up

Mumbai: In the fortnight ended July 29, bank credit rose 14.52% to ₹123.69 lakh crore and deposits 9.14% to ₹169.7 lakh crore, as per data from the RBI's Scheduled Banks' Statement of Position in India as on July 29.

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Alibaba stake

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Oil India Q1 PAT

New Delhi: Oil India Ltd (OIL) reported a massive 206% rise in its profit after tax (PAT) for the quarter ended June 2022 at ₹1,555.49 crore against ₹507.94 crore during the year-ago quarter. **ENS**

US inflation slows from a 40-year peak but remains high

ASSOCIATED PRESS
WASHINGTON, AUGUST 10

FALLING PRICES for gas, airline tickets and clothes helped give Americans a slight break from the pain of high inflation last month, though overall price increases slowed only modestly from a four-decade high that was reached in June.

Consumer prices jumped 8.5 per cent in July as against a year earlier, the government said Wednesday, down from a 9.1 per cent year-over-year rise in June. On a monthly basis, prices were unchanged from June to July, the smallest such rise in more than two years. Much of the relief last month was felt by travelers: Hotel room costs fell 2.7 per cent from June to July, airfares nearly 8 per cent and rental car prices a whopping 9.5 per cent.

Last month's declines in travel-related prices helped lower so-called core inflation, a measure that excludes the volatile food and energy categories to provide a clearer picture of underlying inflation. Core prices rose just 0.3 per cent from June, the smallest month-to-month increase since March. And compared with a year ago, core inflation amounted to 5.9 per cent in July, the same year-over-year increase as in June.

All told, the July figures raised hope that inflation may have peaked after over a year of relentless increases. Still, core prices have slowed in the recent past only to re-accelerate in subsequent months.

Oil up, bond yields tumble

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FEARS OF FORCED TWITTER DEAL

Musk sells $6.9-bn worth Tesla stocks

Elon Musk *AP file*

San Francisco: Tesla Inc chief executive Elon Musk sold $6.9 billion worth of shares in the electric vehicle maker, saying the funds could be used to finance a potential Twitter deal if he loses a legal battle with the social media platform.

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Two new Galaxy phones in Samsung's foldable offerings

SHRUTI DHAPOLA
BENGALURU, AUGUST 10

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SAMSUNG HAS expanded its foldable phone lineup with two new devices launched in Seoul, South Korea: the Galaxy Z Fold 4 — which can open into a nearly tablet-size display — and the Galaxy Z Flip 4 with its iconic 'flip' design are likely to further cement Samsung's dominant position in the foldable segment.

"Through our unwavering focus and industry leadership, excitement for the foldables continues to grow. We've successfully transformed this category from a radical project to a mainstream device lineup enjoyed by millions worldwide," TM Roh, president and head of Mobile eXperience Business at Samsung Electronics.

Both phones come with various improvements over the previous generation, including the latest Qualcomm flagship processor, better cameras and battery life for users. Samsung has also improved multitasking on these phones.

Nearly 10 million foldable phones were shipped globally in 2021 and the South Korean player has a majority of the market. While players like Huawei, Oppo and Vivo have released foldable devices in the China market, these are not being sold globally, keeping Samsung's dominance in this segment unchallenged. *Full report on www.indianexpress.com*

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SECTOR WATCH
CONSUMER INTERNET

Microsoft's ONDC bet: Eye on social e-commerce foray & better pricing

SOUMYARENDRA BARIK
NEW DELHI, AUGUST 10

MICROSOFT HAS become the first big tech company to join the Open Network for Digital Commerce (ONDC), a government-backed project aimed at enabling small merchants and mom-and-pop stores in some parts of the country to access processes and technologies that are typically deployed by large e-commerce platforms such as Amazon and Flipkart.

The US software giant intends to introduce social e-commerce — group buying experience — in the Indian market, which would include a shopping app for Indian consumers along with their social circle, harnessing the ONDC network to discover the best pricing among retailers and sellers.

What is ONDC?

EXPLAINED

It is an initiative aimed at promoting open networks for all aspects of exchange of goods and services over digital or electronic networks. ONDC is to be based on open-sourced methodology, using open specifications and open network protocols independent of any specific platform. It is being developed as a counter to the current duopoly in the Indian e-commerce market which is largely dictated by Amazon and Walmart-owned Flipkart. In May, the Department for Promotion of Industry and Internal Trade (DPIIT) went live with ONDC with a test run in cities like Delhi-NCR, Bengaluru, Coimbatore, Bhopal, and Shillong where it plans to onboard 150 sellers.

