

MSME

NEWS FLASH

Here's what MSMEs expect from Modi 2.0

Lauding the economic reform agenda initiated by the Prime Minister Narendra Modi-led NDA Government during its first term, stakeholders from the MSME sector have come up with their wishlist for the new Government. Urging new age businesses to be set up and removal of business irritants with regard to the ill-famed Angel Tax, new company registration process, sector incentives and incubation services etc, the industry leader wishes NDA-II to improve access to financing and credit cycles for SMEs. MSMEs look forward to the liberalisation of policies so that they are able to innovate, invest in new technologies and equip themselves to adapt to the changing business environments. Sharing a few expectations from the new government:

- Renewed efforts towards enhancing the ease of doing business in India;
- Subsidies for disruptive and innovative products, environment friendly products, and export-friendly products;
- Conducting skill-development programs and workshops for entrepreneurs, pertaining to digitisation, industry-specific technologies, and market expansion;
- Encouraging Government procurement from MSMEs; and
- Market data-driven initiatives to combat corporate corruption and increase transparency.

So, the above five demands are the major ones that MSMEs are expecting from the Modi 2.0 government to be met this time.

Government plans Rs 1,000-crore fund for startups in priority areas

The government proposes to introduce a slew of reforms and another fund to boost startups that are focussed on priority areas such as rural healthcare, water and waste management, clean energy solutions, cyber security and drones. The Department for Promotion of Industry and Internal Trade (DPIIT) plans to set up an India Startup Fund with an initial amount of Rs 1,000 crore. "The government wants to offer seed funds for high-tech, cutting edge startups. The proposal is to provide seed funds to 5,000 startups in priority areas. The dedicated fund, proposed in the department's 100-day Action Plan, is separate from the Fund of Funds for Startups (FFS), which was set up in 2016 under the Small Industries Development Bank of India. The Rs 10,000 crore fund of funds makes downstream investments in venture capital and alternative investment funds that in turn invest in startups. To boost startups, DPIIT has recommended regulatory changes aimed at promoting venture capital and angel investments, especially from Indian investors. The government increased the exemption threshold and kept investments by listed companies of certain minimum size, venture capital funds and non-residents in startups outside the ambit of the tax to bring relief to companies registered as startups with the department.

MSME Schemes for providing Assistance to Training Institutions

The Ministry of MSME, therefore, offers the Assistance to Training Institutions Scheme for providing financial aid to institutions to impart entrepreneurship development programs. This scheme is applicable to State Government, Union Territory Government; EDI enrolled training institutes, NGOs, Other Development Agencies. There are various training institutions which impart entrepreneurial development courses which help budding entrepreneurs learn the skills and the tricks of the trade. However, for providing the competitive skills, the training institutes must be equipped with the best-in-class infrastructure and faculty along with cutting-edge technology. The Government understands the necessity of training institutes that needs to be developed with all the modern training facilities and thus, the Assistance to Training Institutions Scheme has been designed. The scheme offers financial assistance to training institutions so that they can create and/or strengthen their infrastructure which would support them to conduct programs of skill development and entrepreneurship development for entrepreneurs. The financial assistance is given in the form of capital grants. The amount of capital grant allowed depends on the use of the funds and the location of the institute. The scheme aims to help training institutions that offer skill development and entrepreneurial development programs to the budding entrepreneurs by providing the required finance for the development of such programs.

DPIIT for shortening compliance time to just 1 hr/month for start-ups

The Commerce and Industry Ministry has proposed cutting down compliance time significantly to just one hour per month for start-ups as part of measures to ease regulatory requirements for budding entrepreneurs, an official said. The proposal is a part of 'Start-up India Vision 2024', prepared by the Department for Promotion of Industry and Internal Trade (DPIIT) for the new government to promote the growth of budding entrepreneurs. At present, start-ups comply with a plethora of requirements such as GST filings, tax returns and other local laws every month, the official said. Compliance to these processes takes a lot of time and cost. "Monthly compliance for start-ups needs to be reduced to one hour per month so that they can concentrate on their core work," the official added. Reducing the compliance time to 1 hour will be an extremely welcoming step giving startups enough time to focus on their core activity. It will also create a stronger startup support ecosystem in the country. The vision document has suggested a total of 11 measures for easing regulatory burden to provide a business-friendly environment to start-ups. The vision document aims at facilitating setting up of 50,000 new start-ups in the country by 2024 and creating 20 lakh direct and indirect employment opportunities.

