

The Economy

Infrastructure-The Key to Growth

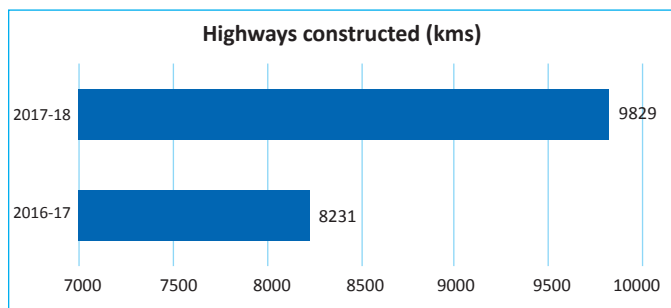
Infrastructure is key to growth in any economy. Moving from approximately USD 1.85 trillion in 2014 to USD 2.7 trillion in 2019 with a target to reach USD 5 trillion in the next few years, the economy will need a substantive push to create enabling infrastructure. Of the ten points mentioned in the Government's vision, as highlighted by the Finance Minister in her budget speech, building physical and social infrastructure tops the list.

In the Union Budget 2019-20, the Government of India has given a massive push to the infrastructure sector by allocating USD 1.5 trillion for the next five years. Private sector is expected to be a key player across various infrastructure segments, ranging from roads and communications to power and airports.

Important Infrastructure Segments:

Roads and Highways

Current Scenario- India has the world's 2nd largest road network of 5.5 mn kms comprising of national & state highways and urban & rural roads. National highways account for 2% of the total road network and carry over 40% of total traffic. The road sector in India accounts for the largest share in the movement of both passengers and freight. In FY18, 9,829 km of highways were constructed with an expenditure of Rs 1.16 trillion.



Target- Achieve the Bharatmala Phase-I target by completing 24,800 km by 2021-22, including 2,000 kms of coastal and port connectivity roads; complete Phase I of the Pradhan Mantri Gram Sadak Yojana (PMGSY) with quality monitoring at every stage; double the length of national highways (NHs) to 2 lakh kms by 2022-23 from the existing 1.22 lakh km.

Budgetary Allocation- Rs 83,015.97 crores

Suggestions- Increase connectivity by expanding the road network, improve road maintenance and safety, streamline land acquisition, encourage R&D, expand the reach of the electronic toll collection (ETC) system etc.

Aviation

Current Scenario- India is the 3rd largest air travel market in terms of domestic passenger traffic. The country has 91 international carriers comprising of 5 Indian carriers and 86 foreign carriers. Revenue passenger kilometre (RPK) in domestic airline demand growth of 18.6% in 2018 was three times the global RPK growth of 6.5%. Passenger traffic in India stood at 316.51 mn during April 2018 - Feb 2019, of which domestic passenger traffic was 252.92 mn while international traffic 63.59 mn.

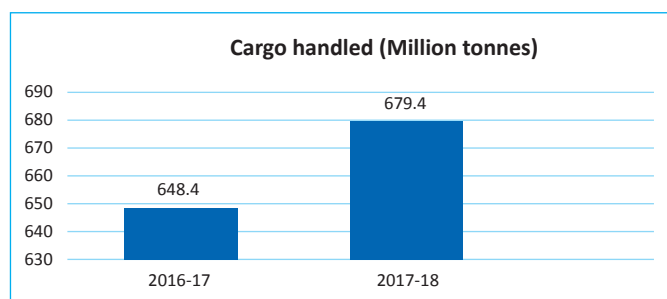
Target- Become the third largest aviation market globally by 2024; Indian carriers plan to increase their fleet size to 1,100 aircraft by 2027; and freight traffic on Indian airports is expected to cross 11.4 MT by 2032.

Budgetary Allocation- Rs 4500 crores

Suggestions- Ensure that airport tariffs, taxes on fuel, landing charges, passenger services, cargo and other charges are determined in an efficient, fair and transparent manner; enhance aviation infrastructure; ease the regulatory environment for airports and prioritize aviation safety.

Ports & Shipping

Current Scenario- India is strategically located on the world's shipping routes with a coastline of approximately 7,517 km. Maritime transport handles around 70% of India's trading in value terms. The Government launched the ambitious Sagarmala Programme in March 2017, with the vision of port-led development and growth of logistics-intensive industries. The major ports in India collectively handled 679.4 MT of cargo during 2017-18 compared to 648.4 MT a year ago, thereby registering a growth of 4.8%.



Target- Double the share of freight transported by coastal shipping and inland waterways from 6 per cent in 2016-17 to 12 per cent by 2025; increase the port handling capacity to 2,500 million metric tonnes (MMT) by 2022-23; reduce the turnaround time at major ports from the current 3.44 days to 1-2 days (global average) by 2022-23.