What does Microsoft joining the platform mean and who else is there on board?

Microsoft onboarding the ONDC wagon means the project gets its first international marquee name ahead of its Bengaluru launch. Many participants are currently live on the ONDC network, offering a number of services in the e-commerce supply chain like buying, selling and logistics services.

Microsoft coming on board ONDC means that the government-backed project gets its first international marquee name

How does ONDC work?

The ONDC platform lies in the middle of the interfaces hosting the buyers and the sellers. So far, the buyer side interface is being hosted by Paytm, whereas the seller side interface is being hosted by players like GoFrugal, etc.

When a buyer searches for an item on the Paytm app, for where ONDC has gone live, the app will connect to the ONDC platform, which will connect it to seller side interfaces that will list all the sellers that have listed that particular item.

On the ONDC, there will be several other backend partners such as logistics service providers, enterprise resource planners, e-commerce store hosting service providers, etc.

What issues will it solve?

An ONDC strategy paper published earlier this year flagged the rising dominance of global players in India's e-commerce ecosystem, pointing out that the large quantum of investment required to build competitors to the integrated solutions offered by the big players has become an entry barrier for digital marketplaces. It also flagged the inability of marketplace sellers to move out of the platform ecosystem given that the value created by these small players is stored with the larger platforms. With this in mind, ONDC eyes transforming the marketplace ecosystem from an operator-driven platform-centric model to a facilitator-driven interoperable decentralised network.

Full report on www.indianexpress.com

RESERVE BANK ISSUES GUIDELINES TO CURB MALPRACTICES

Digital lending norms: Direct credit to a/c, sans third party

ENS ECONOMIC BUREAU
MUMBAI/NEW DELHI, AUG 10

AIMING TO curb rising malpractices in the digital lending ecosystem, the Reserve Bank of India (RBI) on Wednesday issued guidelines for entities engaged in digital lending, with the norms stating that all digital loans must be disbursed and repaid through bank accounts of regulated entities only, without pass-through of lending service providers (LSPs) or other third parties.

The norms follow the recommendations of a working group for digital lending, whose report was made public last November. "The concerns primarily relate to unbridled engagement of third parties, mis-selling, breach of data privacy, unfair business conduct, charging of exorbitant interest rates, and unethical recovery practices," the central bank said in the final guidelines.

WORKING GROUP RECOMMENDATIONS

File

■ The norms issued on Wednesday by the Reserve Bank follow the recommendations of a working group for digital lending, whose report was made public last November

The regulator classified digital lenders into three categories: entities regulated by the RBI and permitted to carry out lending business, entities authorised to carry out lending as per other statutory or regulatory provisions but not regulated by the RBI, and entities lending outside the purview of any statutory or regulatory provisions.

The latest regulatory framework is focussed on the digital lending ecosystem of RBI's regulated entities (REs) and the LSPs engaged by them to extend credit facilitation services. As for entities falling in the second category, the respective regulator may consider formulating rules on digital lending, based on the recommendations of the working group, the RBI said. For entities in the third category, the working group has suggested specific legislative and institutional interventions for consideration by the government to curb illegitimate lending.

Apart from direct disbursals and repayments of digital loans, the norms mandate that any fees or charges payable to LSPs in the credit intermediation process shall be paid directly by the RE and not by the borrower.

A standardised key fact statement (KFS) must be provided to the borrower before executing the loan contract. The all-inclusive cost of digital loans in the form of annual percentage rate (APR) will have to be disclosed to borrowers. The APR shall also form part of KFS. Automatic increases in credit limit without the explicit consent of borrowers has been prohibited. The loan contract must provide for a cooling-off or look-up period during which borrowers can exit digital loans by paying the principal and the proportionate APR without any penalty.

All digital lending products extended by REs over merchant platforms involving short term credit or deferred payments must also be reported to credit bureaus by the REs. **WITH FE**

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INPUTS FROM ENTERPRISES WITH NET WORTH OF AT LEAST ₹100 CR

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Note: Gold, silver rates at Delhi spot market, gold per 10g, silver per 1 kg. Crude oil (Indian basket) as of August 9

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International market data till 1900 IST

SECTOR WATCH
CONSUMER INTERNET

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How does ONDC work?

