

The Economy

ECONOMIC SURVEY 2019-20: KEY HIGHLIGHTS

The Union Minister for Finance & Corporate Affairs, Smt. Nirmala Sitharaman, presented the Economic Survey 2019-20 in the Parliament on January 31. The Key Highlights of the Economic Survey are:

Economy

- **India's economic growth is expected to "strongly rebound" to 6-6.5 per cent in 2020-21 from 5 per cent estimated in the current fiscal.** There are tentative signs of bottoming out of slowdown in manufacturing activity and global trade, which will have a positive impact on growth in the next fiscal.
- **India's GDP growth is neither overestimated nor underestimated** and the concerns on data are unfounded.
- To achieve GDP of USD 5 trillion by 2024 – 2025, India needs to spend about USD 1.4 trillion (Rs.100 lakh crore) over these years on infrastructure. However, funding of the **National infrastructure pipeline recently unveiled by the Indian government would be a challenge.**
- To revive economic growth, **fiscal deficit target may have to be relaxed for the current fiscal.**
- The survey **emphasizes promotion of pro-business policies** which will unleash the power of competitive markets to generate wealth.

Disinvestment of CPSEs

The survey suggests aggressive disinvestment of CPSEs to bring in higher profitability; promote efficiency; increase competitiveness and encourage professionalism.

Undermining Markets: When Government Intervention Hurts More Than It Helps

- Government must **systematically examine areas of needless intervention** and undermining of markets; but it does not argue that there should be no Government intervention.
- Eliminating such instances will enable competitive markets spurring investments and economic growth.

Creating Jobs and Growth by Specializing in Network Products

India has unprecedented **opportunity to chart a China-like, labour-intensive, export trajectory.** By integrating "Assemble in India for the world" into Make in India, India can:

- **Raise its export market share to about 3.5 % by 2025 and 6 % by 2030.**
- **Create 4 crore well-paid jobs by 2025 and 8 crore by 2030.**

Survey **suggests a strategy similar to one used by China** to grab this opportunity:

- Specialization at large scale in labour-intensive sectors, especially network products.
- Laser-like focus on enabling assembling operations at mammoth scale in network products.
- Export primarily to markets in rich countries.
- Trade policy must be an enabler.

The survey makes the following suggestions for the ease of doing business:

- **Close coordination** between the Logistics division of the Ministry of Commerce and Industry, the Central Board of Indirect Taxes and Customs, Ministry of Shipping and the different port authorities.
- Individual sectors such as **tourism or manufacturing require a more targeted approach** that maps out the regulatory and process bottlenecks for each segment.

To make PSB's more efficient, the survey suggests various measures including:

- Employee Stock Ownership Plan (ESOP) for PSBs' employees;
- Representation on boards proportionate to the blocks held by employees to incentivize employees and align their interests with that of all shareholders of banks.

NBFCs AND HFCs

Regarding the financial fragility of the HFC and NBFC sector, the survey notes that the overall health of these sectors has worsened considerably over the last few years and prescribes a detailed analysis to efficiently allocate liquidity enhancements across firms.

BUDGET 2020-2021- HIGHLIGHTS

The Union Finance Minister presented the Budget for 2020-21 in the Parliament on Feb 1 focused on reviving the sagging economic growth against the backdrop of a challenging external and domestic environment. The budget should also be seen as taking the reforms process further - a number of measures have been announced in the recent past to impart the required momentum to the growth process.

Fiscal deficit target is pegged at 3.8% of GDP for FY20 and 3.5% for FY21. Accordingly, net market borrowings for the year 2019-20 would be Rs.4.99 lakh crore and for the year 2020-21, it would be Rs. 5.36 lakh crore. Nominal growth of GDP for 2020-21 has been estimated at 10 per cent.

The over-arching focus of the budget is on ease of living of every citizen, woven around three themes: **Aspirational India, Economic development and Caring Society.**

The first theme: *Aspirational India*

Agriculture, Irrigation and Rural Development

The government proposed doubling farmers' incomes by 2022, provided resilience for 6.11 crores farmers insured under PM Fasal Bima Yojana and also incentivise farmers to go solar. Agri-credit target for the year 2020-21 has been set at Rs 15 lakh crore. The Finance Minister presented 16 action points including State governments to undertake implementation of model laws already issued by the Central government; comprehensive measures for one hundred water stressed districts, balanced use of all kinds of fertilizers, provide viability gap funding for setting up such efficient warehouses at the block/taluk level, build national cold supply chains for perishables; Indian Railways company set up a "Kisan Rail" – through PPP arrangements; raise fish production to 200 lakh tonnes by 2022-23. The sector-wise allocation for Agriculture, Irrigation & allied activities is Rs 1.60 lakh crore and for Rural development & Panchayati Raj Rs 1.23 lakh crore.