Budgetary Allocation- Rs 1902.56 crores

Suggestions- The government needs to open up the dredging market to attract more players, particularly international players; enhance last mile connectivity to inland waterways; expedite the implementation of Sagarmala; facilitate access to capital for inland vessels; address technical and regulatory constraints in inland waterways to ease movement of inland vessels.

Railways and Metro

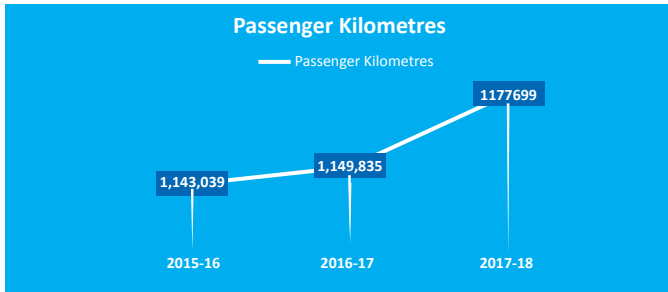
Current Scenario- India has the world's largest rail network in terms of passenger traffic leading at 39 per cent, followed by China at 27 per cent and Japan at 11 per cent. The Indian Railways passenger earnings in 2017-18 have been the highest ever and clocked a 4.2% increase to USD 7.2 bn from USD 6.9 bn during the previous financial year. The Metro rail network has touched 657 kms and monorail has made its beginning in India with Mumbai being the first city in the country to have this transport system in place.

Target- Revenues from the sector to reach to USD 44.5 billion by the end of FY20; increase the speed of infrastructure creation from the present 7 km/day to 19 km/day by 2022-23; achieve "100 per cent"

electrification of broad gauge track by 2022-23 from the 40 per cent level in 2016-17 and improve rail safety.

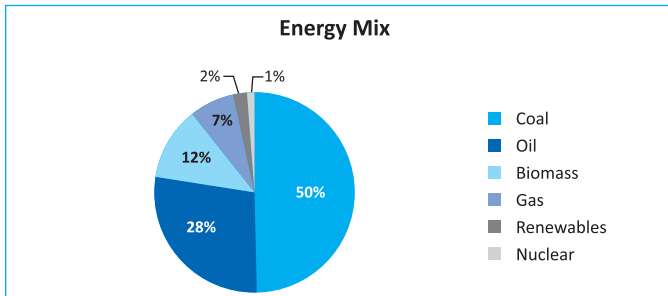
Allocation- Rs 68018.67 crores

Suggestions- There is a need for better utilization of existing infrastructure to address congestion; rationalize fare structure and subsidies, monetize assets to generate revenues; set up a standardization agency to adopt new railway technology and improve the speed and reliability of the railway network.



Energy

Current Scenario- India is the world’s third largest energy consumer; energy mix is dominated by coal with a 49.6 per cent share, followed by oil (28 per cent), biomass (11.6 per cent), gas (7.3 per cent), renewable and clean energy (2.2 per cent) and nuclear energy (1.2 per cent). Installed power generation capacity increased steadily over the years and is currently 356 GW by the end of FY19.



Target- Make available 24x7 power to all by 2019; achieve 175 GW of renewable energy generation capacity by 2022 and reduce imports of oil and gas by 10 per cent by 2022-23.

Budgetary Allocation- Rs. 15874.82 crores (Power), 5254.83 crores (Renewable Energy)

Suggestions- Oil, natural gas, electricity and coal may be brought under GST and have the same GST rate for all forms of energy to enable a level playing field; to promote smart grid and smart meters; PPAs including those with state generation companies (gencos) to be based on competitive bidding.

Logistics

Current Scenario- In 2017, the logistics sector was given infrastructure status in India. Logistics market in India stood at USD 160 billion in 2017. In 2018, India was ranked 44th out of 167 countries in World Bank’s Logistics Performance Index (LPI) 2018. India was also ranked second in the 2018 Agility Emerging Markets Logistics Index.

Target- Reduce the logistics cost to less than 10 per cent of GDP from the current level of 14 per cent, expand the logistics market to USD215 billion by 2020 from the current level of USD160 billion, improve logistics skilling and increase jobs in the sector to 40 million by 2022-23 from about 22 million in 2016.

Budgetary Allocation- Investment in the logistics sector is expected to reach USD 500 billion annually by 2025 and warehousing expected to get investment of Rs 50,000 crore (USD 7.12 billion) during 2018-20.

Suggestions- Rationalize tariffs and determine prices in an efficient manner across different modes; create an overarching body that maintains a repository of all transport data; enhance efficiency of warehouses and their operation, especially to optimize food storage; opening up port terminals to private players at a fee to enhance capacity utilization etc.