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Full report on www.indianexpress.com

RESERVE BANK ISSUES GUIDELINES TO CURB MALPRACTICES

Digital lending norms: Direct credit to a/c, sans third party

ENS ECONOMIC BUREAU
MUMBAI/NEW DELHI, AUG 10

AIMING TO curb rising malpractices in the digital lending ecosystem, the Reserve Bank of India (RBI) on Wednesday issued guidelines for entities engaged in digital lending, with the norms stating that all digital loans must be disbursed and repaid through bank accounts of regulated entities only, without pass-through of lending service providers (LSPs) or other third parties.

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Capex push: ₹1.16L-cr in two instalments released to states

Advance instalment along with monthly tax devolution from Centre

ENS ECONOMIC BUREAU
NEW DELHI, AUGUST 10

THE CENTRE on Wednesday released an advance instalment in addition to the regular monthly instalment of tax devolution to states totalling Rs 1.16 lakh crore with an aim to increase capital and developmental expenditure.

"This is in line with the commitment of the government to strengthen the hands of states to accelerate their capital and developmental expenditure. The Union Government has released two instalments of tax devolution to state governments amounting to Rs 1,16,665.75 crore on 10th August, 2022, as against normal monthly devolution of Rs 58,332.86 crore," a Finance Ministry statement said.

The Centre had, in January, released an advance instalment of tax devolution to state governments amounting to Rs 47,541 crore in addition to the regular devolution for the month, taking the total release amount to Rs 90,082 crore. It had advanced the payment of an instalment of tax devolution of Rs 47,541 crore in November 2021 also.

At present, 41 per cent of tax collected is devolved in 14 instalments during a financial year.

The advance release of the tax devolution amount to states is expected to ease fiscal pressure of states and incentivise them for extra spending, especially after the end of the compensation mechanism under the Goods and Services Tax (GST) regime, an official said. As per the GST (Compensation to States) Act, 2017, the states were guaranteed compensation at the compounded rate of 14 per cent from the base year 2015-16 for losses arising due to implementation of the taxation regime, for five years since its rollout. This came to an end on June 30.

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Experts said that given the higher-than-anticipated non-excise tax revenues, tax devolution to states is expected to overshoot the budget estimates.

"Presuming that the amount devolved in July 2022 was half of the August 2022 figure, as the latter has been pegged as two monthly instalments, implies that a total of Rs. 3.18 trillion has been devolved in the first five months of FY2023, which is equivalent to 39% of the BE. We anticipate that central tax devolution will need to be as large as Rs. 9.3 trillion in FY2023, overshooting the FY2023 Budget Estimates, led by an expected upside in non-excise tax revenues," Aditi Nayar, chief economist, ICRA said.

Given that capital spending and projects involve a considerable lead time, Nayar said, an early reassessment of the monthly amounts being shared with the states will help enable them to boost their capital spending. "In FY2022, a large part of the upside in tax devolution was backended to Q4, which ended up reducing state government borrowings in that quarter but did not translate to higher spending," she said.

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Source: IVCA & EY/PTI

INPUTS FROM ENTERPRISES WITH NET WORTH OF AT LEAST ₹100 CR

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ENS ECONOMIC BUREAU
NEW DELHI, AUGUST 10

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JSW Energy to buy Mytrah Energy's renewable portfolio for ₹10,530 cr

ENS ECONOMIC BUREAU
MUMBAI, AUGUST 10

SAJJAN JINDAL-LED JSW Energy on Wednesday signed an agreement to acquire Mytrah Energy's 1,753 MW renewable energy portfolio for an enterprise value of about Rs 10,530 crore. This is the largest acquisition by JSW Energy in a space where investment flows have been steadily rising over the last few months.

The deal is being executed through its wholly-owned subsidiary JSW Neo Energy, and will help the company achieve its renewable-led capacity growth target of 10 GW by FY25.

