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NEWSLETTER MARKET UPDATES

MESSAGE

Dear Members,

Greetings from MCCI.

The months of April and May have been happening for MCCI. We had the state's industry minister, Dr. Sashi Panja updating our Chamber members on the initiatives the government was taking for industrial growth in the state. Dr Sangeeta Verma, the Chairperson, Competition Commission of India, spoke on the importance of Competition Law. We had two very important and interesting conclaves, one on the Capital Market and the other on Retail. All those were exciting moments with speakers unleashing sparks with new information that enriched and enlightened us.

The Newsletter has tried to capture the moments that added a lot of value to the Chamber's trajectory.

For those who attended the events they got a tactile experience. For those who couldn't, they might find the Newsletter worthy with information loaded.

Hope our esteemed members would give some time in going through it.

Wishing everybody All the Best.

Regards

Namit Bajoria

President, MCCI



Dr. Sashi Panja
on industrial growth



Dr. Sangeeta Verma
on Competition Law



Venu Nair
on Indian Retail



Saurabh Mukherjea
on Capital Markets

Stop scoring self goals: Nilesch Shah



India was required to stop scoring self goals if it really has to set the economic target it has set for itself, said Nilesch Shah, Chairman and Managing Director, Kotak Mahindra Asset Mahindra Company, considered as a one of the great market advisors of the recent times.

Merchants' Chamber of Commerce & Industry organised a capital market conclave on April 21 at the Park Hotel, wherein Nilesch Shah was answering questions posed by Diva Jian, a director in Arjavv and a freelance business writer.

To her questions on the Indian economy Shah's main stress was on avoiding self goals that were putting India off from the desired targets that it could have achieved. He was perhaps hinting at the huge subsidies that the government of India and many other states were bearing on numerous counts and putting businesses on the back fire in regards to incentivizing..

Picking up the power sector, Sri Jain was clear about the measures some state governments were taking in regards to tariff.

As a matter of fact, the Indian power sector is a



debt laden sector, with debts crossing Rs 6 lakh crore as of FY 22. This has mainly happened for non timely tariff revision by the power regulators or the electricity regulatory commissions that has put a number of distribution companies under a huge debt burdens with transmission and generation companies in turn

grappling for funds.

To look at the case of Tamil Nadu, the state supplies power to its consumers at an average rate of Rs 2 per unit, which keeps it far away even from recovering the cost of power production. Tamil Nadu DISCOMS owed its GENCOS Rs 25,000 crore as of August last year followed by Maharashtra DISCOMS owing Rs 20,000 crore to its GENCOS during the same period.

Although Shah didn't speak in detail, he precisely pointed out the problem which he termed as self goal scoring.

But where does India's growth story lie? Shah said, "the health care sector would propel growth for a long term in India just as the IT sector did. In America 40% of the medicines consumed were made in India," Equally the growing digital infrastructure has started India giving an edge over others. India, he said, should give leverage to its free trade agreements that creates a win-win situation for both India and the country with which FTA has been signed. India, he said, should give preferential access to capital and share disciplined and skilled human resources with the rest of the world, a condition that should be ingrained in an FTA when it is signed.

"There is no dearth of skilled workforce in India but workforce is required to imbibe discipline in them." Shah said adding in regards to investment Indians should avoid investing in dead assets like gold. In perspective of the Indian economic condition by 2030, India seemingly will have a vibrant capital market, though it is hard to predict anything about the market conditions of the future,said Shah.

Indian investors should be given the opportunity to grow: Saurabh Mukherjea



"Invest in good companies and stay invested in those for the long term. Stick to the market." That's what Saurabh Mukherjea, founder and the chief investment officer of the Marcellus Investment Managers advised the gathering on April 21 at the Galaxy Hall of the Park Hotel. The reason for the gathering was MCCI Capital Markets Conclave, where guests flocked in hundreds to get tips about the stocks to invest and how to ensure security of their investments.

"It is impossible to predict the market" said Mukherjea. Hard work is the only option that can fetch you money. Citing Sri Venktaraman, the Titan CEO and Managing Director as an ideal, he explained his lifestyle: "He works for the whole day. Takes an evening walk with earbuds plugged in his ears then again sits to work until going to sleep at night. He is an early riser.