IT and Telecom

Current Scenario- The Telecom industry in India is the second largest in the world with a subscriber base of over 1.2 bn. As of February 4, 2018, under BharatNet, work had started in 1.24 lakh Gram Panchayats of which 1.08 lakh of them were service ready. India is home to the world’s second largest internet user base, accounting for 12 per cent of all internet users globally. (As shown in Figure)

HIGHEST NUMBER OF INTERNET USERS (% share globally)	
China	21%
India	12%
USA	8%

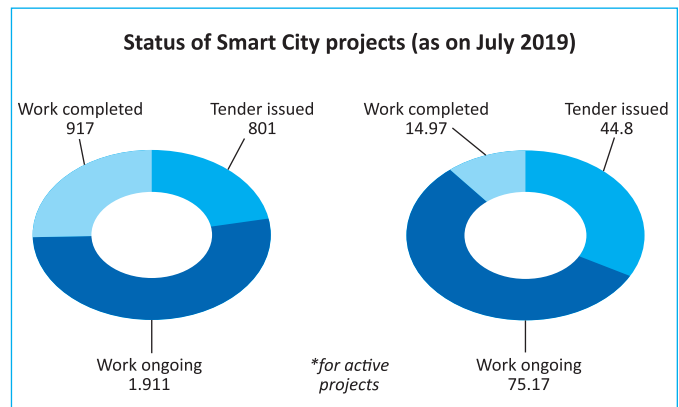
Target- Subscriber Identity Module (SIM) connections to reach 1.4 bn by 2020 from 1.1 bn in 2017; contribution to GDP expected to reach 8.2% by 2020 from 6.5% in 2017; deliver physical digital connectivity across all states, districts and gram panchayats (GPs); provide government services digitally by 2022-23; hundred per cent basic digital literacy across the country to be able to leverage the benefits of digitization.

Budgetary Allocation- Rs 27338.36 crores

Suggestions- There is a need for improved cyber security, efficient availability of e-services, content in Indian languages and high quality of service provision.

Real Estate and Construction

Current Scenario- Under Pradhan Mantri Awas Yojana – Urban (PMAY-Urban), over 81 lakh houses with an investment of about `4.83 lakh crores have been sanctioned of which construction has started in about 47 lakh houses. Over 26 lakh houses have been completed of which nearly 24 lakh houses have been delivered to the beneficiaries. Under the Smart Cities Mission, 917 projects have been completed, 801 tendered and 1911 projects are in progress as of July 2019.



Target- Leverage the ‘Smart Cities’ concept in select urban clusters to drive job creation and economic growth; improve efficiencies in service delivery and leverage technology for inclusive, sustainable and participatory development by 2022-23.

Budgetary Allocation- Rs 48032.17 crores

Suggestions- There is a need to measure the impact of area-based development projects on the ease of living, economic growth, investments, job creation and citizens’ participation; an integrated institutional architecture for planning and coordinating the regulation of mobility such as a Unified Metropolitan Transport Authority is needed; smart cities must ensure that the urban poor and slum dwellers including recent migrants can avail of city services and subsidies and are financially included through the Jan Dhan Yojana.

Conclusion

Infrastructure is the key to achieving and sustaining a growth of around 10 per cent per annum in line with our stated goal of making India a USD 5 trillion economy in the next few years. The government is quite aware of the challenges ahead and is, therefore, rightly focusing on encouraging investments in the sector. Some of the measures that can help the creation of an enabling environment for investments include:

- Set up a dedicated Ministry for Infrastructure sector which can be an overarching ministry to monitor the overall infrastructure

development in the country, including both transport and urban infrastructure, and work with a comprehensive policy framework for the sector.

- Extension of the BOT and TOT models to more infrastructure projects.
- Creating an efficient and workable multi-model transport system involving railways, highways, waterways and airports to bring down the logistics costs.
- Creating innovative financial funding mechanism, like Masala bonds.
- A part of the surplus from the RBI transferred to the Government recently could be used for capital formation by investing in infrastructure, thereby providing the much-needed stimulus to this important growth enabling area.

The need is there, the will is there, the focus has to be on providing an enabling policy framework to facilitate desired investments in this critical area.

Legally Speaking

MORATORIUM in IBC

The Insolvency and Bankruptcy Code 2016 (IBC) was enacted by the Parliament with an objective to consolidate and amend the laws relating to reorganization and insolvency resolution of Corporate Persons, Partnership Firms and Individuals. Under this code, a Petition for Insolvency against the Corporate Debtor can be triggered by Financial Creditor, Operational Creditor or by Corporate Debtor itself in cases where the default amount is more than rupees one lakh.

