

VJA WISHES ITS READERS A VERY HAPPY AND PROSPEROUS 2020.

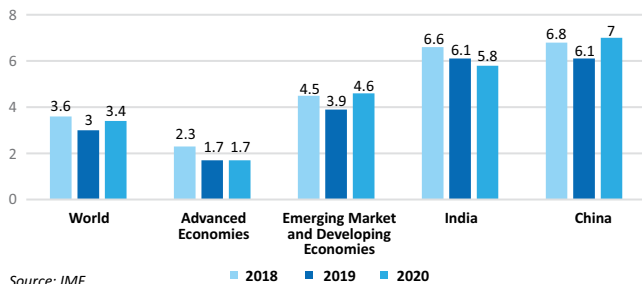
The Economy

As we step into 2020, it is important to look back on the year that has gone by, where we are now and the road ahead.

Global Economy

Global growth in 2020 is projected to improve modestly to 3.4 percent. However, unlike the synchronized slowdown, this recovery is not broad based and is precarious. Growth for advanced economies is projected to slow to 1.7 percent in 2019 and 2020, while emerging market and developing economies are projected to experience a growth pick up from 3.9 percent in 2019 to 4.6 percent in 2020. About half of this is driven by recoveries or shallower recession in stressed emerging markets, such as Turkey, Argentina, and Iran, and the rest by recoveries in countries where growth slowed significantly in 2019 relative to 2018, such as Brazil, Mexico, India, Russia, and Saudi Arabia.

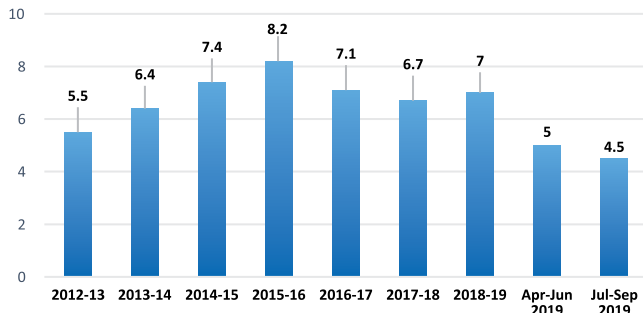
Projected Global Growth(in %)



Indian Economy

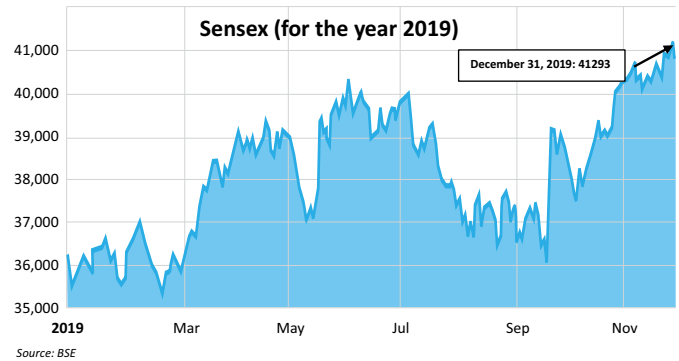
Against this background, Indian economy continues to grow at around 5%, though the growth process has slowed down lately.

GDP Growth (in %)



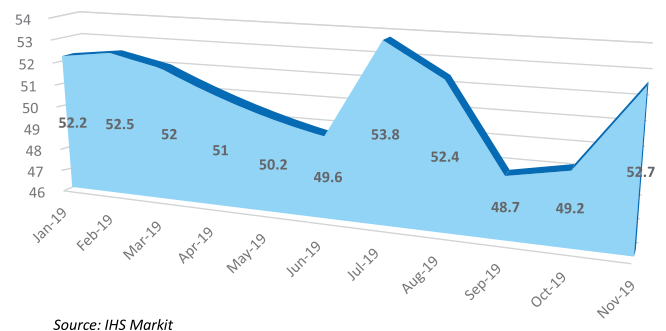
Global rating agency Standards and Poor's (S&P) expects the Indian economy to continue to out-perform its peers and has said that the growth will remain strong over the next two years. With a sovereign rating of BBB (stable outlook), they have stated that India's economy continues to achieve impressive long-term growth rates despite a recent deceleration. Some of the economic indices where the economy has shown improvement are as follows:

The rich valuation of the Indian stock market has led the BSE Sensex to be able to sustain the all-time highs of over 41,000 points as reflected in its recent movement.



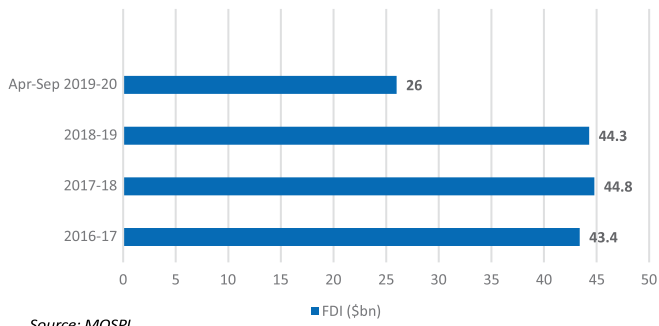
India's dominant services sector bounced back to growth in November, expanding at its fastest pace in four months, driven by a strong pick-up in new business.

