

**VJA WISHES ITS READERS SAFE AND HEALTHY FUTURE**

**The Economy**

**COVID-19: Impact Analysis**

The COVID-19 outbreak, triggered in December 2019 in Wuhan city in Hubei province of China, continues to spread across the world. Initially the epicenter of the outbreak was China with reported cases either in China or being travelers from China. Currently, at least four further epicenters have been identified: Iran, Italy, Japan and South Korea; cases have gone up manifold in the US as well. Even though the cases reported from China are expected to have peaked and are now falling (WHO 2020), cases reported from countries previously thought to be resilient to the outbreak, due to stronger medical standards and practices, have recently increased. While some countries have been able to effectively treat reported cases, it is uncertain where and when new cases will emerge. Amidst the significant public health risk COVID-19 poses to the world, the World Health Organization (WHO) has declared a public health emergency of international concern to coordinate international responses to the disease.

Amidst the slowing down of the global economy, especially China, with interruptions to production, the functioning of global supply chains has been disrupted. Companies across the world, irrespective of size, dependent upon inputs from China or elsewhere, have started experiencing contractions in production. Transport being limited and even restricted among countries has further slowed down global economic activities. Most importantly, some panic among consumers and firms has distorted usual consumption patterns and created market anomalies. Global financial markets have also been impacted by the changes and stock indices have plunged all across.

International institutions including IMF and OECD are predicting a sharp drop in the global growth rates. Various rating agencies have also predicted a downturn of varying degrees.

The International Monetary Fund estimates that the coronavirus pandemic will cause a global recession in 2020 that could be worse than the one triggered by the global financial crisis of 2008-2009, but world economic output should recover in 2021.

Leaders of the Group of 20 major economies (G20) pledged on Thursday to inject over \$5 trillion into the global economy to limit job and income losses from the coronavirus and “do whatever it takes to overcome the pandemic. Other countries including Australia, Canada, China, France, Italy, Japan, Germany, Indonesia, Malaysia, South Korea, the UK and USA have announced further such stimulus packages to protect their businesses and economies and also policy changes regarding tax cuts and interest rates.

**INDIA**

With COVID-19, the Indian economy is going through a major slowdown. This came alongside the slow growth in the recent quarters even before the crisis struck. In the third quarter of the current financial year, the economy grew at a six-year low rate of 4.7%.

**India’s Growth Projections Revised**

Rating Agencies	Current forecast (FY21)%
<b>Economist Intelligence Unit</b>	<b>2.1</b>
<b>Moodys</b>	<b>2.5</b>
<b>S&amp;P Global Ratings</b>	<b>3.5</b>

The new coronavirus epidemic has made the recovery extremely difficult in the near to medium term. The outbreak has presented fresh challenges for the Indian economy now, causing severe disruptive impact on both demand and supply side elements which have the potential to affect India’s growth story.

While RBI has declined to give any growth estimate as of now because of the fluidity of the situation, the impact on growth is likely to be quite pronounced.

### Impact on International Trade

China has been a major market for many Indian products like sea food, petrochemicals, gems and jewellery etc. The outbreak of coronavirus has adversely impacted exports of these items to China. For instance, the fisheries sector is anticipated to incur a loss of more than Rs 1,300 crores due to fall in exports. Similarly, India exports 36% of its diamonds to China. The cancellation of four major trade events between February and April is likely to cause an estimated loss of Rs 8,000-10,000 crores. India also exports 34% of its petrochemicals to China. Due to exports restrictions to China, petrochemical products are also expected to see a price reduction.

According to UNCTAD, **India's trade impact due to coronavirus outbreak could be about US\$ 348 million.** India is among the top 15 countries that have been affected most as a result of manufacturing slowdown in China that is disrupting world trade.

Sector	Overall trade impact (\$mn)
Chemicals	129
Textiles and Apparel	64
Automotive	34
Electrical Machinery	12
Leather Products	13
Metals and Metal Products	27
Wood Products and Furniture	15

As per UNCTAD estimates, exports across global value chains could decrease by US\$ 50 billion during the year in case there is a 2% reduction in China's exports of intermediate inputs.

### Possible channels of Covid-19 impact on India

Covid-19	
External	Domestic
Weaker global demand	Reduced discretionary spending
Supply chain disruptions	Factory shutdowns
Lower commodity prices	Travel restrictions
Risks-off and global financial shocks	

Source: Crisis

COVID-19 will have a mixed impact across various sectors in the months ahead.

### Automobiles

- China accounts for 27% of India's automotive part imports and major global auto part makers such as

Robert Bosch GmbH, Valeo AS and ZF Friedrichshafen AG have factories located in the Hubei province. Owing to the closure of the factories of these companies, there has reportedly been a delay in the production and delivery of vehicles like Bharat Stage six (BS-VI) compliant models.