MSME

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GST Network provides free accounting, billing software to MSMEs; to benefit about 80 lakh small businesses

GST Network (GSTN) has started offering free accounting and billing software to MSMEs with an annual turnover of up to Rs 1.5 crore, which would benefit about 80 lakh small businesses. This software would help businesses create invoices and account statements, manage inventory and prepare GST returns. The said software is available under 'Download' tab on the official GST portal www.gst.gov.in <<http://www.gst.gov.in>>, GSTN said in a statement. GSTN Chief Executive Prakash Kumar said the move will help MSMEs to move towards digital system so that their efficiency can be improved and their compliance burden can be reduced. Such taxpayers are nearly 80 per cent in number under the GST regime and thus this step is going to benefit a large number of taxpayers. GSTN on directions of GST Council has identified eight vendors to provide the accounting and billing software without any cost to such taxpayers. The GST Council had approved the proposal of providing free accounting and billing software to small assesseees up to Rs 1.5 crore turnover. The software providers offer basic features like sale/ purchase/ cash ledger, inventory management, supplier/ customer masters, generation of invoices, preparation of GST returns for free, while for services like an additional feature like bank reconciliation, account receivable would be chargeable.

MSME Ministry to work towards promoting economic growth, create jobs: Gadkari

The MSME ministry is expected to work with its commerce counterpart to identify goods being imported by India and look at the possibility of manufacturing them here by micro, small and medium enterprises. Nitin Gadkari, who took charge of the MSME Ministry, said that the MSME sector contributes significantly in pushing the country's economic growth and creating employment. Small scale industries need to be promoted to further push the country's growth. "We have asked our secretary and economic advisor to study with the commerce ministry about the goods, which we are importing and if they can be manufactured by small-scale industries here," Gadkari said. The move would help in cutting import bill of the country. He also said that the ministry would focus on supporting micro units and village industries to promote rural economy and create jobs. Raw materials like stubble which are available in rural areas can be used by small units to manufacture different products, he added. MSMEs contribute around 45 per cent in the country's exports, about 25 per cent to the GDP from service activities and over 33 per cent to the manufacturing output of India. Gadkari is known for his administrative prowess and innovative approach in addressing issues.

Budget may consider sops to MSME export units

The Finance Ministry is keen on key employment and export boosting steps to be accommodated in the Budget. It may consider fiscal incentives like interest rate subvention, lower tax rates for up to certain turnover threshold for key MSME sectors that do the twin objective of exports and employment. Sources said the PMO is also supportive of any higher budgetary allocations or any other fiscal support to these sectors because of their dual potential of pushing exports and creating more employment. Many sectors identified as having the dual potentials of exports and employment are textiles, leather, food processing, gems and jewellery, handicrafts, footwear and tourism. The interim Budget had not announced any incentives for the MSME sector. The sector had received maximum damage on unemployment of consumption fall due to introduction of the Goods and Service Tax (GST) and demonetization. Last November, Prime Minister Narendra Modi had announced sanctioning loans of up to Rs 1 crore in 59 minutes to GST-registered SME units with 2 per cent interest rebate on fresh or incremental loan of Rs 1 crore. There have been no other incentives for these sectors after this. The Budget being round the corner is expected to take steps to bolster consumption and job creation.