No TV talks, no shows, no exposure – he quietly works and generates money for his company. Likewise there are 20 companies that are silently creating wealth for India. While business consolidation is opening up India's pathway to the global markets, there has been an end to the era of crony capitalism, Mukerjea explained.

He stressed on market investors to be educated and reading books was the only way out through which investors could grab knowledge about the market.. Echoing Nilesh Shah, he said, the health care sector was the area where investors should look into because this sector would grow for the long term. Consolidation would take place.

In fact, the predictions of both Shah and Mukherjea proves to be right when the news breaks that the country's two top most organised retail players, Reliance Retail and D' Mart "are shifting focus to large but fragmented pharma retail market in India" The domestic pharma retail market is estimated to be a \$ 2 trillion market.

So what is India's Pharma sector's growth riding on? The world wide Covid induced pandemic!

But an optimistic Mukherjea emphasized that four changes namely physical infrastructure, tax structure, banking reforms and India Stack have fomented India's growth. The strengthening digital infrastructure is pushing the growth story. This growth story has lots to offer and investors should be given the opportunity to grow. They should not be entangled into the web of compliances and made Abhimanyus of the Mahabharata.

Shri Bajoria gives a boost to Capital Market participation



In a Nation of 140 crore people, when we speak of 11 crore demat accounts, the bare truth that lies in front of us is; only 3% of our households invests in the Indian stock markets. But the Indian capital markets trades at a wonderful P/E, at about 20x. So why should not our countrymen look into the capital market for wealth creation! Even our government wants so. It wants more people to invest in the capital market and generate wealth both for themselves and the country.

MCCI President, Shri Namit Bajoria just did this. He conceived the MCCI Capital Market Conclave for the purpose of encouraging investors and also to incite the confidence of those, who are still in dilemma whether to invest in the market or not.

The Indian Capital market, one of the best and safest markets in the world has gathered its status within a decade whereas the capital markets in several countries have taken decades to improve in terms of safety and efficiency, Shri Bajoria said while delivering his welcome address in the Conclave on April 21.

Shri Bajoria mentioned about the 191 stocks that gave 100%

return to their investors in FY 23. He made clear that it was not from any particular sector that the stocks performed well but a mixed bag of stocks, including FMCG, Banks and infrastructure companies that fetched huge returns to the investors. “Apar Industries, the largest aluminium and alloy conductor, gave a whopping 285% return,” Sri Bajoria said. .

But certainly when he has brought in experts like Shri Nilesh Shah and Shri Saurav Mukherjea to speak, he would have a volley of questions for them.

It was basically on the backdrop of the present economic scenario that the Indian capital market is functioning. Sometimes Foreign Portfolio Investors are pumping in heavy liquidity into the Indian systems and sometimes drastically pumping out. On one hand companies are queueing up to get listed and on the other hand listed companies are backing out from FPOs. This dichotomy calls the people's mind and Shri Bajoria came ahead to seek an answer to various

aspects of the economy and the market with which people wonder.

The panellists informed that the Indian Capital market ranks among the top ten capital markets of the world. The Indian economy is getting more and more formal and the cost of capital is falling. India is the highest user of mobile data with more than 8 billion UPI transactions done every month. Capital Adequacy Ratio with the banks has touched 16.6%. Portfolio construction process now involves forensic accounting and a bottom up research is performed before a company is allowed to get listed. So the markets are in a constant process of correction to evolve as one of the safest markets. Shri Bajoria's initiative of a Capital Market Conclave has fetched these takeaways.

But what one everybody picked up from the conclave was the Council Chairman, Shri Ravi Jain's statement: See the market as if she is your wife. You fight with her and quarrel with her but never think of deserting her.



Food & Groceries still driving retail in India

As investors look into retail as a prominent space with a consumer base of 140 crore, Biju Kurien, Chairman of the Retailers Association said, 60% of the retail market was food and groceries and 40% was fashion. While many may call the ongoing formalization of the retail business a happening revolution, Kurien said, there were 15 million shopkeepers in India that contributed to 80% of the retail business.