- Moreover, the situation has become more precarious after the decision of the Chinese government to limit all shipments by sea until further notice. Since air shipments are not suitable for Auto Components and forging industries, the Indian OEMs are finding it difficult to plan production beyond the available inventory.
- According to a report released by the Fitch Solutions recently, vehicle production in India is likely to contract by 8.3% in 2020 following an estimated 13.2% decline in 2019. Covid-19 will also make the transition to Bharat Stage Six (BS VI) emission norms difficult which is scheduled from 1st of April 2020.

### Aviation

- Aviation is amongst the worst affected sectors amidst the Covid-19 crisis that has taken the scale of a pandemic. According to the International Air Transport Association, airlines globally can lose in passenger revenues of up to US\$ 113 billion due to this crisis.
- Airfares have also come under pressure due to nearly 30% drop in bookings to virus affected destinations. According to the data available with the Ministry of Civil Aviation, nearly 585 international flights have been cancelled to-and-from India between February 1 and March 6 because of the outbreak of coronavirus. This has been followed by cancellation of all flights till April 15 as of now.
- Cash reserves of airline companies are running low and the cancellations could lead to loss of many jobs.

### Consumer Durables & Electronics

India imports 45% completely built units of consumer durables from China. In addition to finished products, India also imports nearly 70% of the components for television, and other consumer durable products such as air conditioners, refrigerators, and washing machines. Due to supply disruption, sales of these items are likely to be hampered. Also, Chinese suppliers have reportedly increased the prices of some components by more than 2%, and prices of TV panels by more than 15%. Hence, it is anticipated that prices of these consumer durable items will see a price increase in the range of 3-5%.

### MSMEs

MSMEs are likely to be severely impacted if the lockdown continues for a longer duration in wake of the Coronavirus

epidemic. A large number of MSMEs could incur business losses and also face severe cash flow disruption, which in all likelihood will have an adverse effect on the livelihood of several people working in this sector. Given the severity of the crisis, it is important to ensure health safety of MSME workforce, especially those involved at shop floors. Additionally, from economic perspective, it is extremely important to ensure the flow of money into the working capital of such enterprises otherwise there will be a risk to survival of these enterprises.

### Pharmaceuticals

- The Indian pharma industry has been a world leader in generics both globally and in domestic markets contributing significantly to the global demand for generics in terms of volume. Made in India drugs supplied to the developed economies such as the US, EU and Japan are known for their safety and quality.
- Today, India's large import dependence on China (nearly 70% by value) has become significant threat to India's healthcare manufacturing and global supply chain. While Indian Pharma Companies over a time period have steadily migrated up the value chain to focus on value-added formulations with higher margins, this overdependence on China has increased the threat to the nation's health security as some of these critical APIs are crucial to mitigate India's growing disease burden.
- Any disruption in supply chain of APIs can result in significant shortages in the supply of essential drugs in India. Some of the critical for high-burden disease categories such as cardiovascular diseases, diabetes and tuberculosis are listed in the National List of Essential Medicines (NLEM). In fact, the current market is largely dependent on China for many antibiotic APIs manufactured by the fermentation route such as penicillin, cephalosporins and macrolides. The increased dependency of low-cost API is mainly attributed to China's extensive efforts towards developing economies of scale, easing regulations for bulk drug manufacturers, availability of low-cost utilities, building process efficiencies and supporting manufacturers in the form of subsidy, low taxes and fiscal incentives.

### Tourism

- The tourism industry is already under stress and expects the situation to further deteriorate in the forthcoming summer season i.e. April-June. Usually, the number of Indian travellers to both domestic and international destinations peak during the months of March and April. However, this time around nearly 90% bookings of hotel and flights for the peak time have been cancelled. Cruise bookings for destinations such as Thailand, Singapore and

Malaysia have also been cancelled by travellers in huge numbers.

- According to the Indian Association of Tour Operators (IATO), the hotel, aviation and travel sector together may incur loss of about Rs 8,500 crores due to travel restrictions imposed on foreign tourists by India for a month. This is also expected to have a negative impact on jobs in the industry. Medical Value Travel business has also been affected deeply.

### Textiles

- India imports US\$ 460 million worth of synthetic yarn and US\$ 360 million worth of synthetic fabric from China annually. The country also imports over US\$ 140 million worth of accessories like buttons, zippers, hangers and needles. India does not have the domestic supply base to cater to such a huge demand of these raw materials. In case the outbreak continues, Indian garment manufacturers would have to look for alternatives sources, including local sourcing. This may increase the cost of finished goods by 3-5%. In addition to this, both quality and cost may have adversely impact due to this change.
- India also exports 20-25 million kg of cotton yarn a month to China. There has been a drop in cotton yarn prices in the domestic market as traders have anticipated a decline in demand from China due to the current situation. Moreover, textiles exports have also been impacted due to the spread of Covid-19 in Europe, UK and the US, which are the main markets for Indian garments. Inventories have piled up as many foreign buyers have put their purchases on hold. Also, many of them are deferring their payments for goods which have been shipped already. If the condition continues to remain same, exporters may have to cut production which will impact jobs as well.