Once a petition under the IBC is admitted against the Corporate Debtor, a moratorium under Section 14 of IBC follows in favour of Corporate Debtor. The Moratorium under IBC kicks in on the Insolvency Commencement date and is in force till the Corporate Insolvency Resolution Process (CIRP) period and during such period, no judicial proceedings for recovery, enforcement of security interest, sale or transfer of assets, or termination of essential contracts can take place against the Corporate Debtor. The moratorium in terms of Insolvency and Bankruptcy Code, 2016 ('IBC') means a period wherein no judicial proceedings for recovery, enforcement of security interest, sale or transfer of assets, or termination of essential contracts can be instituted or continued against the Corporate Debtor.

The Moratorium, as envisaged in the Insolvency and Bankruptcy Code comes into effect immediately after the application under section 7, 9 or 10 of the Code, as the case may be, is admitted by the adjudicating authority. The day the insolvency application is admitted and moratorium is applied is referred to as the 'Insolvency Commencement Date'.

Section 14 of the Code which makes provision for Moratorium is wide enough to include legal proceedings of any nature within its ambit. The intention of the legislature in relation to section 14(1)(a) is to ensure that after the declaration of moratorium, there is a standstill period during which the creditors cannot resort to individual enforcement action which would frustrate the very object of the corporate insolvency resolution process. The language of this section is clear and the moratorium in favor of the Corporate Debtor is also absolute. It is necessary to understand the intent of the legislature behind such moratorium which is to grant a calm period for insolvency resolution where a Debtor can negotiate in the assessment of viability without any fear of recovery enforcement mechanisms adopted by the Creditors.

Section 14(2) of the Code states that the supply of essential goods or services to the corporate debtor as may be specified shall not be terminated or suspended or interrupted during moratorium period. Section 14(2) of the Code requires the continuation of supply of essential goods or services to the corporate debtor during the moratorium period. Section 30(2)(a) read with regulation 31(a) makes it clear that dues to suppliers for essential goods and services supplied during the moratorium period are a part of the IRP costs and are required to be paid back in priority to any other creditor as a part of the resolution plan.

As per regulation 32 of the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016, essential supplies mean-

- (1) Electricity;
- (2) Water;
- (3) Telecommunication Services; and
- (4) Information technology services,

To the extent these are not a direct input to the output produced or supplied by the corporate debtor. Section 14 (3) set out that moratorium is not applicable against assets of guarantors to the debts of the corporate debtor. Some courts have taken the view that section 14 may be interpreted literally to mean that it only restricts actions against the assets of the corporate debtor, a few others have taken an interpretation that the stay applies on enforcement of guarantee as well, if a CIRP is going on against the corporate debtor.

A contract of guarantee is between the creditor, the principal debtor and the surety, where under the creditor has a remedy in relation to his debt against both the principal debtor and the surety. The surety here may be a corporate or a natural person and the liability of such person goes as far the liability of the principal debtor. As per section 128 of the Contract Act, 1872, the liability of the surety is co-extensive with that of the principal debtor and the creditor may go against either the principal debtor, or the surety, or both, in no particular sequence.

Sub-section (3) of the section 14 of the code has been substituted by the Insolvency and Bankruptcy Code (Second Amendment) Act, 2018, w.e.f. 06.06.2018. That new clause has been inserted to carve out surety in a contract of guarantee to a corporate debtor on recommendation made by the Insolvency Laws Committee in the report published in March, 2018.

It may also be noted that due to various judicial decisions, the moratorium period is not applicable in the following cases:

- No criminal proceeding is covered under Section 14 of the Code. (Bombay HC)
- Proceeding under Section 138 of the Negotiable Instrument Act, 1881.(NCLAT)
- Any suit or case pending before the Hon'ble Supreme Court under Article 32 or where an order is passed under Article 136 or the power of the High Court under Article 226.(NCLAT)
- The arbitration that has been instituted after the aforesaid moratorium is non est in law.(SC)
- Moratorium would not apply to the proceedings which are in the benefit of the corporate debtor.(Delhi HC)
- The personal and individual assets of a Director is not the subject matter of the CIRP and the moratorium only extends to the assets of the Corporate Debtor.(NCLAT)
- Moratorium is not applicable on proceeding under 'Prevention of Money Laundering Act, 2002' or provisions therein relates to 'proceeds of crime'.(NCLAT)
- Performance Bank Guarantee given by the Corporate Debtor is not covered by Section 14. (NCLAT).

It will thus be seen that the moratorium is per se for the actions related to the commercial claims alone. The window for the revival of the Corporate Debtor is very limited and during that period, there should be a strict calm period and absolute moratorium in all cases where the primary liability is of the corporate debtor.