Wellness, Water and Sanitation

Mission Indradhanush has been expanded to cover 12 diseases. A very focused safe water (Jal Jeevan Mission) and comprehensive sanitation program (Swachh Bharat Mission) have been launched to support the health vision. Total allocation for Swachh Bharat Mission is about Rs. 12,300 crore in 2020-21; Rs.69,000 crores for health sector that is inclusive of Rs.6400 crores for Prime Minister Jan Arogya Yojana (PMJAY) to increase reach in tier-2 & tier-3 cities and Rs. 3.60 lakh crore for the Jal Jeevan Mission.

Education and Skills

To bring in equivalence in the skill sets of the workforce and employers' standards, the budget propose external commercial borrowings and FDI to be leveraged to improve the education system, New Education Policy to be announced soon; An allocation of Rs 99,300 crore for education sector have Rs 3,000 crore rupees for skill development has been made in the budget.

The second theme: *Economic Development*

Industry, Commerce and Investment

National Technical Textiles Mission is proposed with an implementation period from 2020-21 to 2023-24 at an estimated outlay of Rs.1480 crore; NIRVIK, a scheme is being launched to achieve higher export credit disbursement, which provides for higher insurance coverage, reduction in premium for small exporters and simplified procedure for claim settlements; allocation of Rs. 27,300 crore for development and promotion of Industry and Commerce for the year 2020-21 has been made in the budget.

Infrastructure

In the current budget, a total of Rs 1.7 lakh crore allocated to transportation; 100 more airports to be set up by 2024 to support UDAN scheme; NHAI to monetize 12 lots of highway bundles of over 6,000 km before 2024; development of 2500 Km access control highways, 9000 Km of economic corridors, 2000 Km of coastal and land port roads and 2000 Km of

strategic highways; 150 new trains to be introduced on PPP basis; four stations will be be redeveloped with the help of PPP; electrification of 27000 Km of tracks; National Logistics Policy will soon be released, creating single window e-logistics market; and develop five new smart cities in collaboration with States in PPP mode.

New Economy

The new economy is based on innovations that disrupt established business models including Artificial intelligence, Internet-of-Things (IoT), 3D printing, drones, DNA data storage and quantum computing; policy will be formed to enable private sector to build data centre parks throughout the country; provide early life funding, including a seed fund to support ideation and development of early stage Start-ups; and provide an outlay of Rs. 8000 crore over a period five years for the National Mission on Quantum Technologies and Applications. All "public institutions" at Gram Panchayat level will be provided with digital connectivity thus, Fibre to the Home (FTTH) connections through Bharatnet will link 100,000 gram panchayats this year, for which allocation is Rs. 6000 crore.

The third theme: *Caring Society*

Women & Child, Social Welfare

A task force that will present its recommendations will be appointed in six months' time focusing on lowering MMR amongst women and improving nutritional levels. Rs. 35600 crore is the allocation for nutrition-related programmes and Rs. 28,600 crore is for programs that are specific to women; Budget provision for Welfare of Scheduled Castes and Other Backward classes is Rs. 85,000 crore for 2020-21, and for Scheduled tribes, Rs. 53,700 crore.

Culture & Tourism

Budget has allocated Rs. 3,150 crore for Ministry of Culture; and Rs. 2500 crore for Tourism to develop a roadmap for the State Governments to identify destinations and formulate financial plans

Environment & Climate Change

Provisions to encourage States that are formulating and implementing plans for ensuring cleaner air, proposal to allocate Rs. 4400 crore for 2020-21.

Governance

Building into statutes and criminal liability for acts that are civil in nature will be corrected by certain amendments to Companies Act; set up National recruitment agency and ensure that contracts are honoured.

Financial Sector

Propose to increase Deposit Insurance Coverage from the existing Rs 1 lakh to Rs 5 lakh per depositor. Necessary amendments to the Factor Regulation Act 2011 will enable NBFCs to extend invoice financing to the MSMEs through TReDS. To deal with working capital credit issue, it is proposed to introduce a scheme to provide subordinate debt for entrepreneurs of MSMEs. A scheme of Rs. 1000 crore will be anchored by EXIM Bank together with SIDBI; debt funding of Rs.900 crore from banks would be made available.

Financial Markets

The limit for FPI in corporate bonds, currently at 9% of outstanding stock, will be increased to 15% of the outstanding stock of corporate bonds. Expand Debt-based Exchange Traded Fund (ETF) by floating a new Debt-ETF consisting primarily of government securities.