**But there are the some sectors that have remained unscathed from the impact of the virus outbreak:**

### Telecom

Work-from-home and social distancing are expected to boost data usage by 10-15 percent in the home broadband and mobile space in India.

### Healthcare

India is committed to spend nearly Rs 10,000 crores (\$1.3 billion) to encourage companies to manufacture pharmaceutical ingredients domestically after the coronavirus outbreak disrupted supply chains and raised the specter of drug shortages. The impact of Covid-19 on Indian pharma has so far been limited due to existing inventory levels across supply chain but this can change if supply shortages from China continue through the end of April. The global generic supply chain, however, can remain unaffected

if the active pharmaceutical ingredient/intermediate shipments from China normalise over next two to four weeks.

### E-commerce

E-commerce platforms have seen a spike in orders on their platforms in India over the past few weeks as people logged online to get food and household products as well as office items like routers and cables (to work from home) on concerns around spread of COVID-19 infection and restrictions in public movement that have now been enforced.

### Insurance

The Insurance Regulatory Development Authority of India has asked insurers to cover Covid-19 cases in their existing policies as well as ensure that they expeditiously attend to the coronavirus claims. One of the factors that work in its favour is that it's an under-penetrated sector and hence, the impact will be low compared to other segments.

### Way forward

There is an urgent need to take adequate steps to contain the spread of the virus, as also to address the key pain areas of industry which can help in minimising the impact of the outbreak on the Indian economy and businesses.

The Government is closely monitoring the evolving scenario and has already taken a number of initiatives to minimise the impact on businesses and increase liquidity in the system. Various State governments have also announced measures to reduce economic distress in respective areas.

On March 24th, 2020, the Finance Minister extended the filing dates of ITR, GST, linking of PAN and Aadhar and other reliefs for the big and small enterprises. The finance ministry also announced an economic package to mitigate the impact of coronavirus on the Indian economy such as Rs 1.7 lakh crore for cash transfer and food security; insurance cover worth Rs 50 lakh for sanitation workers, ASHA workers, doctors, nurses, paramedics; Government of India will pay the EPF contribution both of the employer and the employee put together 24% for next three months. This is for those establishments with up to 100 employees, 90% of them earning less than Rs 15,000; and uses the welfare fund for building & construction labourers which have around Rs 31,000 crore to help those who are facing economic disruption because of the lockdown.

On March 27, the Reserve Bank of India announced a reduction in repo rate by 75 basis points to 4.4 per cent. The reverse repo rate was cut by 90 bps to 4 per cent; all commercial, regional, rural, NBFCs and small finance banks are being permitted to allow 3-month moratorium on payment of installments in respect of all term loan EMIs outstanding on March 31. This combined three-way liquidity injection will make available a total Rs 3,74,000 crores; bank

credit to registered NBFCs towards agriculture, MSEs and housing sector upto prescribed limits (up to an overall limit of five per cent of individual bank's total priority sector lending) will be treated as priority sector loans during the next fiscal (2020-21) starting April.

Besides, Government of India has requested the State governments / UTs to keep the services of stock market entities exempted from the purview of lock-down; Delay in submission of various reports, SEBI circulars and disclosure dates have been extended and trading members won't attract penal provisions.

For IBC, default threshold increased from Rs. 1 lakh to Rs. 1 crore, especially to safeguard the small and medium enterprises facing the brunt of lockdown.

While the government is taking necessary steps to minimize the impact on the economy further but the damage that has already been done in the previous few months will need to be reversed. Further since a large number of people will stand to lose their jobs especially in the retail, hospitality, travel and construction sectors, the government can consider giving incentives for employers to keep the workers, while the coronavirus problem tides over.

As the developments unfold in the coming months, all stakeholders should continuously work together to bring the economy back on track.

## Taxation Matters

### Income Tax

- SC held that the conversion of a partnership firm into a company causes a statutory vesting of all assets of the firm into the company without the need for a conveyance. The business of the firm is carried on by the company and the latter is eligible for the benefits of Section 80-IA.**

The Court observed that all properties, movable and immovable (including actionable claims) belonging to or vested in a company at the date of its registration would vest in the company as incorporated under the Act. In other words, the property acquired by a promoter can be claimed by the company after its incorporation without any need for conveyance on account of statutory vesting. On such statutory vesting, all the properties of the firm, in law, vest in the company and the firm is succeeded by the company. The firm ceases to exist and assumes the status of a company after its registration as a company. *A priori*, it must follow that the business is carried on by the enterprise owned by a company registered in India and the agreement entered into between the erstwhile partnership firm and the State Government, by legal implication, assumes the character of an agreement between the company registered in India and the State Government for (i) developing, (ii) maintaining and

operating or (iii) developing, maintaining and operating a new infrastructure facility.

