

SEBI issues new guidelines to streamline operations of credit rating agencies

NEW DELHI, JULY 06: Markets regulator Sebi has issued new guidelines to streamline operations and enhance the ease of doing business for credit rating agencies.

The circular introduces specific timelines for dealing with appeals made by companies regarding rating actions carried out during periodic surveillance of ratings.

These modifications will be applicable, with effect from August 01, 2024, the Securities and Exchange Board of India (Sebi) said in a circular on Thursday.

"In order to promote ease of doing business and bring about uniformity in dealing with appeals, based on consultation with stakeholders, including CRAs (Credit Rating Agencies), it has been decided to provide specific timelines for dealing with appeals made by the issuer in respect of rating actions carried out pursuant to periodic surveillance of ratings," it added.

The changes mandate that CRAs communicate ratings to companies within one working day of the rating committee meeting, with an outer limit set to ensure



promptness.

Further, companies will have three working days to request a review or appeal of the rating decision, and the dissemination of the press release on the CRA's website and intimation of the same to the stock exchange or debenture trustee must occur within 7 working days of the rating committee meeting.

"CRAs shall continue to maintain records in respect of the said disclosures for a period of 10 years, which

may be shared with debenture trustees upon request.

"Further, disclosures in respect of the said aspects shall continue to be made available by the CRAs on their website under the issuer-specific press releases/ rating rationale section of the respective issuer, wherever applicable," the regulator said. Sebi has also outlined specific timelines for certain types of disclosures, such as a list of non-cooperative issuers that should be updated

daily, ensuring that stakeholders are promptly informed about issuers who fail to cooperate with rating agencies.

For disclosures regarding ratings that have not been accepted by issuers, CRAs are required to maintain this information for 12 months.

To ensure compliance, the circular will be monitored through the half-yearly internal audit for credit rating agencies, as mandated under the CRA norms, Sebi said.

Spotlight on India-UK free trade agreement talks as Labour Party cruises to landslide win

NEW DELHI, JULY 06: The landslide victory of the Labour Party in the UK has stirred speculation about the future of the stalled trade talks with India under the Keir Starmer's government.

Some experts said there was no need for undue concern over the scope, prospects and timing of the trade deal.

However, others argue that immediate negotiations are necessary to address issues such as granting temporary visas in the services sector and any carbon tax on Indian imports.

"The Labour government should continue the Conservative government's policy of close economic engagement with India," said Biswajit Dhar, distinguished professor at the Council for Social Development.

"The Labour Party emphasised in its manifesto a new strategic partnership with India, including a free trade agreement. They also spoke of deepening cooperation in areas such as security, education, technology and climate change."

Despite this, Labour's strict stance on immigration



and tough position on energy transition could present challenges. Dhar expects both governments to co-operate to overcome these significant issues.

Ajay Sahai, director-general and CEO of the Federation of Indian Export Organisations (FIEO), stated: "There is no reason to be apprehensive. The manifesto references a significant tariff reduction on Scotch whisky through free trade agreement discussions, and we

hope that the tariff reductions meet expectations. Additionally, there may be minor adjustments in visas for professionals."

Arpita Mukherjee of the Indian Council for Research on International Economic Relations (ICRIER) said: "While many issues have been agreed upon, sensitive issues remain. Both sides must understand each other's sensitivities to close a deal, bringing in regulatory cooperation and multi-

stakeholder dialogue."

The UK's insistence on lowering tariffs remains a sticking point.

Additionally, the UK's immigration policies concerning Indian service sector workers continue to challenge negotiations.

India has raised concerns about proposed UK regulations, such as the carbon tax similar to the EU's carbon border adjustment mechanism, which could undermine tariff concessions.

Markets take a breather as investors book profits in banks, pursue FMCG and pharma stocks

MUMBAI, JULY 06: Benchmark indices showed signs of consolidation around record levels on Friday with investors booking profits in banks, while pursuing FMCG and pharmaceutical stocks. The 30-share Sensex advanced 100 points to touch a high of 80149.87 but slipped to settle at 79996.60, falling 53.07 points in a volatile session.

The Nifty, also, displayed tiredness but maintained its record run to rise 21.70 points and close at a lifetime high

of 24323.85.