“Organised retail contributed 10-12% of the total retail business and online retail around 4-5%” Kurien said at the MCCI Retail Conclave on May 6, at the Taj Bengal Hotel.

While the Conclave was on “Reinventing Retail



through Innovation & Technology”, Kurien pointed out, for retailing in India, space was a constraint. “It was only one tenth of the US and one fourth of China”, Kurein said.

All the other speakers including Shri Gunjan Shah, Managing Director and CEO, Bata India Ltd, Shri Venu Nair, Managing Director and CEO, Shoppers Stop Ltd, Shri Sandeep Barasia, Whole Time Executive Director and Chief Business Officer, Delhivery and Shri Suvankar Sen, Managing Director and CEO, Senco Gold Ltd explained the course that retail took in formalizing itself.

“Online was certainly the order of the day for retailing but people were coming back to the stores post Covid to resume shopping in a tactile manner, ” said Sen.



Sen, illustrating his journey in becoming a Rs 4000 crore company, said the Indian jewellery industry was a Rs 4 lakh crore industry and it was rapidly transforming from unorganized to organised. "Around 60% of the jewellery players were in the organised segment .GST and other newly formulated auditing conditions were leading the jewellery players to move into the organised segment," Sen said. .

The diamond jewellery segment, he said was growing at the rate of 25%, though it would increase exponentially with the lab grade diamonds coming more to use, The bridal jewellery market has seen a decline from 60% of the overall market share to 50% but lighter jewelleries has taken the place, mainly used with western wears and formal dresses.

Venu Nair, announced Shoppers Stop opening India's largest beauty store in Kolkata in the next 6 months. Describing the growth of the beauty market he said, "Shoppers Stop has been rolling out 18-20 beauty stores in India every year" .

Bata's Gunjan Shah gave a clear message that Bata shoes have turned from a functional brand to a fashion brand and casualization has taken a major place in the footwear market. "Companies were required to be amenable to changes for sustaining," Shah said.



As for logistics, Sandeep Barasia, of Delhivery said, it required planning at the drawing board stage before a venture starts. The logistics industry was a \$200 billion industry and would grow to \$ 300 billion industry in the next five years. "Businesses must take logistics as a strategy," he stressed. More than 4.5 million trucks were operating in India, he informed.

While all the speakers were bullish about growth and emphasized on the adoption of hybrid model, the emergence of digital transactions aided retail to increase its turnover at a much faster pace. Of the total digital transactions at present, 65% were UPI. Around 130 million people have started buying through e- commerce or online platforms, Kurien said.

Price war has taken a major space in retail: Namit Bajoria



Price war has taken a major space in retail though simultaneously the cost of retailing has moved up, Shri Namit Bajoria, President MCCI said delivering his welcome address at the Retail Conclave.

He said, referring to a newspaper report of 2006, for every 90 people, India had one shop, but still there were 15 million shopkeepers in India that were driving retail business, Biju Kurien, Chairman of the Retailers Association of India said.

Bajoria pointed out, ease of handling still lured customers to small kirana stores and sometimes small retailers gave tough times to big retailers

Retail is still evolving. It is not that everything has settled down now. Retail is changing its format, adopting newer technologies, stores are becoming faceless, transactions digital, brands holding more importance than stores and of course the business showing an uptick in turnover, Bajoria said adding the billowing retail world has no dearth of acquisitions and mergers and there are a number of government initiatives and policy decisions that are giving a facelift to Indian retail.

Manish Gourisaria, Council Chairman for Retail, said Walmart has adopted Augmented Reality to attract customers exclusively to its stores with a game of dinosaur hunting. Virtual Reality was being used in beauty stores for a make through app. These were new strategies, new products and innovations getting imbibed to the culture of retailing, Gourisaria said.

According to Bajoria, while retail was gradually changing its mode, it was attracting considerable FDI. India got USD 4.11 billion FDIs between April 2000 and June 2022. Digital payment and UPI transactions replaced cash transactions to great extent bringing greater transparency in deals.

State Govt. brings eight departments under one umbrella for industrial promotion

Bengal, Kolkata.