Infrastructure Financing

Government's commitment for investment in infrastructure was reiterated when Rs. 103 lakh crore National Infrastructure Pipeline projects were announced of which about Rs. 22,000 crore already provided will cater for equity support to Infrastructure Finance Companies such as IIFCL to create financing pipeline of more than Rs. 1,00,000 crore.

Disinvestment

Listing of companies on stock exchanges provides access to financial markets, unlocks its value and also gives an opportunity for retail investors to participate in the wealth so created; hence the Government proposes to sell a part of its holding in LIC by way of Initial Public Offer (IPO) to provide access to financial markets and unlocks its value.

Fiscal Management

Revised Estimates of Expenditure for the Financial Year 2019-20 are at a level of Rs. 26.99 lakh crore and the receipts are estimated at Rs. 19.32 lakh crore. Receipts for the year 2020-21 are estimated at Rs.22.46 lakh crore and, keeping in mind commitment of the Government towards various schemes and need for improvement in quality of life, level of expenditure has been kept at Rs. 30.42 lakh crore. A major part of the borrowings for the financial year 2020-21 would go towards Capital expenditure of the Government that has been scaled up by more than 21%.

Start-ups

In order to benefit larger start-ups, it has been proposed to increase the turnover limit from existing Rs 25 crore to Rs 100 crores; the period of assessment has been increased from 7 to 10 years. In order to give a boost to the start-up ecosystem, proposal to ease the burden of taxation on the employees by deferring the tax payment by five years or till they leave the company or when they sell their shares, whichever is earliest.

Taxpayer's Charter

To build trust between taxpayers and the administration, there is proposal to amend the provisions of the Income Tax Act to mandate the Central Board of Direct Taxes (CBDT) to adopt a Taxpayers' Charter, details of the contents of the charter shall be notified soon.

MSME

Turnover threshold for audit of MSMEs to be increased from Rs 1 crore to Rs 5 crore to those who carry out less than 5% of their business in cash; App-based invoice financing loans product to be launched. Amendments to be made to enable NBFCs to extend invoice financing to MSMEs.

Faceless Appeals

The Income Tax Act will be amended to allow faceless appeals against tax orders on lines of faceless assessment.

No Dispute but Trust Scheme – 'Vivad Se Vishwas' Scheme

Propose to bring a scheme similar to the indirect tax Sabka Vishwas for reducing litigations even in the direct taxes.

Affordable Housing

Tax holiday for affordable housing extended by 1 year. Additional deduction up to Rs. 1.5 lakhs for interest paid on loans taken for an affordable house extended till 31st March, 2021.

Concessional tax rate for Co-operatives

Propose to provide an option to cooperative societies to be taxed at 22% plus 10% surcharge and 4% cess with no exemption/deductions; exempt these co-operative societies from Alternative Minimum Tax (AMT) just like companies under the new tax regime are exempted from the Minimum Alternate Tax (MAT).

Direct Taxes

Personal Income Tax and simplification of taxation- In order to provide relief to the individual taxpayers and to simplify the Income-tax law, a new and simplified personal income tax regime has been amended wherein income tax rates will be significantly reduced for the individual taxpayers who forgo certain deductions and exemptions.

In order to attract investment in power sector, the concessional corporate tax rate of 15% has been announced to new domestic companies engaged in the generation of electricity.

To incentivise the investment by the Sovereign Wealth Fund of foreign governments in the priority sectors, there will be 100% tax exemption to their interest, dividend and capital gains income in respect of investment made in infrastructure and other 36 notified sectors before 31st March, 2024 and with a minimum lock-in period of 3 years.

Dividend Distribution Tax

In order to increase the attractiveness of the Indian Equity Market and to provide relief to a large class of investors, propose to remove the DDT and adopt the classical system of dividend taxation under which the recipient will have to pay DDT and not the company, instead it would be taxed the recipient; allow deduction for the dividend received by holding company from its subsidiary.

Indirect Taxes

Electronic invoice will be implemented in a phased manner; Aadhaar based verification of taxpayers is being introduced; dynamic QR-code is proposed for consumer invoices; GST rate structure is being deliberated so as to address issues like inverted duty structure; suitable provisions are being incorporated in the Customs Act particularly for certain sensitive items, so as ensure that FTAs are aligned to the conscious direction of our policy; special attention has been taken to put measured restraint on import of items being produced by MSMEs keeping in view the need of this sector, customs duty is being raised on items like footwear and furniture.

Custom duties- To achieve the twin objectives of giving impetus to the domestic industry and also to generate resource for health services, government proposed to impose a nominal health cess, by way of a duty of customs, on the imports of

medical equipment; Customs duty rates are being revised on electric vehicles, and parts of mobiles as part of such carefully conceived Phased Manufacturing Plans.