Services



Net foreign direct investment (FDI) in India rose to \$26 billion in the first half of the current fiscal. The annual inflow is expected to be more than the previous year in view of the reform measures announced by the government in the recent past.

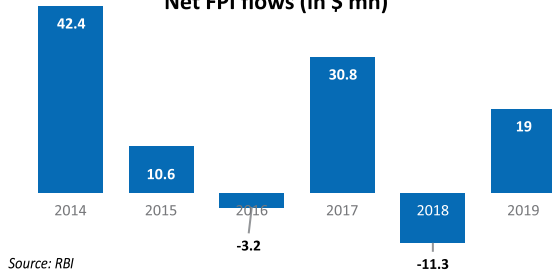
FDI (\$bn)



Source: MOSPI

Inflows from foreign portfolio investors (FPIs) into India is nearing the \$20-billion mark in 2019, with a majority of the funds — \$14.2 billion — expected through the equity route.

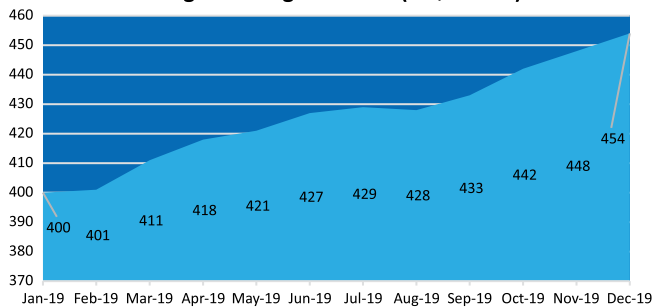
Net FPI flows (in \$ mn)



Source: RBI

Foreign exchange reserves continued the upward move to touch a new high of \$454 billion at the end of December.

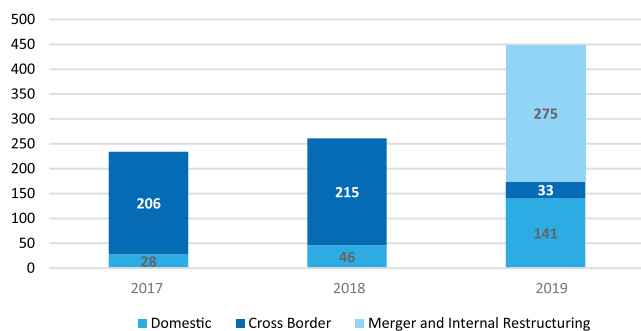
Foreign exchange reserves (US\$ billion)



Source: RBI

Domestic volumes of M&A's crossed the \$100-million mark for the first time since 2017 to touch \$141 million in 2019, from \$46 million last year, up over 200 per cent year-on-year.

M&A Deals (\$ mn)

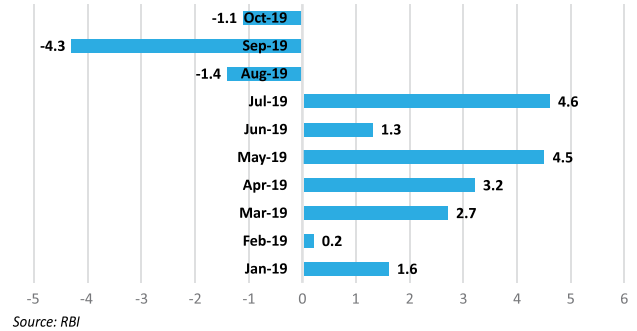


Source: Grant Thornton

There are, however, areas of concern:

As per the Index of Industrial Production (IIP), factory output contracted over the recent months.

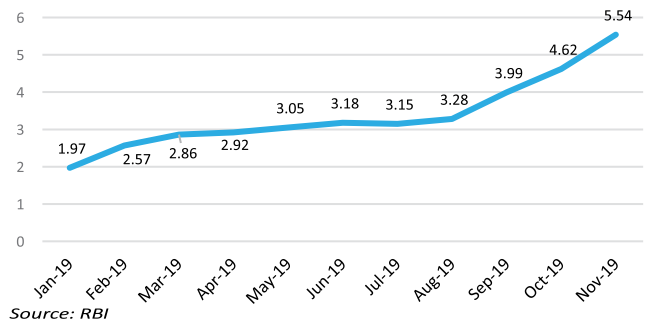
Index of Industrial production (growth %)



Source: RBI

India's Retail inflation for the month of October breached the Reserve Bank of India's (RBI) medium-term target of 4% for the first time since July 2018 due to higher food prices. However, India's wholesale inflation eased to 0.16% in October, its lowest in more than three years, on the back of a fall in prices of fuel and manufactured goods.

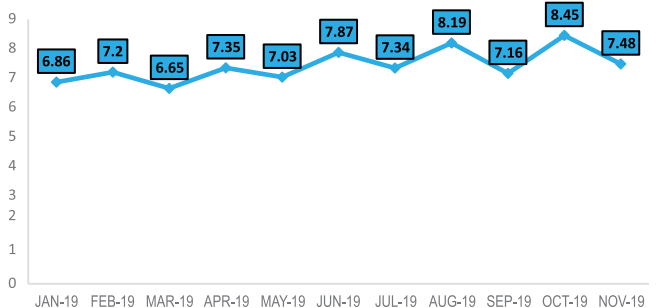
Retail Inflation



Source: RBI

India's unemployment rate in the month of October jumped to 8.45%, which is the highest in 3 years.