**[CIT vs Chetak Enterprises Pvt. Ltd. (Civil Appeal No(s). 1764/2010) Supreme Court dated 05.03.2020]**

**II. Delhi HC: The amount transferable for the benefit of the consumers do not form part of the assessee's taxable income**

The Hon'ble Court has held that the amount transferable for the benefit of the consumers do not form part of the assessee's real profit and for the purpose of calculating the taxable income, such amount has to be deducted from its total income. On the strength of this reasoning, the Tribunal has relied upon the decision of the Coordinate Bench in Assessment Year 2006-07 and held that since the assessee has no right to appropriate the efficiency gain amount and that such amount is at the disposal of DERC, the amount has to be reduced from the profits and loss account.

**[DCIT vs TATA Power Delhi Distribution Ltd. in ITA 186/2020 dated 11.03.2020 Delhi High Court]**

**III. ITAT Ahmedabad held that when the AO did not have the power to make a full-fledged assessment in limited scrutiny cases, the CIT(A) power could not be enlarged beyond the power of the AO in limited scrutiny cases.**

ITAT held that there is no doubt that the power of the Commissioner (Appeals) is co-terminus with the power of the Assessing Officer. However, when the Assessing Officer did not have the power to make a full-fledged assessment in limited scrutiny cases, the Commissioner (Appeals)'s power could not be enlarged beyond the power of the Assessing Officer in limited scrutiny cases. Since the notice under section 143(2)(i) was issued for limited scrutiny, the Assessing Officer was precluded from considering any other issue while making the assessment under section 143(3) under limited scrutiny.

**[Shri Narendrakumar Rameshbhai Patel vs Dy. CIT, ITA No. 981/Ahd/2019 dated 20.03.2020 (Ahmedabad - Trib.)]**

### **International Taxation & Transfer Pricing**

**I. ITAT Mumbai: Section 92A(1) cannot be applied on standalone basis, and has to be essentially considered in conjunction of Section 92A(2), only when it satisfies atleast one of the conditions set out therein.**

ITAT observed that Section 92A(2) governs the operation of Section 92A(1) by controlling the definition of participation in management or capital or control by one of the enterprise in the other enterprise. If a form of participation in management, capital or control is not recognized by Section 92A(2), even if it ends up in de facto or even de jure participation in management,

capital or control by one of the enterprise in the other enterprise, it does not result in the related enterprises being treated as 'associated enterprises'. Section 92A(1) and (2), in that sense, are required to be read together, even though Section 92A(2) does provide several deeming fictions which prima facie stretch the basic rule in Section 92A(1) quite considerably on the basis of, what appears to be, manner of participation in "control" of the other enterprise. What is thus clear that as long as the provisions of one of the clauses in Section 92A(2) are not satisfied, even if an enterprise has a de facto participation capital, management or control over the other enterprises, the two enterprises cannot be said to be associated enterprises.

**[Kaybee Pvt. Ltd. vs ITO (ITA No. 2165/Mum/2015) dated 28.02.2020 – ITAT Mumbai]**

### **Goods and Services Tax**

**I. Kerala High Court: AAR cannot reject applications citing "Place of Supply" determination and remits matter for fresh consideration.**

Kerala HC has held that AAR has jurisdiction to determine 'Place of Supply' while clarifying that same will be covered within larger entry pertaining to 'determination of liability to pay tax'. It quashed AAR order which rejected Petitioner's application on the aspect of taxability of Information Technology Enabled Services rendered to customers outside India under an intra-company arrangement with the parent company incorporated in USA on the premise that same is outside its ambit in terms of Sec 97(2) of CGST Act. It observed that AAR has proceeded on a tangent and missed said crucial aspect and had taken a very "hyper technical view". Accordingly, the Court held that "view taken by the Advance Ruling Authority is legally wrong and faulty and therefore the matter requires interdiction in judicial review". Citing importance of foreign investment into India in changing global scenario, it opined that they require clarity and precision about various aspects of taxation in transactions and hence, applicant concerned is given the right to seek advance ruling even in such a larger issue as the one as per clause (e) of Sec. 97(2) of CGST Act, and consequently, it remits the matter to the AAR for fresh consideration.