The budget announcements are indicators of the Government's resolve to create an enabling environment for business and a better quality of life for the citizens. The increased fiscal deficit is 3.8% in the current year and 3.5% in the following year should be viewed in the context of increasing expenditure to give the desired momentum to the growth process. Proposed incentives for investment and increased reliance on disinvestment should help raise substantial money to meet the development needs of the country. The restructuring of personal income tax rates are in line with the Government's stated objectives of doing away with exemptions and deductions with reasonable overall tax rates. If implemented in right earnest and money raised is utilized judiciously for investment needs, the budget proposals should provide the required momentum to the growth process.

Legally speaking

REPORT OF THE WORKING GROUP ON "GROUP INSOLVENCY"

The Insolvency and Bankruptcy Board of India has released the report of the working group on group insolvency, proposing reforms in the legal framework to address insolvency and bankruptcy of companies that belong to the same group.

While keeping in mind the basic legal principles of separate legal personality, asset partitioning and limited liability on the basis of which modern businesses are organized, the Working Group carried out consultations with various stakeholders and prepared a blue print of a Group Insolvency framework that balances competing considerations in the interest of value maximization, credit growth and promotion of entrepreneurship.

The report of the Working Group envisages enabling group insolvency framework to be implemented in a phased manner. The first phase provides to facilitate procedural co-ordination of companies in domestic group. It recommends that cross border group insolvency and substantive consolidation could be considered at a later stage depending on the experience of implementing the earlier phases of the framework and the felt need at the relevant time.

The working group has recommended amending the Insolvency and Bankruptcy Code, the corresponding rules and regulations and other relevant laws to implement its recommendations for the Framework. The key working group recommendations are set out below:

1. Co-operation, communication and Information sharing: The IPs, each committee of creditors ("CoC") and AAs will have to cooperate, communicate and share information with each other, in case of insolvency of group companies.
2. Joint application process: A single application to commence CIRP for multiple group companies that have committed defaults can be made. Such a joint application process should be in addition to the mechanism to initiate the CIRP against each group company separately.
3. Designation of a single AA: A single AA is required to administer the insolvency proceedings of different companies in a group. This will be the AA that first admits

an application to commence the CIRP for any company in the group. However, the CoCs of different companies may, by the required majority, choose the AA as per their convenience. If any CoC opts out of the group insolvency process, the AAs must share information, cooperate and communicate with each other.

4. Designation of a single IP: The AA will have to appoint a single IP in the insolvency proceedings of all companies in the corporate group. Multiple IPs can be appointed if a single IP has potential conflicts of interest or insufficient resources to carry out his duties. The different IPs will have to communicate, cooperate and share information with each other.
5. Formation of a group creditors' committee and signing a framework agreement: The group creditors' committee will be formed at the discretion of the CoCs of each group company. The composition, constitution, and cost of the group creditors' committee can be decided by an agreement between the CoCs or by a framework agreement.
6. Group coordination proceedings: Such coordination proceedings should be enabled by a vote of the majority of each CoC, and governed by the framework agreement. The parties to the framework agreement can appoint an IP as a group coordinator. The group coordinator will be required to propose the actions to be taken by the group. Each CoC can opt-out of the group coordination proceedings if it does not approve of the strategy of the group coordinator. When group coordination proceedings are opened, all AAs should be intimated of the same and all cases should be transferred to a single AA chosen under the framework agreement.
7. Extension of CIRP timeframe: The timeframe for proceedings of any company that has opened group coordination proceedings may be extended to 420 days (including time taken in litigation) on an application to the AA. (The timeframe presently available for a company to complete CIRP under IBC is 330 days.)
8. Rules against perverse behavior of group companies: While the WG pondered overrules against perverse behavior from various jurisdictions which could be incorporated in the Framework, the only amendment that the WG has finally recommended is to allow subordination of intra-group debt in exceptional circumstances of fraud, etc. No other rules against perverse behavior have been recommended on account of provisions regarding preferential and fraudulent transactions already being covered in the present IBC. Further, the subordination of intragroup claims may be allowed in respect of all group companies, regardless of their solvency.

It is an established legal position that each company is a legal person having its own distinct identity and presently, the processes set out in the IBC apply only in respect of the company against whom an application for insolvency resolution has been filed and admitted. While the provisions of the present IBC and the emerging jurisprudence are aimed at revival of every company in distress and maximization of its value, there have been several instances where recovery has been limited or has failed on account of the corporate debtor's insolvency resolution being dealt with in isolation, to the exclusion of the other entities in the group which form part of intrinsically linked operations or supply chains.

While considering the recommendations of the working group, utmost care need to be taken to ensure that the Framework is not abused. To this extent, AAs will have to exercise cautious discretion. The need for this procedural check becomes important in view of the recent instances where the IBC has failed to meet its primary objective of time-bound stress resolution and prevention of asset value erosion.