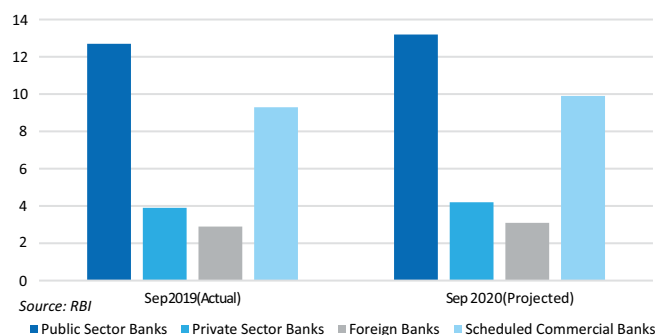
Unemployment Rate (%)



SOURCE: CMIE

Though NPAs have shown a declining trend in the recent months, this continues to be an area of concern. The Financial Stability Report of the RBI released recently observed that GNPA's of banks may rise to 9.94% by September 2020, from 9.34% in September 2019, primarily due to changes in macro-economic scenario, a marginal increase in slippages, and the denominator effect of declining credit growth.

Gross NPA Ratio



Way forward

India plans to become a \$5 trillion economy in the next five years and the government is taking necessary steps to create better business environment. Over the last few months, many reforms have been initiated including lowering of corporate tax rates to competitive levels, capital infusion of Rs 70,000 crore into public sector banks, scrapping of angel tax, MSMEs to get all their pending GST refunds within 30 days, rollback of enhanced surcharge on foreign portfolio investors; and amendments in IBC such as preservation of licences, permits, quotas etc, which are core to the business of insolvent companies, and ensuring that no criminal action can be taken for past violations of resolved companies which make resolution easier and will also increase the realisation for all stakeholders.

But more needs to be done.

- Bridging the trust deficit and creating confidence among businesses: The Government, led by Prime Minister, has reiterated that business is viewed as wealth creators. However, this needs to percolate down to all officials in the enforcement and regulatory set-up.
- Collaboration across various ministries in the Center and States will help improve national competitiveness.
- Corporates' responsibility and liability of Independent Directors should be what is practically possible.
- India's rank in Ease of Doing Business has improved to 63 from the previous 77. There is a need to keep a relentless focus on improving the rankings where the country has been rewarded with significant gains in recent years, least rank-improvement in 'getting credit' and 'protecting minority investors'.
- The government has set up special courts to improve the environment on enforcement of contracts for businesses. This needs to be speeded up to gain confidence of investors.
- Trade: India's share of world trade should be increased: possible with its current share of 2.1% only.
- There is a need to lower tariffs especially on raw materials: cheaper inputs from abroad will not only make entrepreneurs more competitive but will also improve domestic production thereby providing the desired thrust to the 'Make in India' initiative.
- Have a predictable export-import regime for farm products – stop the present 'switch on, switch off' policy which harms both farmers and foreign customers.
- MSME & Export Houses be encouraged to participate in Credit Lines of USD 25 Billion to various countries;

Present restrictive policies of Exim Bank of India of Pre-Qualification of bidders be changed immediately and exports to bring substantial addition to GDP of India.

- A US India trade deal and India's signal to join the Regional Comprehensive Economic Partnership (RCEP) are essential to provide market access for India's goods and services exports and encourage greater investments and technology into India. It would also facilitate India's MSMEs to effectively integrate into the regional value and supply chain. However, for this to happen, industry will have to become competitive.
- Taxation and financial stability: To announce and hold stability of tax rates for 5-10 years and to maintain policy stability in respect of awarded projects.
- Cash spending - PAN card be asked for spending more than Rs. 2 lakh instead of current Rs. 50,000 and prohibition on cash spending to be raised to Rs 5 lacs from present Rs 2 lacs.
- GST- Create only 2 slabs of 8% & 18%; refunds be processed in 10 days and officers be made accountable for any delay; GST to be paid monthly and returns to be filed only quarterly; also have a single registration for the country instead of state wise registration.
- New Investments- Bankers be encouraged and asked to use their discretion and finance Industrial Projects. The government has initiated measures to address concerns of executives who are worried over genuine decisions being questioned by the three Cs — the Central Bureau of Investigation, the Central Vigilance Commission, and the Comptroller and Auditor General.
- To provide beneficial rate of tax (10%) to sovereign funds on investments in India.
- Reform rigid labour, land and capital laws: The Center has codified 44 central laws into four codes, out of which Code on Social Security Bill (fourth code), Industrial Relations Code Bill, 2019 (third code) and Code on Wage (first code) have already been approved by Parliament; the Code on occupational safety, health and working conditions (second code) has been sent for review to the Standing Committee.
- A specific task force should focus on land acquisition, land bank and land use policy to ensure availability of land across various sectors; states should accelerate digitization of land records and amend land laws according to development requirements.
- Logistics/Infrastructure- There should be continuous monetization of operational infrastructure assets; set up independent regulators for each sub-sector in transport sector.
- Energy- Develop and implement medium to long term strategy for economies to import energy products, specifically oil and coal; strategic partnerships with global oil suppliers.
- Creative policies for developing and nurturing the nation's industrial and technological capacities is the need of the hour.