"After a run-up of around 7 per cent in the last month we expect the market to consolidate at a higher zone. In the coming week, we expect stock and sector-specific action as the market starts taking cues from first quarter 2024-25 earnings. On the macro front, investors will look out for inflation data that will be released by India, the US, and China," Sidhartha Khemka, head — retail research, Motilal Oswal Financial

Services, said.

Among the Sensex pack, State Bank of India, Reliance Industries, Hindustan Unilever, NTPC, Larsen & Toubro, Nestle India, Power Grid, ITC, JSW Steel and Sun Pharmaceuticals were the major gainers as they rose up to 2.48 per cent. On the other end, HDFC Bank, Titan, Mahindra & Mahindra, IndusInd Bank, UltraTech Cement, Tata Motors, HCL Technologies and Asian Paints lost up to 4.55 per cent.

Pension plan corpus to jump to Rs 15 lakh crore by end of 2024-25

NEW DELHI, JULY 06: The Pension Fund Regulatory and Development Authority of India (PFRDA) expects the aggregate assets under management under various schemes managed by the regulator, including the National Pension System (NPS) and Atal Pension Yojana, to reach around ₹15 lakh crore by the end of 2024-25.

"The combined corpus (assets under management) is close to ₹12.5 lakh crore (end of June). Of course, the corpus will depend on how the market is performing. If the market is performing normally as expected, we expect

the corpus to be ₹15 lakh crore by March 31, 2025," Deepak Mohanty, chairperson PFRDA told The Telegraph.

According to data from NPS Trust, the AUM as of March 31 was ₹11.7 lakh crore, representing an expected year-on-year growth of around 28.2 per cent for 2024-25.

The growth in AUM would be supported by increasing the subscriber base. The total subscriber base under schemes regulated by PFRDA was around 7.5 crore as of the end of June. "Last year we enrolled 1.22 crore subscribers under Atal Pen-

sion Yojana. This year we are planning to enrol around 1.3 crore subscribers," said Mohanty. "In the private sector we onboarded 9.7 lakh subscribers last year. This year we are targeting around 11 lakh for the private sector," he said.

Mohanty said there would be an increasing requirement of pension and social security with the anticipated rise in old age population. "At present, every 10th person is over 65 years in our population. By the middle of the century, every fifth person would be over 65 years. So the old age population will increase," he said.

Data from PFRDA shows that Bengal was the second largest in terms of gross enrolments in Atal Pension Yojana in 2023-24 with 49.2 lakh enrolments. Bihar has the highest at 62.2 lakh enrolments. The Atal Pension Yojana is a low cost, low contribution pension scheme aimed towards the informal and unorganised sector.

Mohanty also said that the systematic lumpsum withdrawal facility has garnered interest among subscribers. NPS subscribers can withdraw up to 60 per cent of their total pension corpus in instalments until a subscriber turns 75.

Tata Steel closes Port Talbot furnace

CALCUTTA, JULY 06: On a day Britons voted to end the 14-year-old Conservative rule in the UK and handed the Labour Party a landslide win, Tata Steel closed down one of two blast furnaces in South Wales, continuing with its ongoing restructuring of the loss-making British business.

The closure of the 65-year-old blast furnace, which Tata said had reached the end of its life, did not trigger a fierce response from the unions as workers at the Port Talbot site appeared to be aware of its fate. The Community union described the closure as a 'sad day for our union and industry' and hoped that the future of steelmaking would be secured to safeguard jobs.

However, it is the decommissioning of the remaining furnace at the end of September which will be in focus as that would entail thousands of job losses, a position opposed by many Labour leaders, including Stephen Kinnock, who won the Aberfan Maesteg seat that includes Port Talbot, on Friday.

The closure of the BF-5, which began operations in



1959, demonstrated Tata's resolve to stem £1 million a day loss in the UK operations and follows closure of Morfa coke oven plant, an infrastructure associated with BF operation in March. On Monday, the Unite union had called off the proposed strike from July 8 and decided to return to talks.

Commenting on the decommissioning of BF-5, Rajesh Nair, CEO of Tata Steel UK, said, "Our challenge is now to focus on a more sustainable and competitive future

for our business that will ensure the continuation of steelmaking in the UK for generations to come."