It is felt then the recommendations of the working group, if implemented with caution, will definitely be a step towards taking the insolvency reforms forward. The working group report will serve as a guiding principle for the proposed phased implementation of the group insolvency regime for effectively tackling the substantial issues which have arisen in cases of group insolvency.

By Mr. P K Malhotra, Senior Legal Consultant, VJA Legal and Former Law Secretary, Govt. of India

Taxation Matters

Income Tax

- **SC: Onus of establishing that a transaction is Benami is upon one who asserts it**

The Hon'ble Court observed that the Benami transactions are forbidden by reason of section 3. No action lies, nor can any defense in a suit be taken, based on any benami transaction in terms of section 4. The Court further observed that the onus of establishing that a transaction is benami is upon one who asserts it.

[FAIR COMMUNICATION & CONSULTANTS v. SURENDRA KARDILE, Civil Appeal No. 106 OF 2010 dated 20.01.2020, Supreme Court]

- **Delhi HC: Tribunal should proceed to decide matter on merits and it cannot defeat rights of parties on its whims and fancies or by procedural wrangles and uncertainties**

The Hon'ble High Court observed that the assessee has claimed that it did not have the knowledge of the earlier order passed by the ITAT on 18.10.2016 and the period of limitation of six months should commence from the date of the receipt of the order. The Court observed that the limitation would begin to run when the affected person has the knowledge of the decision. The date when the order was passed cannot be solely determined by referring to the date when the same was signed by the ITAT.

[Golden Times Services Private Limited v. DCIT in W.P. (C) 402/2020- dated 13.01.2020, Delhi High Court]

International Taxation & Transfer Pricing

- **ITAT Delhi excluded the companies providing high end merchant banking services from the list of comparable**

Assessee Company is engaged in the business of providing information services related to credit rating and back office support services to its group companies. The ITAT Delhi excluded the companies namely Ladderup Corporate Advisory Private Limited and Motilal Oswal Investment Advisors Private Limited from the list of comparable. Ladderup Corporate Advisory Private Limited operates as an investment banking firm offering high quality investment banking, corporate finance and corporate

advisory services to clients in the mid-market space. It is also a category one merchant banker registered with SEBI and requires a separate license to operate. Motilal Oswal Investment Advisors Private Limited is into merchant banking activities.

[STANDARD AND POOR'S SOUTH ASIA SERVICES PRIVATE LIMITED V. DCIT CIRCLE -24 (2), NEW DELHI dated 02.01.2020 – ITAT DELHI]

Goods and Services Tax

- **Jharkhand High Court: Waives interest on tax paid under wrong head, allows writ**

Jharkhand HC quashed the demand of IGST of Rs. 42 lakhs along with interest where GST was inadvertently deposited by assessee under a wrong head of tax. A letter was issued to the assessee for short payment of IGST and a demand was raised with interest. HC held that it was not the case that the assessee had concealed the transaction or had committed any fraud in discharging its tax liability. It directed the assessee to deposit the amount under the IGST head towards the liability of September 2017 and waived assessee's liability to pay any interest on the said amount. Further, HC observed that the assessee is entitled to get the refund of the amount deposited by them under the CGST head or they may get the amount adjusted against their future liabilities, in accordance with law, as they may choose.

[Shree Nanak Ferro Alloys Pvt. Ltd. vs. The Union of India]

- **Bombay HC: Quashes Petitioner's bank account attachment w.r.t. inquiry initiated against another taxable person**

Bombay HC quashed the order provisionally attaching the bank account of the Petitioner in respect of summons issued referring to inquiry against a third party, being without jurisdiction. HC stated that it is not possible to accept Revenue's submission that even though specified proceedings have been launched against one taxable person, bank account of another taxable person can be provisionally attached u/s 83 merely based on the summons issued u/s 70. Further, Court explained that, "Power to provisionally attach bank accounts is a drastic power. Considering the consequences that ensue from provisional attachment of bank accounts, the Courts have repeatedly emphasized that this power is not to be routinely exercised".

- **AAR Maharashtra: Input Tax Credit for Capital goods in parity with other Goods, allows credit on demo vehicles**

Maharashtra AAR holds the applicant, a dealer of Maruti Suzuki India Limited is entitled to avail ITC on the inward supply of Motor vehicle used for demonstration purpose. It observes that the demo vehicles are accounted under fixed assets of the company excluding GST component which is accounted as input credit separately and depreciation is claimed only on the cost of the car and not on GST component. The authority examines Section 16(1) of CGST Act, 2017 containing provision w.r.t. eligibility and conditions for taking ITC and explicates that "The section does not make any distinction between capital goods

and other goods for allowing ITC. Hence, ITC in respect of capital goods is available and can be taken since ITC for capital goods is in parity with other goods”.