**[Sutherland Mortgage Services Inc. vs. The Principal Commissioner and Ors.]**

**II. Madhya Pradesh AAR: Land Development under JDA not a sale of land but taxable as "Works Contract Service"**

Madhya Pradesh AAR has held that activity of development of land under joint development agreement (JDA) entered into with landowners cannot be classified under Para 5 of Schedule III (sale of land) and same constitutes a 'supply of service'. It noted that in terms of the agreement, applicant undertakes

development of plots which includes civil construction, construction of concrete roads & compound walls, development of garden, etc. and revenue accruing from sale of plots is shared and that land is under mortgage of SBI, Jabalpur. It rejects applicant's plea that no GST is applicable merely on developing common facilities like drainage, electricity, road facilities, garden development, etc. and the activity constitutes a sale of land. Perusing the permission taken by the bank, it observes that, it is clear that activity undertaken by applicant is in the nature of development of land into residential layout and sale of plots is incidental to main activity of land development which is entrusted to the applicant as it has invested huge sums in the development of land and it is a measure to protect his financial exposure. It added that "The land owner still remains the land owner till the property is transferred in the name of purchaser" while stressing that provisions of sr. no. 5 of Schedule III "will apply only to those persons who are the owners of the land and not to persons who are incidental to the sale of land".

***[In the matter of Vidit Builders]***

**III. Maharashtra AAAR: upholds AAR, Breakwater wall is not "Plant and Machinery" but a civic structure**

Maharashtra AAAR has confirmed AAR order, disallowing ITC of the taxes paid on breakwater wall construction/reconstruction which acts as a safety wall for jetty and cargo/ships. It rejects Applicant's claim that breakwater wall though an immovable property, is covered under the term 'plant and machinery'. It peruses dictionary meaning of the term 'plant' to hold that plant includes a place where industrial activity takes place or a factory where certain material is produced or big machinery is used to carry on certain processes of production. It notes that the words "plant and machinery" are used in conjunction and observes that the meaning given to the word 'machinery' should take its colour from the word 'plant'. Perusing the scope of work documents, it finds that the breakwall not only comprises of piling of Accropods on top of each other but involves extensive civil work and foundation laying and the Accropods is only a part of it. Consequently, it holds that it is nothing but a civil structure. It further observes that land, building and civil structure are specifically excluded from the scope of 'plant and machinery'. It therefore, rules that as the breakwater wall does not come under the definition of plant and machinery, there is no purpose in examining whether it is used for making outward supplies.

***[In the matter of Konkan LNG Private Limited]***

**News Roundup**

**Economy**

[FM Nirmala Sitharaman eases rules for bank customers, taxpayers, firms](#) (The Times of India)

Finance minister Nirmala Sitharaman on Tuesday, March 24 announced easier compliance norms for companies required to file under income tax, GST, customs and corporate laws, while allowing bank customers the flexibility to use their debit cards at ATMs without any fee, and waived the penalty for those who are unable to maintain the stipulated minimum balance in their accounts. The digital trade transaction charge will also be lowered, the FM promised, while clarifying that the benefits will have to be offered by private and public sector banks. Besides, small companies were sought to be protected from insolvency action by raising the threshold under the Insolvency & Bankruptcy Code to a loan of Rs 1 crore, instead of the current Rs 1 lakh floor.

[FM announces Rs 1.7 lakh crore relief scheme for poor](#) (The Economic Times)

Finance Minister Nirmala Sitharaman on Thursday, March 26 announced Rs 1.7 lakh crore relief package, named Prime Minister Garib Kalyan Scheme, aimed at taking care of the poor, urban and rural workers, and those in need of immediate attention. The scheme includes measures such as cash transfers, Rs 50 lakh insurance cover and steps to ensure food security.

[RBI cuts rate by 75 bps, steepest in over 10 years; you can defer EMIs by 3 months](#) (The Times of India)

The Reserve Bank of India on Friday, March 27 cut interest rates by 75 basis points (bps)—the sharpest in over a decade. It also made available Rs 3.74 lakh crore of additional liquidity to banks and allowed almost all borrowers to defer loan repayments by three months. The measures are aimed at buying time for the government to deal with the coronavirus crisis by preventing stressed borrowers from being ejected from the banking system and avoiding bond markets going into a freeze due to the sudden cessation caused by the lockdown.

[Commerce ministry sets up help desk to resolve import, export issues](#) (The Economic Times)

The government has setup a helpdesk for Covid-19 related export and import related issues being faced in the current situation.

[Services sector growth at 7-year high in February: PMI](#) (The Times of India)

Marking its quickest rise in over seven years, India's services sector activity expanded for the fifth successive month in February, tracking spike in business orders, renewed export demand and strengthening business confidence, a monthly survey showed on Wednesday, March 4.

[Government to bring settlement scheme for LLPs](#) (The Economic Times)

The government has announced a one-time settlement scheme for limited liability partnerships (LLPs) that have yet

to submit their statutory documents to gain immunity from prosecution for defaults by filing pending documents.

[CCI is examining 17 laws for compliance, says chairman Ashok Kumar Gupta](#) (Business Standard)

The Competition Commission of India (CCI) is examining 17 pieces of legislation across different sectors to check if they are compliant with competition laws.

[Retail inflation falls to 6.58% in February as food prices cool down](#) (Business Standard)

Retail inflation based on the Consumer Price Index (CPI) eased to 6.58 per cent in February, from a 68-month high of 7.59 per cent in January, primarily on the back of lower prices of fruits and vegetables, official data showed on Thursday, March 12.

