CORPORATE Dossier

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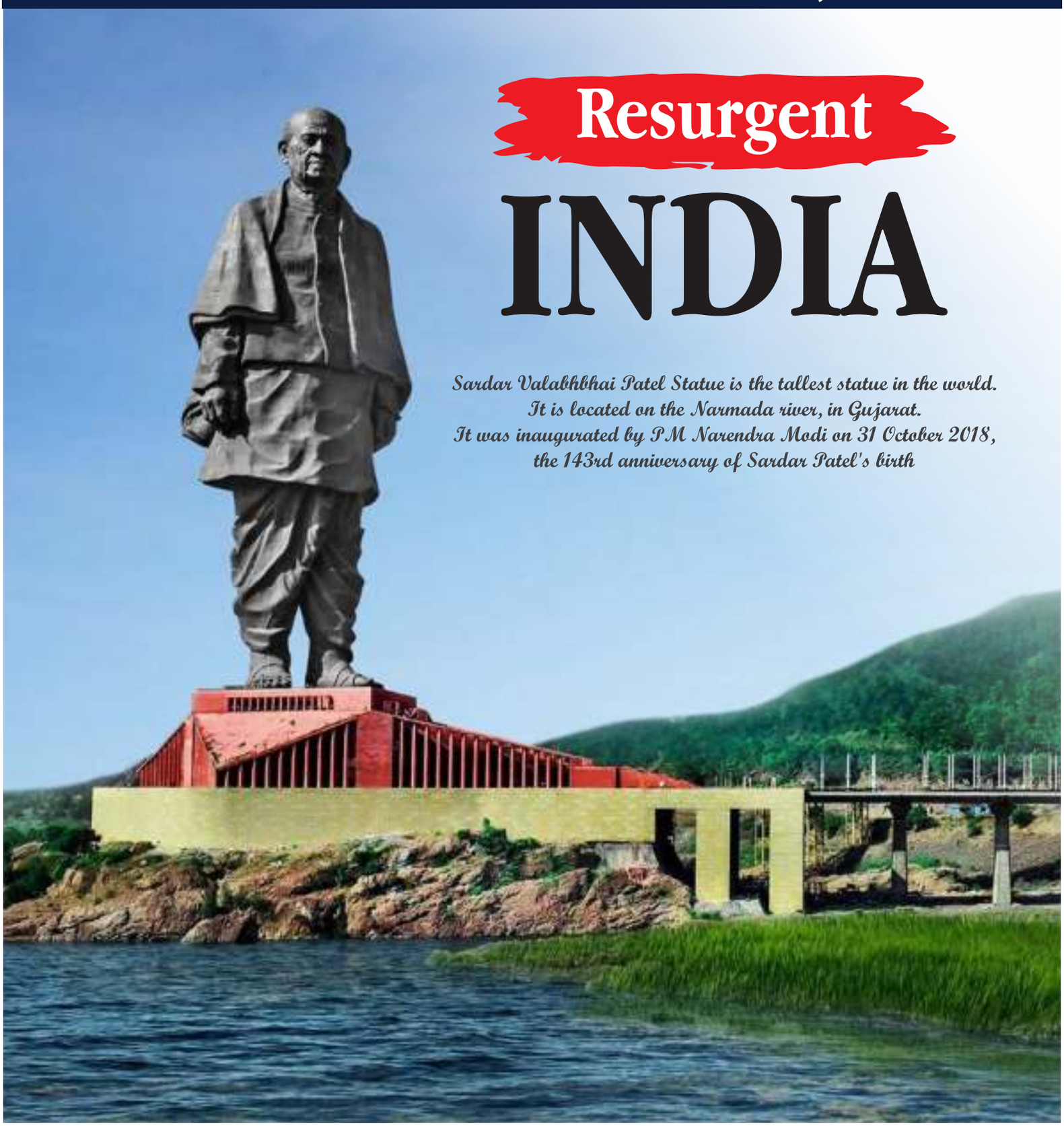

Resurgent INDIA

Sardar Valabhbhai Patel Statue is the tallest statue in the world.
It is located on the Narmada river, in Gujarat.
It was inaugurated by PM Narendra Modi on 31 October 2018,
the 143rd anniversary of Sardar Patel's birth

Contents

Dear Reader,

The objective of Corporate Dossier is to keep readers aware of happenings, news, trends that affect finance and economy. We also carry information related to growing business and helping in shaping corporate strategies.

The Coronavirus pandemic affected the global economy. Almost all the sectors have been adversely affected. In this issue of Corporate Dossier we are focusing on "the nation's resurgent economy".

Other topics include making India into 'Bhavya' Bharat, ease of doing business in India, the initiatives taken by the income tax department to help grow the Indian economy and the budget- 2021 which focused on making India 'Atmanirbhar'.

If you feel like contributing towards the next issue on any relevant topic, please do so. You can send the article to info@uja.in

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Edited by Nandita Khaire

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Towards A Resurgent India

To say that the year 2020 has been eventful would be an understatement.
The Corona virus has jolted us into the realization of many unfolding happenings not imagined for. It has given a new perspective towards emerging risks forcing us to plan and anticipate for future events, whether foreseeable or not.

In a globally connected economy, the pandemic has adversely affected the global supply chain and services industry with global exposures. For India, this provides a golden opportunity to accelerate India's growth and progress. To achieve this, we need a co-ordinated and focused approach from Policy makers, the Governments and other stakeholders like politicians, business community and the citizens.

How can India progress towards an economic prosperity?
What are the factors that can drive this growth?

In a country like India, the economic development is influenced by variety of factors such as political, social, technological, natural, administrative, etc.