[In the matter of Chowgule Industries Private Ltd.]

News Roundup

Economy

[Tax dispute settlements yield Rs 31,000 crore for the government \(Financial Express\)](#)

About three-fourths of eligible taxpayers have settled their legacy excise and service tax disputes with the tax department after agreeing to pay Rs 30,627 crore under the Sabka Vishwas scheme till December-end.

[Indian economy likely to grow to \\$7 trillion by 2030: Deutsche Bank \(Mint\)](#)

India's economy is likely to grow two and half times to \$7 trillion by 2030, from about \$3 trillion now, making India the world's third largest economy. This implies that nominal GDP growth is likely to average just over 10% through the next decade, Deutsche Bank said in a research report, Imagine 2030.

[Eyeing top 50: Insolvency resolution, cross-border trade, contracts in focus \(The Economic Times\)](#)

The government has chalked out a detailed action plan as it seeks to put India into the top 50 of the World Bank's ease of doing business index. The plan includes strengthening six focus areas—enforcing contracts, resolving insolvency, starting a business, registering property, paying taxes and trading across borders—before the bank releases this year's rankings.

[India's per-capita income rises 6.8 per cent to 11,254 a month in FY20 \(The Hindu Business Line\)](#)

The country's per-capita monthly income is estimated to have risen by 6.8 per cent to Rs 11,254 during 2019-20, Government data on national income showed on Tuesday, January 7. In 2018-19, the monthly per-capita income had stood at Rs 10,534.

[India plans new law to protect foreign investment \(The Economic Times\)](#)

India is planning a new law to safeguard foreign investment by speeding up dispute resolution, aiming to attract more capital from overseas to boost stuttering domestic growth, two officials with direct knowledge of the matter told Reuters.

[India 4th best market for global companies looking for growth abroad: CEO survey \(The Economic Times\)](#)

With confidence of CEOs over worldwide economic growth hitting rock bottom, India is their fourth choice after the US, China and Germany as only 9 per cent in a global survey favour India for their companies' growth prospects.

[Growth slump in India temporary: IMF chief \(The Times of India\)](#)

IMF chief Kristalina Georgieva on Friday, January 24, said growth slowdown in India appears to be temporary and that she expects the momentum to improve going ahead. The world appears a better place in January 2020 compared to what it was when IMF announced its World Economic Outlook in October 2019, she said at the World Economic Forum (WEF) 2020.

Sectoral

Agriculture

[8 states finalise action plan for agriculture export policy: Government \(The Economic Times\)](#)

The government on Sunday, January 5 said eight states, including Maharashtra, Uttar Pradesh, Punjab and Karnataka, have finalised action plan for agriculture export policy which aims to double such exports.

[Record grain output in 2020; horticulture to grow too \(The Economic Times\)](#)

India is poised for a record foodgrain production this year following a surge in the output of wheat and rice, the two major crops of rabi or winter sowing season, according to the first estimates released by the National Collateral Management Services (NCML), a leading post-harvest management company.

Automobiles

[Soon, you'll get to buy one policy for many cars \(The Economic Times\)](#)

Usage-based premiums will soon become a reality in the motor insurance industry, with companies offering the single owner of multiple vehicles the option to allocate coverage in line with the anticipated use of each car. So, for the first time, customers will have the option to buy a single policy for multiple vehicles, with different sub-limits for each car.

[One nation, one road tax may soon be a reality \(Mint\)](#)

The Union government is making a renewed push to get states on board to levy a uniform road tax for personal vehicles across the country, a senior government official said. The move is expected to bring relief to automobile buyers, while also helping protect revenue of states as some consumers tend to purchase vehicles in states with lower taxes, resulting in a loss of revenue for those with higher taxes.

Aviation

[Domestic air passenger traffic grows by just 3.74% in 2019 compared to 18.6% in 2018: DGCA \(The Economic Times\)](#)

Aviation regulator DGCA on Monday, January 20 said domestic air passenger traffic grew to 14.41 crore in 2019, an increase of just 3.74 per cent compared to 2018. The domestic air passenger traffic grew by 18.6 per cent to 13.89 crore in 2018.

Banking & Finance

[At \\$2.6 billion, investments in fintech doubled in 2019 \(The Economic Times\)](#)

Despite a slowing consumption economy and an ailing financial sector, India's fintech start-ups raised \$2.6 billion in 2019, the highest ever in a calendar year. The investments in 2019 were also double that of the capital that flowed to the sector in 2018 when \$1.25 billion in 206 rounds were raised, data sourced by ET from business intelligence platform Tracxn showed.