[Cabinet approves tax reimbursement scheme for exporters](#) (Business Standard)

The government on Friday, March 13 approved a scheme for reimbursement of taxes and duties, which were not refunded previously, to exporters with a view to give boost to the country's dwindling outbound shipments.

[Government tightens compliance norms for Nidhi companies](#) (Financial Express)

The Ministry of Corporate Affairs (MCA) has tightened compliance norms for Nidhi companies, a kind of non-banking financial companies (NBFCs), which are created to borrow and lend money among its members.

[Bill for direct overseas listing of companies tabled in Lok Sabha](#) (Business Standard)

The Centre on Tuesday, March 17 introduced the Companies Amendment Bill 2020 in the Lok Sabha to decriminalise procedural and technical lapses and allow direct listing of securities by Indian companies in permissible foreign jurisdictions. The Bill has also laid down rules for incorporation, registration, amalgamation, and functioning of producer companies, apart from paving the way for the conversion of inter-state cooperatives into producer companies.

[Govt allows board meetings via video conferencing till June 30](#) (Financial Express)

In view of the threat of contamination due to the coronavirus outbreak, the Ministry of Corporate Affairs (MCA) has allowed companies to hold meetings of their board of directors through video conferencing till June 2020.

[Indian expats won't pay tax here on overseas income](#) (The Times of India)

Indian citizens who are working overseas (including the large Indian diaspora working in low or nil tax Gulf region) can finally breathe a sigh of relief. The Finance Bill, as passed by Parliament today, (March 24) was suitably amended to

ensure that overseas income will not be subject to tax in India, under the newly introduced deemed residency norms. Under the Income Tax (I-T) Act, a tax resident of India, who is also an ordinarily resident, has to pay tax on his global income.

[Companies can spend social responsibility fund to fight coronavirus crisis](#) (Mint)

The government on Monday, March 23 allowed companies to spend their corporate social responsibility (CSR) funds to fight the coronavirus (COVID-19), a notified disaster.

## Sectoral

### Automobiles

[SC relaxes March 31 deadline for sale of BS-IV vehicles](#) (The Times of India)

In a relief to automobile dealers, the Supreme Court on Friday, March 27 allowed sale of BS-IV compliant vehicles beyond the March 31 deadline and till ten days after the nationwide lockdown due to Covid-19 is lifted.

[Auto component industry facing production loss of Rs 1000-1200 crore per day in lockdown](#) (The Economic Times)

The auto component industry is staring at production loss of Rs 1000-1200 crore per day due to the nationwide lockdown imposed by the government to check the spread of the coronavirus pandemic.

### Aviation

['Aviation Sector Stares at up to \\$3.6b Losses'](#) (The Economic Times)

The domestic aviation industry, grounded to stop the spread of Coronavirus, could incur losses between \$3.3 to \$3.6 billion in the first quarter of fiscal 2021 due to Coronavirus, CAPA said in an estimate.

[Flying smart: Wi-Fi on flights allowed, government notifies new rules](#) (The Economic Times)

Wi-Fi on flights will now be allowed in India for internet services upon permission from the pilot-in-command and the gadget is to be used in flight mode, with the government finally notifying rules for this.

[Government permits NRIs to own up to 100% stake in Air India](#) (The Times of India)

The government on Wednesday, March 4 permitted NRIs (non-resident Indians) to own up to 100 per cent stake in disinvestment-bound Air India (AI).

### Banking & Finance

[Nabard infuses Rs 1.46 lakh crore in rural banking system in 2019-20](#) (The Economic Times)

National Bank for Agriculture and Rural Development on Tuesday, March 3 said it has infused Rs 1.46 lakh crore in the rural banking system during the current fiscal.

[Nod for government bank mergers from April](#) (The Times of India)

Ending the speculation over delay in the merger of public sector banks, the Union Cabinet on Wednesday, March 4 approved the amalgamation of 10 state run banks to create four large entities from April 1.

[New listing rules to aid founders of start-ups, PEs](#) (The Times of India)

In a major change of rule, the government has allowed superior voting shares to list on exchanges in the same way as other shares, helping promoters and early-stage investors and private equity (PE) and venture capital (VC) funds retain some advantages.

[RBI announces OMOs purchase of Rs 1 lakh crore to boost liquidity](#) (Business Today)

In a bid to maintain stability in the financial system in the wake of coronavirus outbreak, the Reserve Bank of India on Monday, March 23 announced massive OMOs (open market operations) purchase of government securities.

[NBFCs to use RBI's liquidity boost to focus on refinancing debt obligations](#) (Business Standard)

India's cash-starved shadow banking sector will get a breather out of the liquidity boost the Reserve Bank of India (RBI) has given. Part of it will be used by the shadow lenders to refinance their debt obligations at a time when their cash flows could be affected with a moratorium on term loans.