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BRIEFLY

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Oil India Q1 PAT

New Delhi: Oil India Ltd (OIL) reported a massive 206% rise in its profit after tax (PAT) for the quarter ended June 2022 at ₹1,555.49 crore against ₹507.94 crore during the year-ago quarter. **ENS**

US inflation slows from a 40-year peak but remains high

ASSOCIATED PRESS
WASHINGTON, AUGUST 10

FALLING PRICES for gas, airline tickets and clothes helped give Americans a slight break from the pain of high inflation last month, though overall price increases slowed only modestly from a four-decade high that was reached in June.

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Last month's declines in travel-related prices helped lower so-called core inflation, a measure that excludes the volatile food and energy categories to provide a clearer picture of underlying inflation. Core prices rose just 0.3 per cent from June, the smallest month-to-month increase since March. And compared with a year ago, core inflation amounted to 5.9 per cent in July, the same year-over-year increase as in June.

All told, the July figures raised hope that inflation may have peaked after over a year of relentless increases. Still, core prices have slowed in the recent past only to re-accelerate in subsequent months.

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FEARS OF FORCED TWITTER DEAL

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Elon Musk *AP/file*

San Francisco: Tesla Inc chief executive Elon Musk sold $6.9 billion worth of shares in the electric vehicle maker, saying the funds could be used to finance a potential Twitter deal if he loses a legal battle with the social media platform.

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Two new Galaxy phones in Samsung's foldable offerings

SHRUTI DHAPOLA
BENGALURU, AUGUST 10

SAMSUNG HAS expanded its foldable phone lineup with two new devices launched in Seoul, South Korea: the Galaxy Z Fold 4 — which can open into a nearly tablet-size display — and the Galaxy Z Flip 4 with its iconic 'flip' design are likely to further cement Samsung's dominant position in the foldable segment.

"Through our unwavering focus and industry leadership, excitement for the foldables continues to grow. We've successfully transformed this category from a radical project to a mainstream device lineup enjoyed by millions worldwide," TM Roh, president and head of Mobile eXperience Business at Samsung Electronics.

Both phones come with various improvements over the previous generation, including the latest Qualcomm flagship processor, better cameras and battery life for users. Samsung has also improved multitasking on these phones.

The Galaxy Z Fold 4 and the Galaxy Z Flip 4 were launched in Seoul

Nearly 10 million foldable phones were shipped globally in 2021 and the South Korean player has a majority of the market. While players like Huawei, Oppo and Vivo have released foldable devices in the China market, these are not being sold globally, keeping Samsung's dominance in this segment unchallenged. *Full report on* www.indianexpress.com

ECONOMY

GOLD ₹52,811 | RUPEE 79.51/USD | OIL $96.65 | SILVER ₹58,985

SENSEX: 58,817.29 ▼ 35.78 (-0.06%) NIFTY: 17,534.75 ▲ 9.65 (0.06%) NIKKEI: 27,819.33 ▼ 180.63 HANG SENG: 19,610.84 ▼ 392.60 FTSE: 7,491.39 ▲ 3.24 DAX: 13,358.47 ▲ 23.50

SECTOR WATCH
CONSUMER INTERNET

Microsoft's ONDC bet: Eye on social e-commerce foray & better pricing

SOUMYARENDRA BARIK
NEW DELHI, AUGUST 10

Microsoft coming on board ONDC means that the government-backed project gets its first international marquee name

MICROSOFT HAS become the first big tech company to join the Open Network for Digital Commerce (ONDC), a government-backed project aimed at enabling small merchants and mom-and-pop stores in some parts of the country to access processes and technologies that are typically deployed by large e-commerce platforms such as Amazon and Flipkart.

The US software giant intends to introduce social e-commerce — group buying experience — in the Indian market, which would include a shopping app for Indian consumers along with their social circle, harnessing the ONDC network to discover the best pricing among retailers and sellers.

EXPLAINED

What is ONDC?

It is an initiative aimed at promoting open networks for all aspects of exchange of goods and services over digital or electronic networks. ONDC is to be based on open-sourced methodology, using open specifications and open network protocols independent of any specific platform. It is being developed as a counter to the current duopoly in the Indian e-commerce market which is largely dictated by Amazon and Walmart-owned Flipkart. In May, the Department for Promotion of Industry and Internal Trade (DPIIT) went live with ONDC with a test run in cities like Delhi-NCR, Bengaluru, Coimbatore, Bhopal, and Shillong where it plans to onboard 150 sellers.

What does Microsoft joining the platform mean and who else is there on board?