The Government should continue to tread on the reform path and assure that the economy stays anchored amidst the new emerging challenges. There is an urgent need to re-energize the engines of growth by enhancing the consumer spending and creating conditions for higher private sector investments and exports. The Union Budget 2020-2021 should give out positive signals towards bridging the existing gaps and thus put the economy on the \$5 trillion growth path.

Legally speaking

LANDMARK JUDGMENT BY SUPREME COURT IN THE MATTER OF ESSAR STEEL INDIA LIMITED

IBC-AMENDED 4TH TIME IN 3 YEARS

During the period of three years since the enactment of the Insolvency and Bankruptcy Code (IBC), many areas in the insolvency resolution process have required judicial and legislative interventions to enable the process to achieve the desired results. In the stressed market, among others, the ongoing investigations against insolvent entities and the risk of cancellation of critical government contracts during the insolvency process were identified as key impediments to the strategic interest. The introduction of the Insolvency and Bankruptcy Code (Second Amendment) Bill, 2019 (“Bill”), by the Government, is a step that will help overcome such ‘critical gaps in the corporate insolvency framework’. This amendment would be the fourth time when this Code has been amended since its enforcement in 2016.

The Insolvency and Bankruptcy Code (Second Amendment) Bill, 2019, was introduced in the Lok Sabha on 12.12.2019. The amendment proposed in the bill aim at ease of doing business, protecting the buyers of stressed assets from immunity to prosecution for pending proceedings, setting up minimum threshold for certain class of financial creditors for initiating Corporate Insolvency Resolution Process (CIRP). The Bill proposes to amend sections 5, 7, 11, 21, 23, 29A, 227, 239, 240, and insert new section 32A in the Insolvency and Bankruptcy Code, 2016.

Any effective regime for restructuring offers both sophisticated out-of-court and in-court restructuring tools. With the introduction of the IBC, India has made progress on both those fronts. However, there was no statutory protection for the superior ranking of priority debt obtained during an out-of-court restructuring. To address this, the Bill proposes to expand the definition of ‘interim finance’ to include, ‘such other debt as may be notified’. The intent of this addition is made clear by the Statement of Objects and Reasons (“SOR”), which suggests that ‘last mile funding’ options to ‘prevent insolvency’ needs to be included as interim finance and thereby enjoying highest priority in the insolvency or liquidation process under the IBC.

In 2018, home-buyers were categorized as financial creditors for the purpose of IBC. Since then, developers have claimed that this provision has hampered successful completion of various projects as construction was getting stalled due to filing of insolvency applications by home buyers. As per the Insolvency and Bankruptcy Board of India (IBBI) data, since the 2018 amendments till September 2019, 1,821 cases were filed under the IBC by home buyers and in almost all cases, by a single home buyer. The Bill now proposes that an insolvency application in relation to a real estate project must be filed by

a minimum of 100 allottees or not less than 10% of the total number of allottees, whichever is less. In the same way, the Bill prescribes the same threshold for insolvency applications to be filed by financial creditors holding securities or deposits.

With a view to keeping the corporate debtor a ‘going concern’, the Bill extends the scope of moratorium to prohibit the suspension or termination of arrangements that involve conferment of rights by any government authority on the ‘grounds of insolvency’, so long as there is no default in the payment of current dues arising out of use of such benefits during the moratorium period, also termination of arrangements relating to the supply of goods and services that the resolution professional considers critical to protect the value of the corporate debtor. The objective of incorporating such provisions is that the debtor should not be deprived of a profitable and essential contract during insolvency and that if not restricted, the counter party may have too much bargaining power to negotiate an out-of-turn payment, ahead of other creditors. Recognizing the expertise brought by insolvency professionals while running a company as a ‘going concern’, the Bill aims to widen the ambit of essential supplies. Therefore, insolvency professionals will have the flexibility to extend the moratorium to the continuance of the supply of goods and services that he considers essential.

Forfeiture or attachment of assets of a company due to offences of its erstwhile management, or liability of acquirers and the new management of a reconstituted company has received much attention. The courts have held that it would be “a travesty of justice, if the Company, after its revamp is subjected to persecution” and recognised that continuing litigation of such nature would “discourage entrepreneurs... to undertake the arduous task of resuscitating the discredited companies...”. It is, therefore, proposed to add a new section namely-Section 32-A providing that:

- the liability of the corporate debtor in relation to an offence committed prior to the commencement of insolvency shall cease on approval of a resolution plan in terms of the Code, and
- no action including attachment shall be taken against the property of a corporate debtor in relation to any offence committed prior to the commencement of insolvency on approval of a resolution plan or the sale of such property during liquidation.