Government Plans To Integrate MSMEs with Big Enterprises

The Ministry of Micro, Small and Medium Enterprises is planning to set up enterprise facilitation centres across the country to make MSMEs more competitive and help them integrate with big enterprises. MSME ministry's additional secretary Ram Mohan Mishra told that these centres, being planned to be set up at block levels, will help disseminate information to micro and small enterprises and detect issues faced by them. The ministry is working on improving the capacity of enterprises that exist at the lower rung of supply chain, so that they can organically join the chain and supply their material by improving quality and becoming price competitive. The government is more focused on facilitation, because markets move at their own pace. Ministry was trying to help small enterprises fine-tune seven aspects - human capacity development, knowledge services, and access to finance, technology, infrastructure, market access, and ease of doing business. This shall help reduce risk factor for the enterprise, which will in-turn help them get funding from banks. The services are available in the market, but others don't know about them. The development of enterprise facilitation centers will help in disseminating information and diagnosing troubles faced by them.

Indian MSMEs shunning Jugaad, embracing sustainability & inclusive development: UNIDO

Indian MSMEs, given their sheer size and spread, can play a significant role in strengthening the idea of inclusive and sustainable industrial development (ISID) as propagated by the UN, believes René Van Berkel, Officer in Charge/UNIDO Representative (designate), India. "With a focus on enhancing manufacturing for the future, UNIDO stands for strengthening factories, which besides producing quality products are addressing the challenges faced by humanity. The idea of sustainability has economic, social and environmental considerations and in UN's bid towards meeting various sustainable development goals (SDGs), we envision a big contribution by Indian MSMEs," Berkel said. Highlighting the disparity that exists in terms of technology adoption, awareness and acceptance levels with regard to the very idea of inclusive development across the MSME spectrum, he added that due to lack of awareness, many Indian MSMEs carry a negative perception that the whole idea of sustainability could hurt their business interest - which certainly is not the case. According to the International Finance Corporation (IFC), informal firms are estimated to account for around 74% of all MSMEs in the world, and about 77% of all MSMEs are based in developing countries. Although MSMEs generate new jobs, they face many challenges in day-to-day operations.



ECONOMY

New Framework issued by the Central Bank for resolution of bad loans

The Reserve Bank issued a new framework for resolution of bad loans, replacing the previous norms quashed by the Supreme Court in April, offering a 30-day gap for stress recognition instead of the one-day default earlier. The new norms replace all the earlier resolution plans such as the framework for revitalising distressed assets, corporate debt restructuring scheme, flexible structuring of existing long-term project loans, strategic debt restructuring scheme (SDR), change in ownership outside SDR, and scheme for sustainable structuring of stressed assets (S4A), and the joint lenders' forum with immediate effect.

New monthly GST return filing system to be rolled out from October

The Finance Ministry said the new monthly GST return filing system will be rolled out from October. The rollout is three months behind the schedule. The ministry was originally targeting a July rollout of the new return system as mandated by the GST Council last year. The existing monthly summary returns GSTR-3B shall be completely phased out from January 2020 when the new form 'GST RET-01' is set to replace it, the ministry said while announcing the roadmap for 'Transition plan to the new GST Return'. In addition to it, from October 2019 onwards, Form GST ANX-1 (outward supply details) shall be made compulsory and Form GSTR-1 would be replaced by Form GST ANX-1. Form GST ANX-1 - has details of all outward supplies, inward supplies on a reverse charge basis and import of goods and services to be reported invoice-wise (except for B2C supplies) on a real-time basis.

SEBI signs MoU with Ministry of Corporate Affairs (MCA)

A formal Memorandum of Understanding (MOU) was signed between the Ministry of Corporate Affairs (MCA), Government of India and the Securities and Exchange Board of India (SEBI) for data exchange between the two regulatory organizations. The MoU comes in the wake of increasing need for surveillance in the context of Corporate Frauds affecting important sectors of the economy. As the private sector plays an increasingly vital role in economic growth, the need for a robust Corporate Governance mechanism becomes the need of the hour. It will enable sharing of specific information such as details of suspended companies, delisted companies, shareholding pattern from SEBI and financial statements filed with the Registrar by corporates, returns of allotment of shares, audit reports relating to corporates.