Microsoft onboarding the ONDC wagon means the project gets its first international marquee name ahead of its Bengaluru launch. Many participants are currently live on the ONDC network, offering a number of services in the e-commerce supply chain like buying, selling and logistics services.

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The ONDC platform lies in the middle of the interfaces hosting the buyers and the sellers. So far, the buyer side interface is being hosted by Paytm, whereas the seller side interface is being hosted by players like GoFrugal, etc.

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Two new Galaxy phones in Samsung's foldable offerings

SHRUTI DHAPOLA
BENGALURU, AUGUST 10

The Galaxy Z Fold 4 and the Galaxy Z Flip 4 were launched in Seoul

SAMSUNG HAS expanded its foldable phone lineup with two new devices launched in Seoul, South Korea: the Galaxy Z Fold 4 — which can open into a nearly tablet-size display — and the Galaxy Z Flip 4 with its iconic 'flip' design are likely to further cement Samsung's dominant position in the foldable segment.

"Through our unwavering focus and industry leadership, excitement for the foldables continues to grow. We've successfully transformed this category from a radical project to a mainstream device lineup enjoyed by millions worldwide," TM Roh, president and head of Mobile eXperience Business at Samsung Electronics.

Both phones come with various improvements over the previous generation, including the latest Qualcomm flagship processor, better cameras and battery life for users. Samsung has also improved multitasking on these phones.

Nearly 10 million foldable phones were shipped globally in 2021 and the South Korean player has a majority of the market. While players like Huawei, Oppo and Vivo have released foldable devices in the China market, these are not being sold globally, keeping Samsung's dominance in this segment unchallenged. *Full report on www.indianexpress.com*

GOLD ₹52,811 | RUPEE 79.51/USD | OIL $96.65 | SILVER ₹58,985

SENSEX: 58,817.29 ▼ 35.78 (-0.06%) NIFTY: 17,534.75 ▲ 9.65 (0.06%) NIKKEI: 27,819.33 ▼ 180.63 HANG SENG: 19,610.84 ▼ 392.60 FTSE: 7,491.39 ▲ 3.24 DAX: 13,558.47 ▲ 23.50

SECTOR WATCH
CONSUMER INTERNET

Microsoft's ONDC bet: Eye on social e-commerce foray & better pricing

SOUMYARENDRA BARIK
NEW DELHI, AUGUST 10

MICROSOFT HAS become the first big tech company to join the Open Network for Digital Commerce (ONDC), a government-backed project aimed at enabling small merchants and mom-and-pop stores in some parts of the country to access processes and technologies that are typically deployed by large e-commerce platforms such as Amazon and Flipkart.

The US software giant intends to introduce social e-commerce — group buying experience — in the Indian market, which would include a shopping app for Indian consumers along with their social circle, harnessing the ONDC network to discover the best pricing among retailers and sellers.

Microsoft coming on board ONDC means that the government-backed project gets its first international marquee name

EXPLAINED E.

What is ONDC?

It is an initiative aimed at promoting open networks for all aspects of exchange of goods and services over digital or electronic networks. ONDC is to be based on open-sourced methodology, using open specifications and open network protocols independent of any specific platform. It is being developed as a counter to the current duopoly in the Indian e-commerce market which is largely dictated by Amazon and Walmart-owned Flipkart. In May, the Department for Promotion of Industry and Internal Trade (DPIIT) went live with ONDC with a test run in cities like Delhi-NCR, Bengaluru, Coimbatore, Bhopal, and Shillong where it plans to on-board 150 sellers.

What does Microsoft joining the platform mean and who else is there on board?

Microsoft onboarding the ONDC wagon means the project gets its first international marquee name ahead of its Bengaluru launch. Many participants are currently live on the ONDC network, offering a number of services in the e-commerce supply chain like buying, selling and logistics services.

How does ONDC work?

The ONDC platform lies in the middle of the interfaces hosting the buyers and the sellers. So far, the buyer side interface is being hosted by Paytm, whereas the seller side interface is being hosted by players like GoFrugal, etc.

When a buyer searches for an item on the Paytm app, for where ONDC has gone live, the app will connect to the ONDC platform, which will connect it to seller side interfaces that will list all the sellers that have listed that particular item. On the ONDC, there will be several other backend partners such as logistics service providers, enterprise resource planners, e-commerce store hosting service providers, etc.