The benefit of this immunity applies to acquirers who are not related to the corporate debtor or associated with the commission of the offence. The objective is two-fold: to secure a hassle-free acquisition and simultaneously protect the asset base of the corporate debtor to ensure value maximization for the creditors.

The Code prescribes that related parties of the corporate debtor are rendered ineligible from being part of the Committee of Creditors. However, the Code exempts financial creditors from such ineligibility if such entity is considered a related party ‘solely on account’ of conversion or substitution of debt into equity or convertible instruments. Now, the Bill clarifies that the Central Government may prescribe certain additional transactions that shall not render such financial creditors as ineligible by virtue of being a related party. The Bill is seeking to cover situations such as mergers of financial creditors,

acquisition of debt, or exercise of rights or entitlements of financial creditors that may result in such financial creditor becoming related parties of the corporate debtor.

The objective of amendments to the IBC appears to be remove bottlenecks, streamline the Corporate Insolvency Resolution Process (CIRP) and protect last mile funding in order to boost investment in financially distressed sectors. The Bill continues the pro-active legislative steps being taken to address the live issues in resolving stressed companies. By providing scope for identification of last-mile funding scenarios as interim finance, the Bill aids the rehabilitation of stressed entities in a credible manner. The Bill also safeguards the sanctity of the rescue operations as envisaged by IBC. The immunity granted in terms of proposed Section 32-A of the Act will act as an enabler for cleaner acquisitions, thereby incentivizing higher bids and promoting an investor-friendly regime.

It is hoped that the Bill, once passed, will expedite resolution process in a fair and acceptable manner.

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

Taxation Matters

Income Tax

I. SC: Assessee's delay of 1754 days in filing appeal before Bombay High Court against Tribunal order condoned

The Apex Court observed that the High Court did not specifically refute the stand taken by the assessee that it had no knowledge about passing of order dated 29-12-2003 until June, 2008, unless that fact was to be refuted, question of disbelieving the stand taken by assessee on affidavit, cannot arise and for which reason, High Court should have shown indulgence to assessee by condoning delay in filing concerned appeal(s). Impugned order of High Court was set aside and parties were relegated before High Court by allowing applications filed for condonation of delay in filing concerned appeal.

[Senior Bhosale Estate (HUF) vs ACIT (Civil Appeal No(s). 6671-6676, 6677-6690/2010 dated 07.11.2019) Supreme Court]

II. P&H HC: Additions made on basis of entries in books of account seized during search is right, where the assessee accepted that documents were seized from his premises and owned entries

The Hon'ble High Court observed that the additions were made in case of the assessee on basis of the entries which were found in books of account seized during search and seizure. The assessee had accepted that the documents were seized from his premises and he had owned entries and undertook to explain them in next financial year, however failed to do so. The HC held that the said amounts had rightly been added to other income of the assessee.

[Balbir Chand Virmani vs. CIT in ITA 144/1999 Punjab and Haryana High Court]

III. ITAT Mumbai held 85% forfeiture on sale-cancellation & subsequent re-sale to same party - dubious arrangement; Denies depreciation

Mumbai ITAT has denied depreciation to the assessee to the extent of amount forfeited upon cancellation of

agreement for sale of capital assets, and subsequent sale of part of the said assets during AY 2009-10. Assessee had entered into an agreement for sale of capital assets pertaining to its rigid PVC film unit for Rs.22.92 crores and subsequently, upon cancellation of the agreement, forfeited an amount of Rs.19.81 crores which was neither offered to tax nor reduced from block of assets. Subsequently, the assessee sold a part of the assets to the same purchaser during the subject AY and a part in subsequent years, and offered these amounts for taxation by reducing the written down values in subsequent AYs. The AO had reduced the aforesaid amounts from the WDV in terms of Sec. 51 whereas CIT(A) though agreed in principle with the AO, held that the correct section to be applied was section 43(6). ITAT refers to the settled principle that quoting a wrong section would not be fatal in making a correct disallowance. ITAT finds that it is simply beyond preponderance of probability that an entity will forego Rs.19.81 crores worth of assets for failure to pay a sum of Rs.2.95 crores and infers that "the assessee as well as KPIL, the purchaser, have jointly agreed such terms and conditions which will look sound, legal and legitimate apparently, but will benefit both seller and the purchaser, is a colourable device is quite correct". ITAT observes that "keeping in mind learned CIT(A)'s finding that assessee has indulged in dubious transaction of claiming forfeiture, it would show that the amount involved has been correctly reduced from the value of assets of the assessee".