The IPB has identified Jungle Sundari and Karam Nagari in Purulia which would be divided into red, orange & green zones for setting up industrial units. Purulia could be an ideal base where the iron and steel industries could thrive. Most importantly, West Bengal Chief Minister, Mamata Banerjee has proposed extending the Amritsar-Dankuni Corridor upto Kalyani and developing a second railway corridor connecting North Bengal.

Dr. Panja informed the gathering that 8000 acres of non-agricultural land have been identified by the sides of the Amritsar-Dankuni freight corridor via Raghunathpur where a host of industries could come up. She added that land leases of 99 years have been given an option of free holding and real estate and commercial projects that have already come up on the leasehold lands would benefit.



Dr. Shashi Panja, Minister in Charge of Industry, Commerce & Enterprises, said that the West Bengal government has brought eight departments under one umbrella to facilitate industrial rejuvenation and growth. The eight departments have been brought under the Industrial Promotion Board (IPB), which has initiated measures for sorting out land issues, essential for industry. West Bengal Industrial Promotion Board will identify land that can be converted for industrial use, Dr. Panja said at a Merchants' Chamber of Commerce & Industry (MCCI) organised session on "**Recent Industrial Developments in Bengal**" on 12 April at the Taj

The State Government as a matter of policy has given a lot of thrust on tourism, exploiting the hills of North Bengal. But tea tourism has got a special attention with both the promotion of tourism and tea going hand in hand.

Two Tea Estates, Chumta and Raidak have been identified. A portion of the unutilized tea garden without any scope for further tea plantation would be promoted for tourism purposes, Panja said adding Mayfair Hotel was coming up on the Chumta Tea Estate.

The government, she said, has kept a few criteria

for utilizing those lands, which would also be utilized for homestays and low-cost housing for tea garden workers. The government was also following the policy of capitalizing on potential and they were promoting the agro-based industry of West Bengal through cultivation of exotic fruits in the State.

On the meeting between West Bengal Chief Minister Mamata Banerjee and Odisha chief Minister, Naveen Patnaik on the issue of giving iron ore to West Bengal steel units, Dr. Panja informed that the Chief Minister of Odisha has agreed in principle but it would take time to fructify.

Dr. Panja mentioned the possibilities of minor minerals in the state, which were at the exploration stage. This apart, Deucha Pachami, one of the largest coal mines, has started production and providing power security to the industries. "This is one of the prime agendas that the State Government has kept in its work plan. But on the reconstruction of the public sector undertakings, the board was eyeing on the lands of the closed units and would put them to resumption.

Dr. Panja spoke about the Dhakeswari Cotton Mills near Asansol having 193 acres of land and also of Mangalpur near Durgapur, where a large parcel of land has been identified. In Belur, where Nesco once existed, 100 acres of land have been identified for resumption. DPL's 360 acres have also been advertised for resumption, she said.

The state was trying to attract investments in ethanol and electric vehicles and the Bengal Global Business Summit, which has been scheduled to be held for three days in November, might likely hear some announcements on investments in EV.

In fact, Hindustan Motors, the CK Birla run company, once makers of the ambassadors, have hinted at launching EVs.

MCCI President, Namit Bajoria requested the State Government to assign a prominent role to MCCI in the upcoming Bengal Global Business Summit.

Spot Shot

GOLD Loses sheen

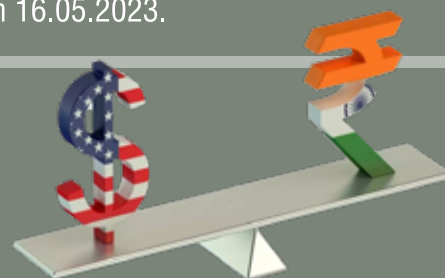
"COMEX Gold prices plunged below \$2,000 per troy ounce and reached at \$1,993 per troy ounce as investors gauged developments on US debt ceiling talks, robust retail



sales data and hawkish comments from Fed officials. Markets are expecting Fed to pause rate hikes in the June meeting and adopt a "wait and watch" approach. Looming concerns regarding a potential US debt default have kept gold prices buoyed for the past few days.