IGST credit accrued in FY18 won't lapse even if not availed in that fiscal

The Finance Ministry assured trade and industry that input tax credit accrued on import of goods by paying GST in 2017-18 will not lapse even if the taxpayer has not claimed credit in the same financial year. While addressing the concerns raised by trade and industry regarding filing of annual returns for the first year (2017-18) of Goods and Services Tax (GST) roll out, the ministry also advised taxpayers to file the correct data about tax payment and other details as reported in monthly sales returns in annual return GSTR-9 by omitting the auto populated data.

FINANCE

Microfinance sector wants banks, NBFCs to come under lending code

The microfinance sector is pitching to bring on board banks and non-banking financial companies (NBFCs) under a voluntary common code of lending, proposed to be effective from July 1. In view of the aggressive lending by banks and financial institutions in the microfinance space, these companies are seeking a level-playing field where all lenders in the segment come under a common code, namely the Code for Responsible Lending. The present Reserve Bank of India (RBI) regulations governing over-indebtedness in micro lending applies only to NBFCs-MFIs and not-for-profit MFIs. According to RBI regulations, the total loan amount to a single borrower should not exceed Rs 60,000 in the first cycle and Rs 100,000 in subsequent cycles, by not more than two microfinance lenders at a time. As on March 31, 2019, banks, small finance banks (SFBs) and NBFCs together accounted for nearly 62 per cent of the micro lending portfolio.

RBI alters large exposures framework for banks to cut concentration of risk

The Reserve Bank of India modified the guidelines on large exposures for banks with a view to reduce concentration of risk and align them with the global norms. The modified 'Large Exposures Framework' (LEF) provides exclusion of entities connected with the sovereign from definition of group of connected counter-parties. The amendment is being done in order to "capture exposures and concentration risk more accurately" and to align the above instructions with international norms. As per the revised norms, the sum of all the exposure values of a bank to a single counter-party must not be higher than 20 per cent of the bank's available eligible capital base at all times. In exceptional cases, board of banks may allow an additional 5 per cent exposure of the bank's available eligible capital base.

RBI allows on-tap licensing of SFBs to drive financial inclusion

The RBI will allow on-tap licensing of small finance banks (SFBs) to drive financial inclusion. The RBI will issue draft guidelines for on-tap licensing of SFBs by the end of August. This will allow aspirants to apply for the SFB licence at any time, provided they fulfil specified requirements. Though, more time is needed to review the performance of payments banks before considering their licensing to be put on tap.

COMPANIES

Adani Green Energy first to issue \$500 mn Green Bonds on India INX

Adani Green Energy, the solar power arm of Adani Enterprises has issued green bonds worth \$500 million through its three subsidiaries on the Global Securities Market (GSM). GSM is the exclusive green listing and trading platform of BSE's international arm, India International Exchange (India INX), for fund raising and trading exclusively in green, social and sustainable bonds. The green bond taxonomy followed by India INX is as per ICMA's Green Bond Principles and Climate Bonds Initiative which provides an ideal platform for global investors to invest.

Axis Trustee becomes first trustee to start operations in GIFT IFSC

Axis Bank promoted Axis Trustee Services Limited has become the first trustee to start operations at Gujarat International Financial Tec-City (GIFT) City's International Financial Services Centre (IFSC). Axis Trustee will provide facility agency services to IFSC banking units for their ECB transactions and trusteeship services to alternate investment funds (AIFs). It may also offer escrow agency services for cross border M&A transactions. Axis Trustee will complete the ecosystem for fund business in GIFT IFSC. The new venture at GIFT IFSC is getting operationalised after regulatory approvals. In November 2018, SEBI came out with regulatory framework for AIFs to set up operations in GIFT IFSC thereby opening doors for fund houses to consider GIFT as preferred destination and Trustee companies to offer trusteeship services for such AIFs.