[The Supreme Industries Limited v. ACIT in ITA No. 4673/Mum/2014 – dated 20.12.2019 ITAT Mumbai]

International Taxation & Transfer Pricing

I. ITAT Pune: Production and distribution are not 'closely linked transactions' and Confirms TPO's segregation under TNMM

Pune ITAT dismisses assessee's appeal and confirms TP-adjustment upholding segregation of Distribution and Production segments for benchmarking for AY 2012-13. ITAT observed that though 'transaction' u/s 92F(v) read with rule 10A(d) also includes a plural of transactions for benchmarking under Rule 10B(1)(e), the caveat is that in order to be aggregated within the term 'transaction' under Rule 10A(d), it is sine qua non that such transactions must be closely linked. It further observed that transactions under Production and Distribution segments were neither a case of package deal nor the two sets of transactions were structured in such a manner that the assessee had no option to accept one and reject the other nor were they so inextricably linked that one could not survive without the other and thus relies on HC ruling in Knorr Bremse India to reject clubbing of these segments. ITAT further held that while the Production segment covered the full diesel engines manufactured in India and exported to its AEs, the Distribution segment covered spare parts purchased by assessee from its AE for sale in India to non-AEs. ITAT opines that "the two sets of the transactions, can by no stretch of imagination, be considered as 'closely linked transactions'". Thus ITAT finally held that the mere fact that spare parts traded by the assessee could be of help in subsequent years for servicing of goods produced, cannot

make the transactions as 'closely linked transactions', so as to come up for consideration in an aggregate manner.

[MAN Diesel & Turbo India Private Limited v ACIT (ITA No. 1049/Pun/2017) dated 09.12.2019 – ITAT Pune]

Goods and Services Tax

I. Andhra Pradesh AAR: IGST payable on ocean freight by importer irrespective of valuation methodology

Andhra Pradesh AAR has held that transportation of goods in a vessel from a non-taxable territory to taxable territory amounts to import of service and IGST shall be levied on the ocean freight under RCM as per the valuation prescribed in Notification No. 8/2017 – Integrated Tax (Rate) dated June 28, 2017 irrespective of the valuation adopted for the import of goods i.e. FOB or CIF. Authority opines that there is no exemption available under the GST provisions for payment of IGST on ocean freight where IGST is paid on the goods imported. It explains that the importer of goods is also a recipient of the transportation service for which consideration (inclusive of freight) is paid by the importer and reverse charge is applicable on such service. AAR further states that issues raised on double taxation, subsidies and cascading effect leading to accumulation of credit fall beyond the purview of Section 97 of CGST / APGST Act.

[In the matter of Indian Potash Ltd.]

II. Tamil Nadu AAR: TDS provisions inapplicable to Co-operative Society, neither owned nor controlled by Govt.

Tamil Nadu AAR has held that TDS provisions are not applicable to a co-operative society, registered under Tamil Nadu Co-operative Societies Act. The authority observes that the applicant is an apex society and the equity shareholding of the Government was at 38.60% in 1980 and currently is at 30%, and therefore deduces that the applicant is not a body with 51% or more participation of the Government by way of equity. Authority observes that though MD is appointed by Govt. of Tamil Nadu but the control of the Board or management vests with the members elected by the cooperative societies, hence, Govt. of Tamil Nadu does not control the applicant. AAR concludes that the applicant is not a person or a category of person stipulated under Notification No. 33/2017 - C.T. as amended and Notification No. II (2)/CTR/783(c-3)/2017 vide G.O.(Ms) No.107.

[In the matter of Tamil Nadu Co-Op. Silk Producers Federation Ltd.]

III. NAA: Upholds profiteering, PLC & other charges, separately charged, not includible in 'sale consideration'

NAA has upheld a case of profiteering against Builder for not passing on the benefit of additional ITC of 5.42% (6.89% - 1.47%) of his turnover accrued in post-GST period to flat buyers. The contention of the Respondent that the PLC and other charges formed integral part of sale consideration of flats and the same should have been taken in sale consideration, is found 'frivolous' by the AAR while noting that said charges are being charged separately by Respondent. Moreover, the Authority does not agree with the Respondent's submission that no benefit accrued on service supplied by contractors as

well as on marketing, security, administrative, payments made to NOIDA authority and the financial costs. It notes that it is entitled to receive ITC on all purchases of inputs/ input services in the post GST period. It clarifies that as per section 171, the total quantum of profiteering by an entity/ registrant is the sum total of all the benefits that stood denied to each of the recipients/ consumers individually while adding that "profiteering needs to be computed at level of each invoice and not at the entity level or any consolidated level". Accordingly, AAR directs the Respondent to reduce the prices to be realized from the buyers concluding that the Respondent has denied the benefit of ITC to the buyers of the flats being constructed by him in contravention to provisions of Section 171(1).

[Mr. Suresh Kumar Gupta and DGAP vs. Nirala Projects Pvt. Ltd.]

News Roundup

Key Developments

[PM to banks, India Inc: no inappropriate action on genuine commercial decisions \(The Hindu Business Line\)](#)

Prime Minister Narendra Modi on Friday, December 20, assured India Inc and bankers that no inappropriate action will be taken in case of genuine commercial decisions.

[Cabinet approves Fourth Code of labour laws, land monetisation \(The Hindu Business Line\)](#)

The Cabinet on Wednesday, December 4, approved a slew of bills including the fourth code of labour laws, which will be now introduced in Parliament. The government had earlier decided to merge all the 44 labour-related laws including wages, industrial relations, social security and safety, health and working conditions.

[Parliament okays corporate tax cut; FM says software developers, miners not eligible for lower rates \(The Economic Times\)](#)

Parliament on Thursday, December 5 approved the Taxation Laws (Amendment) Bill, 2019 that replaces an ordinance promulgated to cut the base corporate tax rate, with Finance Minister Nirmala Sitharaman stating that mining companies, software developers and book printers will not be eligible for the lower 15 per cent rate available for new manufacturing companies.