Section 14 imposes serious restrictions on the rights of the third party against filing of suits or proceedings or taking coercive action against the corporate debtor for recovery of debt. While interpreting Section 14 of IBC, the decisions given by the judicial bodies are rather enlightening since although IBC was always touted as a creditor-centric code, it has been held that the moratorium provision was framed to ascertain that the corporate debtor is not burdened with additional stressed assets. It must be borne in mind that the primary rationale of Section 14 of IBC is to try and maximize the value of the corporate debtor such that it may continue its operations while its future survival is being appraised via the insolvency resolution process. The transactions may be structured in a manner so that they to fall within the four corners of law. Yet, time and again, there is something beyond which the courts have looked into. The Supreme Court has commented upon colorable devices and therefore, the courts have given more weightage to the substance rather than what is apparent on the face of the transactions

In times to come, it will be interesting to see if judicial pronouncements

carve out any exceptions for certain legal proceedings from the applicability of the moratorium as provided for in the Code.

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

Taxation Matters

Income Tax

I. HC: Quashes Assessment reopening based on audit party objection

Hon'ble Delhi High Court has quashed the assessment u/s 148 by holding that the Assessing Officer had in fact applied his mind to the audit party objection and formed a clear opinion that there is no justification for reopening of the assessment and yet it is only on the insistence of the Addl. CIT Audit that the AO changed his opinion and decided to reopen the assessment. Consequently, the reopening of the assessment in the present case, which was based on a change of opinion was vitiated in law as it did not satisfy the legal requirement of Section 147.

[Pr. CIT v. LALIT BAGAI (ITA 1444/2018) Delhi High Court]

II. ITAT Delhi held "Assessing Officer framed the assessment order before expiry of 4 weeks of passing the orders of objection was held to be void"

During relevant year, the assessee filed the objections to the reasons recorded for re-opening of the assessment vide letter dated 17.12.2014. Income Tax Officer Ward 63(4) passed the order dated 25.03.2015 disposing of the objections. Thereafter, the final assessment order was framed by the Income Tax Officer Ward 63(4) on 30.03.2015. Delhi ITAT following the decision of Hon'ble Bombay High Court in the case of Bharat Jayantilal Patel v. UOI (2015) 378 ITR 596 held that the assessment order passed before expiry of 4 weeks of passing the orders of objection was held to be void.

[Smt. Usha Singhal v. ITO (ITA No. 4123/DEL/2016 ITAT Delhi)]

International Taxation & Transfer Pricing

I. ITAT Delhi held "Payment by Indian affiliate for support services taxable as FTS under Act and DTAA"

Tribunal in this case has ruled that payment received by assessee towards cost allocated for providing support services to its group affiliate in India qualifies as FTS/FIS u/s 9(1)(vii) as well as under Article 12 of India-US DTAA. Assessee argued that its receipts constituted mere reimbursement of expenses, as costs were allocated to various affiliates without charging any markup/profit element. It was further argued that such services did not make available any technical knowledge/skill to its affiliates. Tribunal took note of the fact that such activities were performed on a year to year basis. ITAT observed that the concept of make available requires that the fruits of the services should remain available to the service recipients in some concrete shape such as technical knowledge, experience, skill, etc., which was met in the instant case (as reflected from the contract). Thus, Tribunal concluded that the payment was taxable as FTS under the Act as well as under the DTAA.

[H.J. Heinz Company v. ADIT – ITA No. 6252/Del/2012]

Goods and Services Tax

I. Rajasthan AAAR upholds AAR ruling: Credit of Central GST paid in Haryana not available in Rajasthan

Rajasthan AAAR upholds order of AAR which ruled that ITC of Central GST paid in Haryana was "not admissible" to the appellant in Rajasthan. By perusing Section 16(1) and 2(62) of the CGST Act, it opines that the 'input tax' inter alia is 'Central Tax' charged on inward supply of a registered person, while 'Central Tax' as per Section 2(21) of the CGST Act, means the Central Goods and Services Tax (Central GST) levied under Section 9. The said authority states that ITC of Central GST or Central Tax would be available to a person registered in Rajasthan if the location of the supplier and place of supply of the services are in Rajasthan. It holds that

if ITC of State GST is not admissible, ITC of Central GST should also not be admissible as both go hand in hand.

[In the matter of IMF Cognitive Technology Private Limited]

II. Tamil Nadu AAR denies ITC on Branch-HO inter-state supplies where consideration netted off

Tamil Nadu AAR holds that the branch office (BO) of applicant, engaged in the business of providing medium-sized heavy-duty cranes on rental/lease/hire basis is ineligible for full Input Tax Credit on the inter-state supplies (i.e. cranes) received from Head office (HO).

On perusing the MOU between the supplier and applicant, the said authority observes that BO does not pay full consideration of the transaction to HO but the same is being netted off against the receivable by the BO for the upkeep charges that HO has to pay to the applicant as per the MOU.