Bharat Forge forms JV with Germany's Refu Elektronik for EV components

Auto components major Bharat Forge has formed a joint venture with Germany's Refu Elektronik GmbH for development and manufacture of electric vehicle components with an investment of 11.35 million euros (about Rs 89 crore). The JV in which the company will hold 50 per cent stake will be into developing, manufacturing and selling of on board controllers and components, mainly - drives, invertors, converters (including AC/DC). The new venture will develop and manufacture all kinds of auxiliary applications, related power electronics and battery management systems for all quality of e-mobility vehicles such as hybrid and electric 2-wheelers, 3-wheelers, cars and commercial vehicles

New Zealand's Fonterra ready for India re-entry with Future Consumer JV

New Zealand-based dairy major Fonterra is taking the value-added product route to make a re-entry into India. In its first innings — a joint venture (JV) with Britannia two decades ago — Fonterra had opted to work in the packet milk segment, a large but competitive category, dominated by local players such as Amul and Mother Dairy. It exited the JV in 2007. Now, the Kiwi major has made a JV with Future Consumer, part of the Kishore-Biyani-led Future group, to launch a spate of value-added milk products such as UHT milk (tetrapak milk), milk shakes, and yoghurts at competitive price points in Mumbai and other parts of Maharashtra, before heading to the south. The JV company has tied up with Baramati-based co-packer and processor Schreiber Dynamix Dairies for the Mumbai launch.

INTERNATIONAL

IFC sees immense opportunities for green bond projects in India

The International Finance Corporation (IFC) sees immense opportunities to finance projects through green bonds in India especially in areas like urban transportation, waste-to-energy and water treatment. Vivek Pathak, Director for East Asia & Pacific Department at the IFC mentioned that Opportunities in India are huge. Look at infrastructure and amount of urbanisation and the level of agriculture (Projects) wherein he identified certain projects such as development of urban transportation, waste-to-energy, water treatment and green building. He also highlighted about the creation of the first global green bond fund by IFC and the HSBC Global Asset Management. The fund targets "real economy" issues in emerging markets like increasing access to climate finance and promoting the further development of green bond markets. The Real Economy Green Investment Opportunity (REGIO) Fund is expected to catalyse at least \$500 million to \$700 million in multilateral and private sector capital to support well-diversified climate-smart investments in developing countries around the world, largely through green bonds issued by non-financial companies. The capital raised by REGIO will make a vital contribution to the fight against climate change and further promote sustainability-oriented capital markets.

Softbank gets \$11 billion from selling just part of its huge Alibaba stake

SoftBank Group Corp. will book a pretax profit of 1.2 trillion yen (\$11.1 billion) for selling part of its stake in Chinese e-commerce leader Alibaba Group Holding Ltd., completing a deal announced three years ago. Masayoshi Son's investment giant said it had fulfilled a deal unveiled in 2016, delivering 73 million American Depositary Shares in the online mall operator as agreed to under a forward sale contract. SoftBank, Alibaba's biggest shareholder, was selling shares in the Chinese company for the first time in 16 years as it looked to strengthen its balance sheet and step up investments in startups.

PERSON-IN-NEWS

Wipro founder Azim Premji to retire by end-July, Neemuchwala is new MD

Software services exporter Wipro Ltd made an announcement that the founder Azim H Premji would retire as executive chairman and managing director (MD) by the end of July and named Chief Executive Officer Abidali Z Neemuchwala as its new MD. Azim Premji's son, Rishad Premji, will become executive chairman for a period of five years. Azim Premji, India's second richest man and well-known philanthropist, has led Wipro's evolution from a vegetable oil company founded in 1946 into a global IT firm.

ThyssenKrupp appoints Premal Desai as CEO to oversee its biz restructuring

ThyssenKrupp announced the appointment of Premal Desai as the new Chief Executive Officer (CEO) for its steel division to oversee the restructuring of its business following the collapse of a proposed joint venture with Indian steel major, Tata Steel, in Europe. The 50-year-old Indian-origin executive, who has been Chief Financial Officer (CFO) of ThyssenKrupp Steel Europe AG since 2015, will take charge as the Chairman of the Executive Board of the company. ThyssenKrupp Steel Europe and Tata Steel Europe had signed agreements on June 30, 2018, to create a 50:50 joint venture.