Economy

[National Pension System: PFRDA revises norms for valuation of securities \(Financial Express\)](#)

In order to make investments in National Pension System (NPS) transparent and efficient, Pension Fund Regulatory and Development Authority (PFRDA) has revised the guidelines for valuation of securities under NPS schemes.

[Government raises Rs 2.79 lakh crore through divestment in last 5 years \(The Economic Times\)](#)

The government raised Rs 2,79,622 crore from the disinvestment of public sector undertakings (PSUs) during 2014-19 compared to Rs 1,07,833 crore during the 10-year UPA rule from 2004-14, Union minister Anurag Singh Thakur said on Tuesday, December 3.

[Net foreign direct investment rises 23% in H1 \(Financial Express\)](#)

Net foreign direct investment (FDI) in India rose 23% to \$20.9 billion in the first half of the current fiscal, compared with \$17 billion in the year-ago period, finance minister Nirmala Sitharaman told the Lok Sabha on Wednesday, December 4.

[Govt readies plan to push India into top 50 ease of biz rankings \(The Times of India\)](#)

The government on Tuesday, December 10 set out the roadmap to get India to break into the top 50 countries in the World Bank's Ease of Doing Business rankings with Prime Minister Narendra Modi brainstorming with ministries.

[Rajya Sabha passes International Financial Services Centres Authority Bill, 2019 \(Mint\)](#)

The Rajya Sabha on Thursday, December 12 passed the International Financial Services Centres (IFSCs) Authority Bill, 2019 towards setting up a unified authority to regulate all financial services in IFSCs in the country.

[Forex reserve scales fresh record high at \\$454.49 billion \(The Economic Times\)](#)

India's forex reserves continued on the northward trajectory, rising to a new record of \$454.492 billion on the back of a \$1.07 billion accretion for the week ended December 13, the RBI said on Friday, December 20.

[India must grow its share in global trade to 8-10%: Nitin Gadkari \(The Economic Times\)](#)

India must increase its share in global trade to 8-10% to become a \$5 trillion economy, said minister for road transport & highways and MSMEs Nitin Gadkari, adding that policy-making kept in mind import substitution for local industries to grow.

[FPIs open fund floodgates for Indian markets; Net inflow crosses Rs 1 trillion in 2019 \(The Hindu Business Line\)](#)

Ignoring negative sentiments around falling GDP growth rate and some policy roadblocks, foreign portfolio investors seem to have flocked to the Indian capital market in a big way in 2019 with a net inflow of over Rs 1.3 lakh crore, including Rs 97,250 crore in equities -- the highest in last six years.

[No GST rate increase till revenue stabilises \(The Economic Times\)](#)

There is no possibility of change in GST rates till GST revenue stabilises, the convenor of a panel of state ministers said on Saturday, December 21.

Sectoral

Agriculture

[15th Finance Commission to incentivise states for adopting agricultural reforms \(The Economic Times\)](#)

The NK Singh-led 15th Finance Commission has recommended performance based incentives in the form of additional grants to states based on the agricultural reforms undertaken by them after a series of efforts by the centre failed because of reluctance at the state level to adopt these laws.

Banking & Finance

[Major banks, FIs largely optimistic on economy \(The Economic Times\)](#)

Major banks and financial institutions in the country are 'largely optimistic' about the Indian economy, according to a

survey assessing the country's short-term financial conditions. The CII-IBA Financial Conditions Index, which is based on a survey of 22 banks and financial institutions, slipped 1.5 points quarter-on-quarter in the three months to December, but remained comfortably above 50 at 68.9. A reading above 50 on the index is considered largely optimistic, 50 is optimistic and below 50 is considered sub-optimistic.

[As NEFT goes 24/7, RBI bars banks from charging fees \(The Times of India\)](#)

The RBI has barred banks from charging any fee for electronic fund transfers from savings accounts. The move comes as it operationalises round-the-clock National Electronic Funds Transfer (NEFT) operations.

[RBI purchases Rs 10,000-crore G-Secs, sells Rs 6,825 crore securities via OMOs \(The Economic Times\)](#)

The Reserve Bank on Monday, December 23 purchased Rs 10,000 crore worth of long-term government securities and sold Rs 6,825 crore of four short-term securities through the special open market operations (OMOs). Last week, the RBI had announced simultaneous purchase and sale of government securities under OMOs for Rs 10,000 crore each.

E-Commerce

[India ranks 73rd in UN index assessing e-commerce readiness \(The Economic Times\)](#)

India has ranked 73rd out of 152 countries in a business-to-consumer E-commerce index that measures an economy's preparedness to support online shopping, moving seven places up in the list.

Energy

[Share of renewable energy rises to 9% \(The Hindu Business Line\)](#)

The percentage of renewable energy in India's energy mix has risen steadily to nearly 9 per cent from the 2014-2015 levels. But, the current installed renewable energy capacity of the country pales against the 282 GW conventional power generation capacity. This is because despite the high installed generation capacity of renewable projects, a lower plant load factor reduces the amount of energy produced from these projects.