Consequently, the authority notes that there is a consideration to be paid by BO to HO in present case which is specified in invoices raised by HO to applicant, hence said proviso [which deems value of supplies "made without consideration" as have been "paid" as per second proviso to Section 16(2)] will not be applicable. It holds that applicant-HO would be ineligible for full ITC but only to the extent specified in the restriction as per second proviso of Sec. 16(2) of CGST Act and Rule 37 of CGST Rules r/w Sec. 20(iv) of IGST Act.

[In the matter of M/s. Sanghvi Movers Limited]

III. Maharashtra AAR holds that member's contribution to club taxable as 'supply of service', object or purpose 'inconsequential'

Maharashtra AAR holds that the amount collected by Rotary Club as contribution from members in the administration account, recovered for expending the same for the weekly and other meetings and other petty administrative expenses, is liable to GST as "supply of services".

The said authority holds that any membership fee collected by the applicant from its members will definitely be understood as 'consideration' as the same has been paid for supply of services. It clarifies that applicant has fulfilled both the conditions prescribed u/s 7 of CGST Act, i.e. supply is made for a consideration and in the course or furtherance of business, accordingly transaction between applicant and its members is nothing but "supply" and therefore, intent or objective of any club or association is immaterial in so far as the leviability of GST is concerned.

[In the matter of Rotary Club of Mumbai Nariman Point]

News Roundup

Key Developments

[FM announces biggest banking reform Since 1971 Bank Nationalisation \(News 18\)](#)

Finance Minister Nirmala Sitharaman on Friday, August 30, announced the merger of 27 public sector banks into 12, the biggest being the merger of Punjab National Bank, Oriental Bank of Commerce and United Bank. The three banks together will merge to form India's second largest bank after the State Bank of India, with Rs 17.95 lakh crore business and 11,437 branches. Sitharaman also announced the merger of Canara Bank and Syndicate Bank; Union Bank of India, Andhra Bank and Corporation Bank; and Indian Bank and Allahabad Bank.

[Govt courts global investors, opens doors to more FDI \(The Times of India\)](#)

The government on Wednesday, August 28 allowed foreign direct investment (FDI) in coal mining, contract manufacturing and digital media, while easing rules for single-brand retail to make it attractive for global brands such as Uniqlo, Apple and IKEA to invest in the country. Separately, the finance ministry has notified rules allowing 100% FDI for insurance intermediaries. The FDI changes are in line with budget announcements, although a decision on aviation is awaited.

[Govt steps in to comfort investors, companies \(The Times of India\)](#)

In a bid to counter the growing negativity about the economy and revive growth, finance minister Nirmala Sitharaman on Friday, August 23 announced a slew of measures, including scrapping surcharge on foreign portfolio investors (FPIs) and domestic market players and steps to improve the flow of loans and overall cash in the system, while promising easier rules and lower compliance burden on companies.

[RBI shows Rs. 1.76 lakh crore bonanza on government \(The Hindu\)](#)

The Reserve Bank of India (RBI) at its board meeting on Monday, August 26 decided to transfer a whopping Rs.1.76 lakh crore to the Centre — including interim dividend of Rs.28,000 crore paid in February — which is likely to address the precarious fiscal situation of the government to a great extent. The Rs.1.76 lakh crore includes the central bank's 2018-19 surplus of Rs.1.23 lakh crore and Rs.52,637 crore of excess provisions identified as per the revised Economic Capital Framework (ECF) adopted at the Board meeting.

[Govt to front-load spending to aid growth: FM \(The Times of India\)](#)

The government will front-load capital spending this fiscal year in a bid to support economic growth, finance minister Nirmala Sitharaman said. Speaking to reporters in Guwahati, the minister said the government will come up with more measures to arrest the economic downturn. Front-loading, or spending the entire allocated amounts for various projects early in the financial year rather than waiting for the last quarter, is typically done to support growth.

[Economy](#)

[Forex kitty hits new high of \\$426.4 billion on weak dollar \(The Times of India\)](#)

A dovish US Federal Reserve and weaker dollar has helped boost India's foreign exchange reserves to a record high of \$426.4 billion for the week ended June 21.

[FM Nirmala Sitharaman says corporate tax for companies to be cut gradually \(The Economic Times\)](#)

Finance Minister Nirmala Sitharaman on Monday, August 19 said corporate tax rate for companies with over Rs 400 crore turnover will be gradually cut to 25 per cent and the government will support wealth creators.

[Corporate affairs ministry clarifies on 'appointed date' for mergers, amalgamations \(The Economic Times\)](#)

The corporate affairs ministry on Wednesday, August 21 issued a clarification regarding "appointed date" in the scheme of mergers and amalgamations under the Companies Act. "Companies may choose the "appointed date" of the merger/ amalgamation based on occurrence of an event, which is relevant to the merger between companies. "This would allow the companies concerned to function independently till such event is actually materialised," the ministry said in a release.