The company said it would make every effort to mitigate the impact of this transformation on affected employees and the local community. This includes the most favourable financial package of support it has ever offered, and facilities for training and upskilling activities alongside finance for small and medium-sized businesses through the UK Steel Enter-

prise regeneration and job creation scheme.

Tata Steel had reached an understanding with the outgoing Conservative government, led by Rishi Sunak, to build a less polluting and financially viable electric arc furnace with 3 million tonnes of capacity with an investment of £1.25 billion which includes a £500 million government grant.

However, the grant funding agreement could not be signed before the UK went to the polls.

The Labour party has promised a bigger booty for the UK steel industry but did not spell out a specific plan for Tata Steel's transformation plan, apart from saying that there is a 'better deal to do'.

Kinnock had said Labour opposes a plan that uses taxpayers money to make thousands of jobs redundant.

Community's national officer for steel Alun Davies on Friday reminded that it would work with the Labour Party to deliver the best possible future for Port Talbot.

"We will be working with a Labour government, which has already committed £3 billion to supporting investment in the steel industry."

Additionally, he said the Union would welcome resumption of discussion of a potential memorandum of understanding which has already delivered significant commitments on future investment for Port Talbot.

However, Tata Steel had reminded on Monday that closure of the remaining blast furnace and reworking of the severance package would not be up for discussion.

Nilesh Shah sounds warning on F&O trading, bats for long-term capital investment

MUMBAI, JULY 06: The government and the regulators should take steps to curb speculative trading and develop a culture of investing for the long term, Nilesh Shah, part-time member of the Economic Advisory Council to the Prime Minister (EAC-PM), said on Friday.

Shah, who is also the managing director of Kotak Mahindra Asset Management Company Ltd, added that long-term capital investment can create wealth for retail investors and Indian companies. He was speaking on the sidelines of an interactive session organised by the Calcutta Chamber of Commerce in Calcutta.



"We should discourage (speculative) trading so that investment thrives. People lose money. If the government is considering higher taxation for futures and options or speculative trading, it is heading in the right di-

rection," he told PTI.

His comments come in the backdrop of reports that the upcoming Union Budget could see the imposition of higher taxes on transactions for futures & options (F&O). According to media reports,

the finance minister may reclassify such transactions as speculative income from non-speculative business income and introduce TDS on them. F&Os are derivative products which derive their values from an underlying asset.

A futures contract is an agreement to buy or sell the underlying security on a future date, while options gives the buyer/holder of the contract the right (but not the obligation) to buy or sell the underlying asset at a predetermined price within or at end of a specified period.

In his presentation, Shah equated F&O with cryptocurrencies, online games, and Ponzi schemes.

Ather Energy sets three-year deadline to build electric motorcycle amid Rizta launch

CALCUTTA, JULY 06: Ather Energy is planning to launch an electric motorcycle in three years.

The Bengaluru-based start-up is working on developing a new platform for its electric motorcycle. This will be Ather's second platform.

The company, which is



launching its family scooter Rizta in regional markets, will start deliveries in Calcutta and the eastern market later this month, said Ravneet Singh Phokela, chief business officer at Ather Energy, who was in the city for

the occasion.

"With the Rizta, we will be addressing 85 per cent of the market. Previously we were addressing only the performance segment that comprises 15 per cent of the market," said Phokela.

Passenger vehicle sales fall 6 per cent in June

CALCUTTA, JULY 06: Inventory levels in the industry have reached an all-time high ranging from 62-67 days.

Overall retail sales grew 0.73 per cent in June; the two-wheeler segment grew 4.6 per cent and three-wheelers 5.1 per cent.

Tractor sales fell 28.3 per cent and commercial vehicles, 4.7 per cent.

The two-wheeler category faced significant challenges, with a month-on-month sales decline of 10.36 per cent.

Factors such as extreme heat, which resulted in 13 per



cent less walk-ins, stalled monsoons and election-related market slowdowns particularly affected rural sales.

"Based on current market conditions, the overall rating for July auto retail performance is cautiously optimistic with a moderate outlook," FADA said.

Bajaj Auto launched the world's first CNG motorcycle christened Freedom on Friday.

The company said the bike causes about 50 per cent cost savings by significantly reducing fuel expenses compared with similar petrol motorcycles.