Healthcare

[NITI Aayog plans to bring all medical devices under one regulatory regime \(Mint\)](#)

Government think-tank NITI Aayog has proposed to bring all medical devices under one regulatory regime in a phased manner and have a separate Medical Devices Administration (MDA) with four divisions.

IBC

[More distressed asset funds may enter India now \(The Economic Times\)](#)

Distressed asset funds may make a beeline for India following a recent Supreme Court order upholding the primacy of secured creditors in the Essar Steel case. While Lone Star, Cerberus, Brookfield and Varde Partners may ramp its India investments, New-York based Blue-Mountain Capital is thinking of investing in Indian assets, experts said.

Infrastructure

[Amendments in TOT Mode for Road Projects Approved \(The Economic Times\)](#)

The road transport and highways ministry on Monday, December 16 announced changes in toll-operate-transfer (TOT) mode of asset monetisation and toll securitisation.

[Highways sector to see Rs 15 lakh crore investments in 5 years: Nitin Gadkari \(The Economic Times\)](#)

The government's endeavour for world-class infrastructure will continue unabated with commitment to pump in another Rs 15 lakh crore in the highways sector in this five-year term, says Nitin Gadkari, the man in charge of India's infrastructure.

IT & Telecom

[India's cyber security market to touch USD 3 bn by 2022: PwC-DSCI report \(The Economic Times\)](#)

India's cyber security market is expected to register an annual growth of 15.6 per cent and rise to USD 3.05 billion (about Rs 21,600 crore) by 2022 from USD 1.97 billion (about Rs 14,000 crore) in 2019, a report said. The transaction value of digital payments in India is estimated to grow annually at a rate of 20.2 per cent from about USD 64.8 billion in 2019 to USD 135.2 billion in 2023, the report by PwC India and Data Security Council of India (DSCI) said.

Logistics

[India aims to bring down logistics cost to below 10% of GDP, says Union Minister Som Prakash \(The Hindu Business Line\)](#)

India aims to bring down logistics cost to below 10 per cent of the GDP from about 14 per cent at present to increase the competitiveness of the manufacturing sector, Som Prakash, Minister of State for Commerce and Industry has said.

Realty

[Investment in real estate up 9% at Rs 43,780 cr in 2019, led by foreign funds: Report \(The Economic Times\)](#)

Investment in Indian real estate sector is estimated to have increased by 9 per cent to Rs 43,780 crore during this calendar year on higher inflow from foreign funds, according to global property consultant Colliers. Office properties attracted 46 per cent of the total inflow and received nearly Rs 20,000 crore this year.

Start-Ups

[Citing NASSCOM, govt says 3.9-4.3 lakh direct jobs created in start-ups founded in 2009-19 \(The Economic Times\)](#)

The government on Wednesday, December 4 informed Parliament that 3,90,000 – 4,30,000 direct jobs were created

in all funded and 500 unfunded start-ups founded between 2009-19. Citing a NASSCOM report, commerce and industry minister Piyush Goyal told Lok Sabha that investments in start-ups were steady with \$4.4 billion in January to September 2019 across 450 start-ups at a 5% year-on-year growth.

States

[UP government to implement 25 projects on priority ahead of 2022 elections \(The Economic Times\)](#)

[CAG: Delhi revenue surplus for 5 years \(The Times of India\)](#)

[30 more Delhi govt services at doorstep, total now 100 \(The Times of India\)](#)

[GST compensation to 9 states put at Rs 70,000 Cr \(The Economic Times\)](#)

[Delhi: AAP government approves e-vehicle subsidies \(The Times of India\)](#)

International News

[RCEP cannot achieve its full potential without India: Japan \(Hindustan Times\)](#)

Japan believes the Regional Comprehensive Economic Partnership (RCEP) trade pact can achieve its full potential only with the participation of India in view of its status as a major power in the Indo-Pacific, the Japanese foreign minister said on Monday, December 2.

[India, 6 others object to restrictions on services trade, workers' movement \(The Economic Times\)](#)

India led seven countries at the World Trade Organization (WTO) in objecting to some nations trying to bring in rules to erect barriers to services trade and cross-border movement of professionals through qualification and licensing requirements, and technical standards.

[Setback for India as WTO extends nil tax on e-transmissions \(The Economic Times\)](#)

Developing countries including India suffered a setback on Tuesday, December 10 as the World Trade Organization (WTO) decided to extend the practice of not imposing customs duty on electronic transmissions by six months to June 2020.

[Indo-Pacific not tomorrow's forecast but yesterday's reality: Jaishankar \(The Times of India\)](#)

External affairs minister S Jaishankar on Saturday, December 14 said the Indo-Pacific concept is "not tomorrow's forecast but yesterday's reality" and the important task at hand is to invest time and effort to ensure that it is an "open, free and inclusive platform".



Business Consultancy, Legal Advisory & Compliances

17, Babar lane, New Delhi - 110001

Tel.: +91 11 43504546 | E-mail: mail@vjalegal.com

Head Office:

100, Babar Road, Opp. Hotel Lalit, New Delhi - 110001