What issues will it solve?

An ONDC strategy paper published earlier this year flagged the rising dominance of global players in India's e-commerce ecosystem, pointing out that the large quantum of investment required to build competitors to the integrated solutions offered by the big players has become an entry barrier for digital marketplaces. It also flagged the inability of marketplace sellers to move out of the platform ecosystem given that the value created by these small players is stored with the larger platforms. With this in mind, ONDC eyes transforming the marketplace ecosystem from an operator-driven platform-centric model to a facilitator-driven interoperable decentralised network.

Full report on www.indianexpress.com

RESERVE BANK ISSUES GUIDELINES TO CURB MALPRACTICES

Digital lending norms: Direct credit to a/c, sans third party

ENS ECONOMIC BUREAU
MUMBAI/NEW DELHI, AUG 10

AIMING TO curb rising malpractices in the digital lending ecosystem, the Reserve Bank of India (RBI) on Wednesday issued guidelines for entities engaged in digital lending, with the norms stating that all digital loans must be disbursed and repaid through bank accounts of regulated entities only, without pass-through of lending service providers (LSPs) or other third parties.

The norms follow the recommendations of a working group for digital lending, whose report was made public last November. "The concerns primarily relate to unbridled engagement of third parties, mis-selling, breach of data privacy, unfair business conduct, charging of exorbitant interest rates, and unethical recovery practices," the central bank said in the final guidelines.

WORKING GROUP RECOMMENDATIONS

File

■ The norms issued on Wednesday by the Reserve Bank follow the recommendations of a working group for digital lending, whose report was made public last November

The regulator classified digital lenders into three categories: entities regulated by the RBI and permitted to carry out lending business, entities authorised to carry out lending as per other statutory or regulatory provisions but not regulated by the RBI, and entities lending outside the purview of any statutory or regulatory provisions.

The latest regulatory framework is focussed on the digital lending ecosystem of RBI's regulated entities (REs) and the LSPs engaged by them to extend credit facilitation services. As for entities falling in the second category, the respective regulator may consider formulating rules on digital lending, based on the recommendations of the working group, the RBI said. For entities in the third category, the working group has suggested specific legislative and institutional interventions for consideration by the government to curb illegitimate lending.

Apart from direct disbursals and repayments of digital loans, the norms mandate that any fees or charges payable to LSPs in the credit intermediation process shall be paid directly by the RE and not by the borrower.

A standardised key fact statement (KFS) must be provided to the borrower before executing the loan contract. The all-inclusive cost of digital loans in the form of annual percentage rate (APR) will have to be disclosed to borrowers. The APR shall also form part of KFS. Automatic increases in credit limit without the explicit consent of borrowers has been prohibited. The loan contract must provide for a cooling-off or look-up period during which borrowers can exit digital loans by paying the principal and the proportionate APR without any penalty.

All digital lending products extended by REs over merchant platforms involving short term credit or deferred payments must also be reported to credit bureaus by the REs. **WITH FE**

'PE/VC investments plummet 69% in July to $3 billion'

Investments by private equity and venture capital (PE/VC) funds into Indian entities fell by 69% to $3 billion during July, a report by IVCA and EY said

40% Share of pure-play PE/VC investments (excluding real estate and infrastructure sectors) within total investments, compared to 90% in July 2021 and 82% in June 2022

76% Fall seen in investments into start-ups — which had given a leg-up to the overall venture investing landscape in last 18 months — to $820 million

SLOWDOWN IN DEALMAKING ACTIVITY can be the result of global headwinds like recession and high interest rates in the developed world

ABSENCE OF LARGE DEALS was a cause for the shortfall, with just six such deals of over $100 million aggregating to $2.2 billion

LOWEST INVESTMENTS FOR ANY MONTH in a year were seen in July, which were also lower than the $4.9 billion recorded across 118 deals in June

74 PE/VC DEALS RECORDED LAST MONTH, AGAINST 134 DEALS IN THE YEAR-AGO PERIOD

Buyouts — the only segment that recorded a growth — was the best performing deal type in July at $1.6 billion across 5 deals, as against $1.1 billion in July 2021 across 9 deals

Largest deal in July saw Edelweiss Infrastructure Yield Plus fund buy eight road assets of L&T for $886 million

Source: IVCA & EY/PTI

Capex push: ₹1.16L-cr in two instalments released to states

Advance instalment along with monthly tax devolution from Centre

ENS ECONOMIC BUREAU
NEW DELHI, AUGUST 10

THE CENTRE on Wednesday released an advance instalment in addition to the regular monthly instalment of tax devolution to states totalling Rs 1.16 lakh crore with an aim to increase capital and developmental expenditure.