## Energy

[Transformative changes to make power sector financially viable: RK Singh at ET GBS 2020](#) (The Economic Times)

The government is finalising transformative changes to the power sector to make it financially viable as a panel led by home minister Amit Shah agreed to many suggestions in its meeting on Friday, March 6 last week, said power and renewable energy minister RK Singh.

[Oil's 60% crash due to coronavirus outbreak is tip of an iceberg](#) (Business Standard)

As oil crashes due to the impact of the coronavirus, it's easy to overlook an even more dismal reality for producers: The real prices they're getting for their barrels are worse still. Having collapsed by about 60 per cent this year, Brent and West Texas Intermediate crude have stabilised at around \$25 a barrel, but the price rout is far deeper for actual cargoes, which are changing hands at large and widening discounts to the global benchmarks.

## Health

[Pvt labs with USFDA-approved kits can start testing for Covid-19](#) (The Times of India)

The government has decided that private laboratories with Covid-19 testing kits approved by the US Food and Drug Administration (US FDA) can start testing suspected cases,

significantly adding to the scope and numbers of persons who are being tested.

## IBC

[IBC resolution: Plan to reduce committee of creditors' remit junked](#) (Financial Express)

The government has dropped its plan to firm up a formula to distribute resolution proceeds under the Insolvency and Bankruptcy Code (IBC) and reduce the committee of creditors' (CoC) remit on the disbursement of funds. The decision comes amid fears that it could lead to further litigations on the appropriateness of any such formula and delay resolutions, a senior government official told FE.

[Creditors can choose to stop supplies to companies under IBC: House Panel](#) (The Economic Times)

A parliamentary panel said suppliers of a company cannot be burdened with "overly restrictive conditions" in the hope of a probable revival under the Insolvency and Bankruptcy Code (IBC).

[MCA panel's scope on cross-border insolvency gets bigger](#) (The Hindu Business Line)

The scope of work for the committee constituted to recommend rules and regulatory framework for the smooth implementation of cross-border insolvency provisions under the Insolvency Bankruptcy Code just got bigger. The Ministry of Corporate Affairs (MCA) has now expanded the terms of reference of this panel headed by retired IAS officer KP Krishnan to cover aspects relating to enterprise group insolvency on a cross-border basis.

[Govt ramps up capacity of the NCLT Benches to boost decision-making](#) (Business Standard)

The government is ramping up the capacity of the National Company Law Tribunal (NCLT) Benches to boost decision-making and reduce delays. It will set up dedicated Benches for insolvency and bankruptcy cases and add 40 new positions for NCLT, said Injeti Srinivas, secretary, corporate affairs ministry to the standing committee on finance.

[Govt mulls suspending IBC process for 6 months](#) (Business Standard)

In a relief for small and medium enterprises facing the threat of insolvency because of the coronavirus crisis, the government on Tuesday, March 24 raised the threshold for invoking insolvency to Rs 1 crore from the current Rs 1 lakh.

## IT & Telecom

[Amid coronavirus outbreak, RBI loan breather for telcos](#) (The Economic Times)

The three-month moratorium on bank term loans and working capital finance offered by the Reserve Bank of India (RBI) in response to the raging pandemic is likely to offer some short-term cash-flow respite and improve the liquidity

levels of already stressed telcos, especially cash-strapped Vodafone Idea, analysts and industry experts said.

[India's 5G rollout to create thousands of tech, software jobs](#) (The Times of India)

The Indian telecom sector may be passing through a chaotic phase now, but a 5G rollout will create several job opportunities. 5G, the fifth-generation spectrum wave, is not an incremental upgrade, but a replacement technology that will bring in many more devices on board, making IoT realise its true potential.

[Payments business leads fintech deals in India](#) (The Economic Times)

India became the third most preferred global destination for fintech investments last year, behind only the United States and the United Kingdom.

[Reliance Jio develops in-house 5G tech to reduce costs](#) (The Economic Times)

Telecom service provider Reliance Jio has developed its own 5G and other technologies, to cut costs and reduce dependence on foreign vendors.

## Metals & Mining

[Govt sets up panel for changes in mining policy to woo private companies](#) (The Economic Times)

The government has set up a high-level committee under NITI Aayog vice chairman Rajiv Kumar to draw a road map for opening up of the country's mining sector to private players.

## Realty

[Demand for office space in SEZs on the rise despite sunset date of March 31](#) (The Economic Times)

The appetite for space in special economic zones is on the rise despite the fast approaching sunset date of March 31, 2020, after which new occupiers will not be eligible for direct tax benefits, industry officials said.

[Centre sanctions 93% of projects under 'Housing for all'](#) (The Hindu Business Line)

The Centre has sanctioned about 93 per cent of houses to be built across all States and Union Territories (UT) under its mission 'Housing for all' by 2022.