[Labour code on mandatory minimum wages notified \(The Economic Times\)](#)

Government has notified the labour code on wages paving way for 50 crore workers to become eligible for mandatory minimum wages. The bill got the assent of the President on August 8, 2019 following which ministry of law and justice has published it in the gazette. This is the first in a series of four labour codes proposed in the government's labour reform initiative.

[Sectoral](#)

[Agriculture](#)

[Loans to agri sector see sharp rise in NPAs \(The Hindu-Business Line\)](#)

In what could be a major cause of concern about the rural economy and health of banks, bad loans in the agriculture sector are on the rise with a marked increase in fresh slippages in some banks. State Bank of India (SBI) registered a 13.08 per cent rise

in NPAs as on June 30, 2019, against 11.60 per cent in the same period last year.

[Centre launches pension plan for small farmers \(Hindustan Times\)](#)

The Modi government on Friday, August 9 launched the Pradhan Mantri Kisan Maan Dhan Yojana, a pension scheme for small farmers of the country. The social-security programme is aimed at 120 million cultivators categorised as "small and marginal" because they mostly own less than two hectares of land.

[Narendra Modi government exploring new ways to curb farm water use \(Hindustan Times\)](#)

The Narendra Modi government is set to unveil a series of measures to reduce water consumption in India's agriculture sector, which uses a disproportionately high amount of 89% of the country's entire groundwater. The new steps will try to ensure more sustainable methods of cultivation, as large parts of the country routinely face water crises amid alarming levels of ground water depletion.

[Automobiles](#)

[FM rolls out package to boost auto sector, liquidity situation; scrappage policy to come soon \(The Economic Times\)](#)

Union Finance Minister Nirmala Sitharaman on Friday, August 23, announced a number of healing measures for the plaguing the automotive industry which included enhancing liquidity situation and clarity on BS IV registration. Among the top of the announcements, the FM informed that the proposed hike in registration of vehicle has been postponed till June 2020. Another measure announced was to release the pending GST within 30 days.

[Banking & Finance](#)

[RBI unveils measures to boost confidence in NBFCs \(The Times of India\)](#)

In its monetary policy, the RBI has gone all out to revive confidence in well-functioning entities in the non-banking finance company (NBFC) sector. First, it has brought the single-borrower exposure limit for bank lending to NBFCs to 20% of the lender's capital as compared to 15% earlier. Second, it will recognise bank lending to registered NBFCs for selected purposes as priority sector lending.

[Fintechs get RBI nod to test digital solutions \(The Times of India\)](#)

The Reserve Bank of India (RBI) has provided fintechs, start-ups and lenders access to banking systems within a regulatory sandbox to enable them to come up with proof of concept for innovative digital solutions in payments, lending and other financial services.

[Capital gains: For FPIs, new SEBI norm is a tax-free 'gift' \(The Hindu Business Line\)](#)

SEBI has allowed foreign portfolio investors (FPIs) to invest from Gujarat Gift city, in a move that could see FPIs heading to the international financial services centre (IFSC) in Gandhinagar. Business units operating from GIFT City enjoy a 10-year tax holiday.

[Energy](#)

[New green energy corridors witness 50% reduction in project costs \(Business Standard\)](#)

The latest bidding for power transmission projects to connect renewable energy with the national grid saw leading private companies bring down project costs by about 40-50 per cent. Adani Transmission, Sterlite Power, L&T, and Tata Power were in the race for Rs 1,500 crore worth of projects.

[India will use more power than Europe, US by 2040 \(The Times of India\)](#)

India will consume more electricity than Europe by 2038 and the US in 2045 as population expands and a sharp rise in GDP growth drives consumption by lifting more people out of poverty, according to 'New Energy Outlook' by BNEF (Bloomberg New Energy Finance).

[OPEC sees bearish oil outlook for rest of 2019, points to 2020 surplus \(Money Control\)](#)

OPEC on August 16 provided a downbeat oil-market outlook for the rest of 2019 as economic growth slows and highlighted challenges in 2020 as rivals pump more, building a case to keep up an OPEC-led pact to restrain supplies.

IBC

[Lok Sabha passes amendments to Insolvency and Bankruptcy Code \(The Economic Times\)](#)

Lok Sabha passed amendments to the Insolvency and Bankruptcy Code, with the government asserting that the spirit behind the law is not to allow companies to die. Rajya Sabha has already passed the bill and with its passage in the lower house, the Insolvency and Bankruptcy Code is set to be amended.