"This is in line with the commitment of the government to strengthen the hands of states to accelerate their capital and developmental expenditure. The Union Government has released two instalments of tax devolution to state governments amounting to Rs 1,16,665.75 crore on 10th August, 2022, as against normal monthly devolution of Rs 58,332.86 crore," a Finance Ministry statement said.

The Centre had, in January, released an advance instalment of tax devolution to state governments amounting to Rs 47,541 crore in addition to the regular devolution for the month, taking the total release amount to Rs 90,082 crore. It had advanced the payment of an instalment of tax devolution of Rs 47,541 crore in November 2021 also.

At present, 41 per cent of tax collected is devolved in 14 instalments during a financial year.

The advance release of the tax devolution amount to states is expected to ease fiscal pressure of states and incentivise them for extra spending, especially after the end of the compensation mechanism under the Goods and Services Tax (GST) regime, an official said. As per the GST (Compensation to States) Act, 2017, the states were guaranteed compensation at the compounded rate of 14 per cent from the base year 2015-16 for losses arising due to implementation of the taxation regime, for five years since its rollout. This came to an end on June 30.

EASING PRESSURE

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Experts said that given the higher-than-anticipated non-excise tax revenues, tax devolution to states is expected to overshoot the budget estimates.

"Presuming that the amount devolved in July 2022 was half of the August 2022 figure, as the latter has been pegged as two monthly instalments, implies that a total of Rs. 3.18 trillion has been devolved in the first five months of FY2023, which is equivalent to 39% of the BE. We anticipate that central tax devolution will need to be as large as Rs. 9.3 trillion in FY2023, overshooting the FY2023 Budget Estimates, led by an expected upside in non-excise tax revenues," Aditi Nayar, chief economist, ICRA said.

Given that capital spending and projects involve a considerable lead time, Nayar said, an early reassessment of the monthly amounts being shared with the states will help enable them to boost their capital spending. "In FY2022, a large part of the upside in tax devolution was backended to Q4, which ended up reducing state government borrowings in that quarter but did not translate to higher spending," she said.

INPUTS FROM ENTERPRISES WITH NET WORTH OF AT LEAST ₹100 CR

Pvt 5G: DoT invites cos for study

ENS ECONOMIC BUREAU
NEW DELHI, AUGUST 10

THE DEPARTMENT of Telecommunications (DoT) on Wednesday invited stakeholders to participate in a demand study for direct assignment of spectrum for setting up captive non-public networks (CNPNs), also known as private 5G networks.

Enterprises with a net worth of at least Rs 100 crore who are willing to set up CNPNs by obtaining spectrum directly from the government can send their inputs for the demand study until September 9, the DoT said.

These networks are typically set up by an enterprise or organisation like factories for their private use and are not accessible to the general public. The DoT had issued 'Guidelines for Captive Non-Public Network license' in June with an aim to set up a regulatory framework for CNPNs. It had said that enterprises setting up CNPNs will have to ensure there is no interference caused to any public network or any other licensed user of spectrum.

The norms call for enterprises wanting to obtain spectrum directly from the government to take a 10-year renewable licence, for which the government won't charge any licence fee. An applicant will have to pay a one-time non-refundable application processing fee of Rs 50,000 and the licensee will be required to follow stipulated network security norms regarding procurement of telecom equipment from trusted sources.

Eligible enterprises must submit details including ownership, net worth, requirement of spectrum in various bands, among other things. The DoT said that participation in this demand study will not entitle the enterprises any claim for spectrum assignment. *Full report on www.indianexpress.com*

JSW Energy to buy Mytrah Energy's renewable portfolio for ₹10,530 cr

ENS ECONOMIC BUREAU
MUMBAI, AUGUST 10

SAJJAN JINDAL-LED JSW Energy on Wednesday signed an agreement to acquire Mytrah Energy's 1,753 MW renewable energy portfolio for an enterprise value of about Rs 10,530 crore. This is the largest acquisition by JSW Energy in a space where investment flows have been steadily rising over the last few months.