[Medium scale cos may be given credit risk cover \(The Times of India\)](#)

The government is looking to provide credit guarantee to mid-sized companies to access more and cheaper funds, enlarging the scope of the existing scheme, which is restricted to micro and small enterprises.

[Govt seeks Rs 10,000-cr interim dividend from RBI to bridge fiscal gap \(Business Standard\)](#)

The central government has demanded Rs 10,000 crore as interim dividend from the Reserve Bank of India (RBI) for financial year 2019-20 (FY20) to bridge the fiscal gap, sources said. This is the third consecutive year when the government has demanded interim dividend.

[PE, VC investments in India grew 28% to \\$48 billion in 2019, says EY data \(Business Standard\)](#)

Private equity and venture capital investments in 2019 were at an all-time high in terms of both value and volume. In terms of value, at \$48 billion, PE/VC investments grew 28 per cent compared to \$37.4 billion recorded in 2018.

E-Commerce

[E-comm policy to deal with online counterfeits \(The Economic Times\)](#)

The upcoming e-commerce policy will make it tougher for sellers to peddle fakes online. The policy, likely to be out in March, will detail a plan of action for consumers and companies to deal with counterfeit products sold online.

Energy

[Two schemes floated to revive stranded gas-based power units \(The Economic Times\)](#)

The power ministry has finalised two schemes to procure 4,000 MW from gas-based power plants to rescue stranded units put up at a cost of about Rs 1,00,000 crore. The schemes include procuring 2,000 MW from gas-based plants through auction and bundling it with an equal capacity of solar power. Another 2,000 MW will be procured through online reverse auction, on a model similar to previous such schemes.

[By 2030, 57% of global power demand should be met by renewables: IRENA \(The Economic Times\)](#)

Renewable energy should supply 57% of global power demand by the end of the decade, up from 26% now, according to the intergovernmental International Renewable Energy Agency (IRENA).

[Government proposes grant of Rs 1.1 lakh crore for state discoms \(The Economic Times\)](#)

The government plans a grant of over Rs 1.1 lakh crore to state power distribution companies under a new bailout scheme that would mandate discoms with high losses to either privatise operations or appoint distribution franchisees and invest in infrastructure upgradation, a senior official said.

IBC

[IBBI amends voluntary liquidation process regulations \(The Economic Times\)](#)

A liquidator will have to deposit unclaimed dividends and undistributed proceeds in a separate account before seeking dissolution of a corporate debtor under the voluntary liquidation process, according to the IBBI. The Insolvency and Bankruptcy Board of India (IBBI) has notified changes to the voluntary liquidation process regulations.

Insurance

[Offer standard health policies with maximum sum insured Rs 5 lakh: Irdai to insurers \(The Economic Times\)](#)

Regulator Irdai on Thursday, January 2 issued guidelines on standard individual health insurance, asking the general and

health insurers to offer product that can take care of basic health needs of customers with maximum sum insured of Rs 5 lakh and a minimum of Rs 1 lakh. The product will be named as Arogya Sanjeevani Policy, succeeded by the name of the insurance company.

Infrastructure

[Investments in infrastructure up by 25% in 2019, highest since 2016 \(Business Standard\)](#)

Investments in Indian infrastructure increased by around 25 per cent to \$ 28.74 billion in 2019, highest since 2016. Sale of Sadbhav Engineering's nine road projects led the investment flow in 2019. In 2018, the sector attracted \$22.91 billion.

[Railways to run 100% on electricity by 2024, says Goyal \(The Economic Times\)](#)

Commerce and industry, and railways minister Piyush Goyal on Monday, January 27 said the entire network of the Indian Railways will run on electricity by 2024 and become a net-zero emission network by 2030.

IT & Telecom

[ICT spending in India will reach \\$144 billion in 2023: GlobalData \(The Economic Times\)](#)

The overall information and communications technology (ICT) spending in India is estimated to rise to \$144 billion by 2023 from \$101 billion in 2018 at a compound annual growth rate (CAGR) of 7.2%, according to GlobalData, a data and analytics company. The services segment is estimated to account for nearly 52% of the overall ICT spending in India by 2023.

[Smartphone market: India pips US to second spot \(The Times of India\)](#)

The aggressive expansion of Chinese smartphone-makers in India has helped the country dethrone the US to become the second-largest smartphone market in the world. India is now next only to global leader China in terms of smartphone units shipped.