Rudratej Singh appointed BMW Group India President and Chief Executive

Rudratej Singh has been appointed as the President and Chief Executive Officer of BMW Group India effective August 1, 2019. He brings more than 25 years of experience and has held multiple leadership positions both in the automotive and non-automotive industry. In his last assignment, Singh was the Global President at Royal Enfield. He worked with Unilever in India and international markets for over 16 years. In August 2018, Vikram Pawah, President, BMW Group India was appointed as the Chief Executive Officer of BMW Australia and New Zealand. Since then, Dr Hans-Christian Baertels, Director, Finance and Administration at BMW Group India had successfully fulfilled the responsibility as acting President.

MERGERS AND ACQUISITION

Sanjeev Gupta's Liberty Steel buys Johnstown Wire in US for undisclosed sum

Indian-origin metals tycoon Sanjeev Gupta-owned Liberty Steel said it has acquired Johnstown Wire Technologies (JWT), North America's largest producer of value-added carbon and alloy wire. The company, however, did not provide the financial details of the transaction. The acquisition has helped the company expand its footprint in the US steel downstream products market, Liberty Steel. The acquisition gives Liberty Steel valuable capacity to manufacture a range of high-value carbon and alloy wire products for infrastructure, automotive, utility and consumer sectors.

SpiceJet chairman and MD Ajay Singh elected as member of IATA board

Low cost carrier SpiceJet's Chairman and Managing Director Ajay Singh was elected to the board of the International Air Transport Association (IATA), less than three months after the airline joined the global grouping. The new board of the global airlines' grouping would be chaired by Lufthansa Group Chief Executive Officer Carsten Spohr, who took charge after the conclusion of the IATA annual general meeting. Spohr will be the Chairman of the IATA Board of Governors (BoG) for a one-year term. Other board members include Air Canada President and CEO Calin Rovinescu, Qantas CEO Alan Joyce and Qatar Airways CEO Akbar Al Baker.

Novartis India appoints Sanjay Murdeshwar as MD and vice chairman

Pharma firm Novartis India announced the appointment of Sanjay Murdeshwar as vice chairman and managing director of the company. The appointment of Mr. Murdeshwar has been approved based on the recommendation of the Nomination and Remuneration Committee of the Board, the Board of Directors of Novartis India Ltd. Mr. Sanjay Murdeshwar is Country President, Novartis in India and responsible for the company's pharmaceuticals business in the country.

Mercedes-Benz appoints Santosh Iyer as India head of sales and marketing

Luxury car maker Mercedes-Benz India has announced an organisational change in its sales and marketing function by appointing Santosh Iyer, currently Vice President of Customer Service & Corporate Affairs, as Vice President, Sales & Marketing of Mercedes-Benz India effective from 1st July, 2019. Santosh succeeds Michael Jopp who assumes the new responsibility of heading the Sales & Marketing function of Mercedes-Benz in Malaysia.

Rabi Mishra named RBI executive director, to supervise new regulatory cadre

The Reserve Bank of India (RBI) has promoted Rabi N Mishra as the central bank's executive director (ED), after the position fell vacant on Rosemary Sebastian's retirement. Mishra was principal chief general manager of the bank's risk management department. As ED, Mishra would be looking after the newly-created specialised supervisory and regulatory cadre within the RBI. The central bank has 12 EDs, including the chief financial officers. Five chief general managers have been selected to be promoted for the position of ED, as these fall vacant in the year.

Blackstone completes acquisition of Aadhar Housing Finance Company

Blackstone announced that private equity funds managed by it have acquired a 97.7 per cent stake in Aadhar Housing Finance Limited (Aadhar), including the entire stake held by the existing controlling shareholders, Wadhawan Global Capital Limited (WGC) and Dewan Housing Finance Limited. As part of the transaction, Blackstone has also infused Rs 800 crore primary equity capital into Aadhar to fund the company for future growth. Aadhar is a major player in the affordable housing finance segment, and has a network of 316 branches across 19 states and an AUM of approximately Rs 1,000 crore. Its average loan ticket size is less than Rs 10 lakh.