The deal is being executed through its wholly-owned subsidiary JSW Neo Energy, and will help the company achieve its renewable-led capacity growth target of 10 GW by FY25.

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Mytrah Energy's portfolio comprises 10 wind special purpose vehicles (SPVs) with a generation capacity of 1,331 MW and seven solar SPVs with a generation capacity of 422 MW, operating primarily in the southern, western and central parts of India. The assets have power purchase agreements and an average remaining life of 18 years, it said in a regulatory update.

The transaction, which is subject to Competition Commission of India and other customary approvals, is expected to be completed by November 15, 2022. The enterprise value of Rs 10,530 crore is after adjusting for net current assets, subject to net working capital and other adjustments. **FE**

BRIEFLY

Bank credit up

Mumbai: In the fortnight ended July 29, bank credit rose 14.52% to ₹123.69 lakh crore and deposits 9.14% to ₹169.7 lakh crore, as per data from the RBI's Scheduled Banks' Statement of Position in India as on July 29.

Pilot licence

New Delhi: The Directorate General of Civil Aviation (DGCA) on Wednesday issued guidelines for medical examiners to assess fitness of transgender persons who have applied for commercial pilot licence.

Alibaba stake

Tokyo: SoftBank Group Corp said it would book a gain of $34.1 billion by cutting its stake in Alibaba Group Holding to 14.6% from 23.7%, as the investment behemoth looks to shore up its cash reserve to weather the market downturn. **PTI**

Oil India Q1 PAT

New Delhi: Oil India Ltd (OIL) reported a massive 206% rise in its profit after tax (PAT) for the quarter ended June 2022 at ₹1,555.49 crore against ₹507.94 crore during the year-ago quarter. **ENS**

US inflation slows from a 40-year peak but remains high

ASSOCIATED PRESS
WASHINGTON, AUGUST 10

FALLING PRICES for gas, airline tickets and clothes helped give Americans a slight break from the pain of high inflation last month, though overall price increases slowed only modestly from a four-decade high that was reached in June.

Consumer prices jumped 8.5 per cent in July as against a year earlier, the government said Wednesday, down from a 9.1 per cent year-over-year rise in June. On a monthly basis, prices were unchanged from June to July, the smallest such rise in more than two years. Much of the relief last month was felt by travelers: Hotel room costs fell 2.7 per cent from June to July, airfares nearly 8 per cent and rental car prices a whopping 9.5 per cent.

Last month's declines in travel-related prices helped lower so-called core inflation, a measure that excludes the volatile food and energy categories to provide a clearer picture of underlying inflation. Core prices rose just 0.3 per cent from June, the smallest month-to-month increase since March. And compared with a year ago, core inflation amounted to 5.9 per cent in July, the same year-over-year increase as in June.

All told, the July figures raised hope that inflation may have peaked after over a year of relentless increases. Still, core prices have slowed in the recent past only to re-accelerate in subsequent months.

Oil up, bond yields tumble

New York: Oil prices rose Wednesday as a lower-than-expected US inflation figure drove investors into riskier assets. As of 1746 GMT, Brent rose 68 cents, or 0.7%, to $96.99 and US WTI 83 cents, or 0.9%, to $91.33.

Meanwhile, the yield on the two-year US Treasury fell to 3.14% from 3.27% late Tuesday and the 10-year yield to 2.76% from 2.78%. Wall Street, however, shot up, with the S&P 500 rising 1.9%, the Nasdaq composite index by 2.5%, and the Dow Jones Industrial Average by 1.4%, as of 1:34 p.m ET. Bitcoin rose 3.3% to top $24,000. **REUTERS & AP**

FEARS OF FORCED TWITTER DEAL

Musk sells $6.9-bn worth Tesla stocks

Elon Musk *AP file*

San Francisco: Tesla Inc chief executive Elon Musk sold $6.9 billion worth of shares in the electric vehicle maker, saying the funds could be used to finance a potential Twitter deal if he loses a legal battle with the social media platform.

"In the (hopefully unlikely) event that Twitter forces this deal to close *and* some equity partners don't come through, it is important to avoid an emergency sale of Tesla stock," he said in a tweet late on Tuesday.

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