[Fewer cases admitted for insolvency action in Q1 \(The Times of India\)](#)

For only the second time since the enactment of the Insolvency & Bankruptcy Code (IBC), the number of fresh cases admitted for resolution has seen a decline, indicating that there may be fewer companies in the system that are under financial stress. But the bad news is nearly 55% of the companies that are taken up under IBC have gone into liquidation, with just 14% ending up with a resolution plan, latest data released by the Insolvency & Bankruptcy Board of India (IBBI) showed.

Infrastructure

[Government to achieve housing for all two years ahead of 2022 target, says Hardeep Singh Puri \(The Economic Times\)](#)

The government is set to achieve its target of providing housing for all in 2020 itself, two years before its stated deadline of 2022, said Minister of State for Housing and Urban Affairs Hardeep Singh Puri. "The 2022 target of a pucca home with basic facilities in the name of the lady of every household in the country will be achieved two years in advance. To achieve this target, we need deep involvement of all stakeholders," Puri said at the National Real Estate Development Council's (NAREDCO) convention in New Delhi.

[Panel set up to finalise infra projects pipeline \(The Times of India\)](#)

The government has decided to set up an inter-ministerial task force to finalise the pipeline of infrastructure projects as it rolls out plans to invest Rs 100 lakh crore to upgrade the network over the next five years. "The initiative is expected to boost growth and job creation. These projects would be monitored actively to accelerate capital expenditure and investments in the economy," according to the presentation made by FM Nirmala Sitharaman.

IT

[MeitY seeks inputs on draft data bill from select few \(The Economic Times\)](#)

The government has sought inputs from select stakeholders on its draft data protection Bill. The Ministry of Electronics and Information Technology (MeitY), in a letter sent last Friday, August 16, has sought clarifications on issues such as data localisation and ways to govern non-personal data, including anonymised, community and ecommerce data.

Retail

['Retail sector set for big growth as technology drives change' \(The Hindu-Business Line\)](#)

There is a huge change waiting to happen in the unorganised retail sector in the next five years as many start-ups are empowering small retailers with cutting-edge technology, said BS Nagesh, Chairman, Retailers Association of India (RAI), at the Chennai Retail Summit 2019 organised by the Association.

Start-ups

[No Angel Tax on registered start-ups \(The Economic Times\)](#)

The so-called 'angel tax' would not apply to start-ups registered with the Department for Promotion of Industry and Internal Trade (DPIIT), the government announced on Friday, August 23.

Water

[Over 3.5 lakh water conservation measures taken up under Jal Shakti Abhiyan \(The Economic Times\)](#)

In a countrywide effort to enhance water security, especially in water-stressed districts, the Centre initiated Jal Shakti Abhiyan (JSA) has delivered over 3.5 lakh water conservation measures in 256 districts. The outcome of the first phase of the JSA was announced at a review meeting by Cabinet Secretary in New Delhi on Friday, August 2. Out of these, 1.54 lakh are of water conservation and rainwater harvesting measures, 20000 related to the rejuvenation of traditional water bodies, over 65000 are reuse and recharge structures and 1.23 lakh are watershed development projects.

States

[Green move: Charging e-vehicles now cheaper in Delhi \(The Times of India\)](#)

[Government to launch Rs 3,000 cr projects in 100 days in Northeast \(The Economic Times\)](#)

[Tamil Nadu: New industrial policy to suit GST regime on the anvil \(The Hindu Business Line\)](#)

[Adani's Rs 70,000 crore plan to build solar-powered data centre parks in Andhra Pradesh in limbo \(Financial Express\)](#)

[NTPC to set up 5,000-MW ultra-mega solar park in Gujarat, Rajasthan \(Financial Express\)](#)

[15th Finance Commission may scrap revenue-deficit grants to states \(Financial Express\)](#)

[Karnataka emerges as best state for roof top solar in India \(The Hindu Business Line\)](#)

[Gujarat retains top position in water management, says NITI Aayog \(Business Standard\)](#)

International News

[Global gold demand surges 8% to three-year high as prices rally: WGC report \(Business Standard\)](#)

Global gold demand rose 8% in the first half of this year to the highest since 2016, driven by central bank buying and a flood of investment into gold-backed exchange traded funds (ETFs), the World Gold Council said on Thursday, July 30.

[39% Indian companies in China plan to invest more this year: Survey \(The Economic Times\)](#)

Undeterred by the possibility of US-China trade tensions rising and encouraged by a profitable 2018, Indian firms are likely to continue investing in China this year, according to an industry survey. The Business Climate for Indian Companies in China survey, conducted by Confederation of Indian Industry and Evalueserve, showed that 98% of Indian businesses in China planned to make some investments in the country in 2019 and 39% planned to boost their investment.

[India to rank trade partners to gauge restrictiveness](#)

India is developing an index to rank eight of its major trading partners and countries it is pursuing free trade agreements (FTA) with, to gauge their restrictiveness to cross-border movement of professionals, a crucial area of interest for the country.

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