Canada's Manulife to acquire 49% stake for \$35 million in Mahindra AMC

Canada-based Manulife announced a joint venture with Mahindra Asset Management Company (AMC), which would entail the former buying 49 per cent stake in the latter for \$35 million (Rs 243 crore). This will be second instance of foreign investment in the Rs 25-trillion mutual fund (MF) industry in the current financial year. The deal will value the AMC at 10.4 per cent of its asset size. Historical data collated by HDFC Securities shows the Mahindra AMC-Manulife deal will command among the richest valuation in relation to a fund house's asset size.

IndusInd Bank-Bharat Financial merger to be effective from July 4

The National Company Law Tribunal approved the Scheme of Arrangement among BFIL, the Bank, and IndusInd Financial Inclusion Limited (IFIL) and their respective shareholders and creditors. Private sector lender IndusInd Bank and Bharat Financial Inclusion Ltd (BFIL) said their merger will be effective from July 4. The boards have fixed, July 4, 2019 as the effective date of the scheme, when the NCLT order will be filed by the bank, BFIL and IFIL with the jurisdictional Registrar of Companies. As well as July 4, 2019 shall also be the Record Date, following the effectiveness of the scheme, for determining the shareholders of BFIL who shall be entitled to receive shares of the bank, as consideration pursuant to the Scheme. IndusInd Bank in October last year, had decided to acquire the country's leading micro-finance player BFIL, which was previously known as SKS Microfinance.

HDFC to acquire Apollo Munich Health Insurance for Rs 1,347 crore

Mortgage lender Housing Development Finance Corporation (HDFC) will acquire controlling stake of 51.2 per cent in Apollo Munich Health Insurance for about Rs 1,347 crore from Apollo Hospitals group and few employees who hold stake in the standalone health insurer. After the acquisition, Apollo Munich Health Insurance will be merged with the non-life insurance arm of mortgage lender HDFC Ergo. The deal is subject to regulatory approvals and the entire process is expected to be completed in nine months. The merged entity will have a combined market share of 6.4 per cent in the non-life insurance industry with 308 branches in the country. It will also be the second largest private insurer in the accident and health segment in the country.

Indiabulls Housing Finance-Lakshmi Vilas Bank merger gets CCI nod

Indiabulls Housing Finance said the Competition Commission of India (CCI) has approved the proposed merger of the company with Lakshmi Vilas Bank. The Competition Commission of India, in its meeting held on June 20, 2019, considered the proposed combination and approved the same. In April this year, Lakshmi Vilas Bank had announced its merger with Indiabulls Housing Finance in a share-swap deal with an intent to create a combined entity with larger capital base and wider geographical reach. The combined entity, with employee strength of 14,302, will have a loan book size of Rs 1.23 trillion for the first nine-month period of 2018-19. After the proposed merger, Indiabulls Housing Finance will get access to low cost deposits, geographical diversification and expanded client-base and cross-selling opportunities. After the proposed merger, Indiabulls Housing Finance will get access to low cost deposits, geographical diversification and expanded client-base and cross-selling opportunities.

REGULATORY

Bill to amend Companies Act in Budget session

The government will reintroduce the Companies (Amendment) Bill, 2019 in the upcoming budget session of Parliament starting June 17 in order to replace an ordinance that it had promulgated to improve corporate governance, ease of doing business and reduce the caseload on company law tribunals. The ordinance, which first came into force in November last year, was re-promulgated in February after the replacement Bill was not ratified by the upper house of Parliament in the winter session because of time constraints. The Bill seeks to help improve ease of doing business and reduce the caseload on the National Company Law Tribunal (NCLT) wherein the ordinance re-categorised 16 'criminal' offences under the Companies Act, including failure to file annual returns and the issuance of shares at a discount, to civil offences, allowing government officers to levy penalties instead of initiating criminal proceedings against the offenders. It also sought to also strengthen corporate governance. Under this, companies must file a declaration that all subscribers to their memorandum have paid the value of the shares they have agreed to purchase within 180 days of incorporation and file verification of their registered office with the Registrar of Companies within 30 days of incorporation.