HCL wins award

Hindustan Copper Ltd. has won the prestigious 35th CFBP Jamnalal Bajaj Award for Fair Business Practice - 2022-23 in the Category of Manufacturing Enterprises – Large. The trophy was received by Shri Arun Kumar Shukla, CMD, along with TEAM HCL, at an Award ceremony in Mumbai on 16.05.2023.



"USDINR spot closed 17 paise higher at 82.38, highest levels since March 24th. Buying from custodial banks, corporates and speculators drove the pair higher, following risk off in global markets and strong US Dollar Index. We expect a range of 82.00 and 82.60 over the near term on spot.", said Anindya Banerjee, Vice President Currency Derivatives & Interest Rate Derivatives at Kotak Securities Ltd



CCI's scope widened and restructured with the newly amended Act

The government of India has set up a Committee on Digital Competition Law to oversee that there was no abuse of dominance from digital platforms, Dr. Sangeeta Verma, Chairperson, Competition commission of India said at a special session of the Merchants' Chamber of Commerce & Industry (MCCI) on importance of Competition Law for the Industry on April 28.

Some digital intermediaries or big tech companies were acting both as intermediate and sellers making abusive use of their market dominance. This might have the potential to harm the digital market.

India, she said, ranked 2nd highest in app download, with a whopping 87% growth against a global figure of 64%. The app download was mainly in the area of Fintech, in which intermediaries were active and dominant. Abusive use of such dominance will have to be prevented, she said.

The newly amended Competition Act of 2023 had enlarged the scope of CCI and a compliance mechanism was introduced to promote ease of doing business. Review of acquisition and merger would be made faster within 150 calendar days down from 210 calendar days with 25% of the CCI's activities (clearances) to happen through green channel. There were 86 combinations in amalgamation and 1000 merger cases. "Not a single merger was blocked by CCI

but only remedies suggested”, Dr. Verma said.

The newly amended Act has also cut down the time granted to the CCI to form a preliminary view on a transaction. The average time given to form a preliminary view is around 20 working days for each case with the threshold limit of a deal value kept at Rs 2,000 crore.

The newly amended Act focused on market correction, facilitation of compliances, and reduction of irregularities. Market forces were given importance and not the forces played by the cohort of a small number of players.

On the issue of penalizing on the basis of global turnover in place of relevant turnover, Dr. Verma said that the amended Act had done so following the Competition Laws practiced worldwide.

Cartels or horizontal components were strongly dealt with by CCI with penalties, where efficiency could be accounted for. She spoke about incentives that were given to the parties to come out of cartel arrangements, under the Competition Act of 2023. Self-declaration of guilt pertaining to anti-competitive agreements or abuse of dominance could be incentivized. The parties could settle matters with a relatively lower penalty and could settle matters undertaking corrective measures to resolve cases expeditiously. She also mentioned a 100% waiver for disclosure of vital information.

Prof V K Unnimationed that a big player was not necessarily a bad player. Horizontal Agreements could border around cartels, however, entities engaging in vertical agreements were not creating any anti-competition in the market. He expressed concern on massive digitalisation regulating which was not possible with traditional yardsticks .CCI should look closely and come out with clear guidelines regarding digital market players, heavily dependent on internet using Big Data for processing.

Prof. Dr. Nirmal Kanti Chakrabarti favoured competition in the market to bring in efficient productivity and promote innovation to restructure those sectors that had lost competitiveness. He however, advocated regulation of anti-competitive practices and market dominance. In this context, he suggested that CCI needed to closely look into the aspect of the platform market.

However, the Chairperson pointed out that there had been approximately 1200 cases of anti-competitive practices and abuse of market dominance taking place.

Namit Bajoria, President, MCCI, said that there has been major consolidation taking place in the business world, which could augur dominance of certain companies but that shouldn't be abusive. The newly amended Act has some ambiguity over the provision of “global turnover” and whether it was consistent with the principle of relevant turnover that the Supreme Court upheld, was a question.

She observed that Chambers and industry Associations had been valued partners in setting standards and expectations for Competition in the market.