Metals & Mining

[Government okays end to captive coal mining \(The Times of India\)](#)

The government on Wednesday, January 8 lifted end-use restrictions for coal mines to end the captive mining regime, one of the last vestiges of the licence-quota raj, and opened the gates wider for private entry when the blocks are auctioned for commercial coal mining. In a related decision, the Cabinet's panel on economic affairs also decided to automatically transfer to new owners the environment and forest clearances for iron ore mines auctioned as their leases expire on March 31. Besides, a composite licence for prospecting and mining for coal will also be introduced.

[SC orders govt to add re-greening clause in mining leases \(The Economic Times\)](#)

The Supreme Court on Wednesday, January 8 ordered the Union government to insert a new re-greening clause in its mining leases to ensure that the mining pits are filled up and grass and vegetation in the mining areas restored before a miner moves on to another area.

Realty

[Investment in India's real estate sector to rise 5 pc to \\$6.5 bn: Report \(The Economic Times\)](#)

Investment in India's real estate sector is likely to rise by 5 per cent to \$6.5 billion (around Rs 46,000 crore) this year, driven mainly by huge demand for commercial office assets from IT firms, according to global property consultant Colliers.

[Housing ministry launched e-commerce platform for real estate sector \(The Economic Times\)](#)

To bring the trust back in the real estate sector, housing ministry launched an e-commerce platform to facilitate homebuyers in identifying genuine properties. The online platform is for projects that have received occupancy certificates (OCs) and is expected to create a seamless, safe and transparent home-buying experience for home buyers.

[Big relief to home buyers! RERA moots policy to complete stalled projects \(Financial Express\)](#)

In a bid to provide relief to homebuyers in cases of stuck projects, Uttar Pradesh (UP) RERA has suggested to the state government to formulate a policy where the authority can direct homebuyers to form an association, which will then work on completing the stalled housing units. Else the authority, with participation of homebuyers, can go to the open market to hire a co-developer.

Start-ups

[India's start-up culture concentrated in a few states: RBI survey \(Business Standard\)](#)

A survey on start-ups by the Reserve Bank of India (RBI) has found that India's start-up culture is concentrated in a few states, and that most of these emerging firms took shape in the past three years, taking funds from family and friends.

[Govt plans advisory body for start-ups \(The Economic Times\)](#)

Some of the biggest names in India's startup and technology ecosystem will be part of a committee that the government is forming to advise on reforms to further boost the country's fast-growing digital economy and remove longstanding roadblocks.

[New funding avenues open up for enterprising start-ups \(The Economic Times\)](#)

Technology start-ups and small businesses are tapping new avenues of funding beyond traditional venture and debt capital, with the emergence of revenue-based and working-capital financing, corporate investment arms, and iSAFE notes that work like warrants. According to start-up founders and investors, this signals maturity of the local ecosystem.

States

[Indore ranked cleanest city for fourth time in a row in govt survey \(Business Standard\)](#)

[Gujarat received Rs 24,012 crore FDI in first half of FY20 \(Financial Express\)](#)

[Boston Consulting Group for decentralised development of AP \(The Hindu Business Line\)](#)

[World Bank approves Rs 630 crore loan to Assam Inland Water Transport \(The Economic Times\)](#)

[Davos 2020: Madhya Pradesh garners investments worth Rs 4,125 crore \(Business Standard\)](#)

[Kerala targets Rs 20,000 crore infrastructure spending by March 2021 \(Financial Express\)](#)

International News

[Foreign fund flows may drop on risk-off sentiment in EMs \(The Economic Times\)](#)

The flow of money from foreign funds into the Indian equity market could taper off as rising geopolitical tensions between US and Iran could lead to a prolonged risk-off sentiment in emerging markets.

[India to overtake China to become 2nd largest oil demand centre: Report \(Business Standard\)](#)

India will surpass China to become the second largest oil demand growth centre globally in 2019 on back of buoyant auto fuel and LPG consumption, research and consultancy group Wood Mackenzie said Tuesday, January 7.

[India, Russia initiate talks for long-term oil supply \(Hindustan Times\)](#)

India and Russia have begun negotiations on an agreement for long-term assured supplies of crude oil, especially from Russia's Far East region, as New Delhi looks to diversify its energy sources and do away with over-dependence on West Asia, people familiar with developments said.

[India's way not to be disruptive, it is decider rather than abstainer: Jaishankar \(The Economic Times\)](#)

India's way is not to be disruptive and it is more of a decider than an abstainer, External Affairs Minister S Jaishankar said on Wednesday, January 15. In remarks that come at a time that several countries have called for a greater Indian role in the Indo-Pacific, the minister also said it is not the India way to be mercantilist.

[Brazilian President Bolsonaro calls for investments by Indian companies \(Business Standard\)](#)

Brazilian President Jair Bolsonaro on Monday, January 27 called for greater investment by Indian conglomerates in the Latin American country's infrastructure, railways, mining and energy sectors.



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