## States

[Shapoorji Palonji, two other companies submit bids for tech park at GIFT](#) (Financial Express)

[TN CM launches ₹2,857 cr healthcare programme](#) (The Hindu Business Line)

[Karnataka to open roads for electric two-wheeler taxis](#) (The Economic Times)

[Maha budget gives big boost to infra with Rs 30,000-cr outlay](#) (The Economic Times)

[Karnataka reduces stamp duty on new flats by 3%](#) (The Economic Times)

['B'luru among top 10 tech innovation hubs, India 2nd big source of disruption'](#) (The Economic Times)

[Odisha's new agriculture policy focuses on crop diversification, market linkages & use of technology](#) (Financial Express)

[Nabard pegs Karnataka's credit potential at ₹2.44 lakh cr for fiscal 2020-21](#) (The Economic Times)

[Delhi's Economic survey: GDP grows at 7.4 per cent against country's 5 per cent](#) (The Times of India)

[Tamil Nadu to set up Rs 770-crore Active Pharmaceutical Ingredients \(API\) Park](#) (Financial Express)

## International News

[US trade deal to push India's exports: Piyush Goyal](#) (The Times of India)

Commerce and industry minister Piyush Goyal On Saturday, March 7 said a trade deal with the United States will help push more exports but made it clear that the government will not rush into any such agreement.

[Federal Reserve cuts rates to zero to support the economy during the coronavirus pandemic](#) (The Times of India)

In a bold, emergency action to support the economy during the coronavirus pandemic, the Federal Reserve on Sunday, March 15 announced it would cut its target interest rate near zero.

[ADB's \\$6.5b boost to developing members](#) (The Economic Times)

The Asian Development Bank on Wednesday, March 18 announced an initial package of \$6.5 billion (₹48,230 crore) to address the immediate needs of its developing member countries as they respond to the Covid-19 pandemic.

[Bank of England cuts interest rates to all-time low of 0.1%](#) (The Guardian)

Rishi Sunak will reveal plans to subsidise workers' wages to prevent hundreds of thousands of layoffs on Friday, March 20, as the Treasury comes under pressure to match the new Bank of England measures to limit the economic fallout from Covid-19.

[WEF invites India to join its Covid Action Platform](#) (The Hindu Business Line)

The World Economic Forum (WEF) has invited India to join its COVID Action Platform (CAP) launched earlier this month, with the support of the World Health Organization (WHO).

[US Senate passes \\$2-trillion coronavirus rescue plan; sends bill to House](#) (The Economic Times)

The Senate passed a mammoth \$2.2 trillion economic rescue package steering aid to businesses, workers and health care systems engulfed by the coronavirus pandemic, an unprecedented response amid record new jobless claims and mounting evidence that the economy is in a recession.

[International tourism to plunge up to 30% due to virus: UNWTO](#) (The Economic Times)

The number of international tourist arrivals will fall by 20-30 percent in 2020 due to the novel coronavirus, putting millions of jobs at risk, the World Tourism Organization said on Friday, March 27.

### Company up for acquisition

#### Baghaulti Sugar and Distillery Limited

The National Company Law Tribunal (NCLT) has ordered the commencement of insolvency proceedings of Ms. Baghaulti Sugar And Distillery Limited. The interested parties may participate and submit their resolution plan for acquisition of the company to the appointed Interim Resolution Professional. The company has been admitted for insolvency resolution process as they have defaulted in the payment obligations to their lenders.

A brief profile of M/s Baghaulti Sugar and Distillery Limited is as under:

The company was incorporated on 21 April, 2006 and is located in Distt Hardoi, Uttar Pradesh. It is classified as a public limited company and is unlisted. The company operates in the business segments of Sugar, Steel and Distillery. It has three plants one each of Sugar, Steel and Distillery situated at Baghaulti, Disstt Hardoi, and U.P. The distillery unit is under construction and is complete to an extent of about 80%.

The company has been defaulting in its payment obligations to its lenders. The lenders are:

- Bank of Baroda
- Bank of India
- Oriental Bank of Commerce
- Union Bank of India

As per the audited accounts, the company owns the following tangible assets as of 31.03.2019:

(Rs. in Crores)

Name of the Asset	Gross Block	Net Block
Land and Site Development	2.81	2.81
Leasehold Land	1.03	0.45
Residential Building	3.11	1.52
Factory Building	14.32	5.66
Plant and Machinery	143.06	7.41
Power Plant	11.27	3.98
Other Assets	2.11	0.13
<b>Total</b>	<b>177.71</b>	<b>21.96</b>
Capital Work in Progress*	123.69	123.69
<b>Grand Total</b>	<b>301.40</b>	<b>145.65</b>

The company owns land of about 118 acres on leasehold basis.

\*Distillery Plant

The company's net worth and borrowings as of 31.03.2019 are as follow:

(Rs. in Crores)

Paid Up Equity	59.48
Net Worth	(285.23)
Borrowings	191.76



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