Sharad Musalay *CEO, UJA looks at the swift pace at which India is growing*

It is also important to understand the constraints that face a multi-faceted country like India namely; Scarce resources allocation to developmental, Social welfare and non-developmental expenditure and its efficient use; a balancing act to address the equitable development of all strata of a very large population; slow response or resistance to economic reforms; political opportunism, bureaucratic hurdles and ease of doing business, instability in tax regime, etc.

Some of the crucial areas that need attention in a fundamental way for economic growth are addressed below:

Revival of manufacturing sector:

In order to make the 'Make in India' initiative successful, it is important to make the manufacturing sector a robust growth engine. The Government policies in terms of supporting a globally competitive domestic supply chain with innovative fiscal and tax incentives at each stage is the need of the hour. Production of items qualifying to Import substitution must be incentivized.

Extending subsidized low cost loans with long term moratorium for eligible units wanting to revive, reduced cost of operations by way of duty free electricity, duty free import of high tech capital equipments, tax moratorium, GST moratorium or lower GST rates, sourcing of key raw materials, Power with low/nil duties/GST, subsidizing power of high energy consuming industries like steel manufacturers, etc. are some of the measures that can extended to a manufacturing unit having potential for revival. This will result in lowering of the input costs making products globally competitive; ensure employment generation and export earnings as well as reducing the trade deficits against import substitution.

Government has to adopt favorable and innovative policies for FDI in technologically focused industrial ventures, Global supply chain joint ventures and Companies who want to make India their export hub. These can be in the form of Export incentives, Tariff free import of high tech equipments imported by the Manufacturing companies for exports to their parent/sister ventures in global supply chain, Duty free inputs on Power, government duties and levies, etc.

Export competitiveness

For India to be a global economic achiever, it would have to significantly improve its export performance and move up the value chain from traditional exports like textiles and clothing to medium and high technology goods. Niti Ayog, the government think tank, has formulated 17 measures for improving the trade capabilities of India's foreign trade. A National Commercial Network (NTN) has been established which will improve the flow of information, and will also assess in making the custom process as well as the Information Technology system more efficient. Development of NTN will have a significant impact on the export efficiency and transparency.

The Export Preparedness Index (EPI) 2020 emphasizes on better domestic capability and competition, readiness at state/regional level, exploring the export potential strength at state level. At the state level, the issues of poor trade support, gaps in export infrastructure, lack of access to financial facility and low export credit need to be addressed to remove the disparity amongst states performance to tap their competitive advantage and potential.

To encourage and compete in Exports, it is important that the Government policies have to be supportive on a sustained basis with necessary support and incentives for evolving technology absorption.

Beyond the Government measures, the Made in India exports from India have to address the perception of poor quality image, high costs, unreliability, etc.

The Stakeholders have to focus on these issues in order to develop an Export-eco system which can compete at global level and tap the vast potential.

> "In a globally connected economy, the pandemic has adversely affected the global supply chain and services industry with global exposures. For India, this provides a golden opportunity to accelerate India's growth and progress."

Technological Advancements, R & D

The evolution of technology has been the backbone of the technological and industrial progress. The Industrial and technology companies have to be at the forefront to embrace the changes that are unfolding every day. Agility is the key. The turnaround time in bringing the new fields in science and technology into the commercial use has to be rapid in order to have the first mover advantage.

To be competitive, a favorable environment for technological advancement by way of Research & Development has to be created and sustained by way of nurturing the efforts through focused Government policies. The role of the Government is to support the Industry by way of necessary planning, allocation of resources for the technology absorption, facilitate in the creation of necessary skill-sets through Industry-Education collaboration.

Beyond Government, the Business community have to contribute in developing a culture of Innovation and Research. There is a need for endowment funding towards these efforts with necessary collaboration by way of Incubation support and to generate returns on these investments arising out of the commercial exploitation of technology. Business community with ample resources can be encouraged to exploit opportunities arising in sunrise and green field sectors like alternative energies, nano-tech, etc. which have enormous commercial applications and also reduce imports.

Though there are tax benefits under the Income Tax Act, Incubation funding/Grants, assist in IP protection, subsidizing R&D costs by way of financial support /sharing of direct costs and investments incurred are some of the concrete steps that can be taken by the Government on a sustained basis to improve its R&D efforts, currently at a meager 0.7% of GDP.

Education- the cradle for transformation

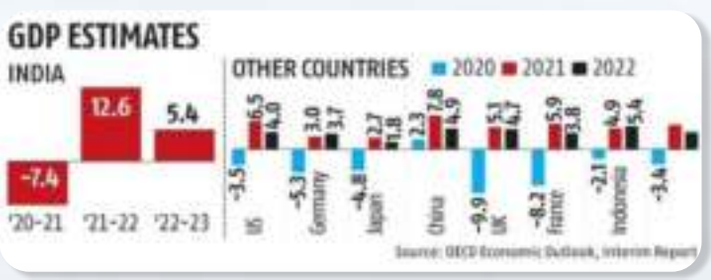
Modern education system has to keep pace with the new developments in the world. The students coming out of the education system must be equipped and fit to be employed with the skill-sets required for new technological advances applied in the businesses and processes.

Our education system especially at University level are not in sync with the demands of the businesses and the technologies being adopted. To prepare capable and employable prospects, the Policy makers have to anticipate much in advance about the skill-set gaps & demands in the light of new developments in various work disciplines and draw up and execute the action plan to prepare the skill-sets meeting industry standards. This is especially true in a scenario of new technologies and processes replacing human work e.g. AI, Machine learning.

Industry-Education collaboration is vital on a continual scale to formulate and plan and develop an action plan to revamp the education system. The involvement of Tech think-tanks, academicians who are constantly monitoring the technological advances and developments around the world is vital in this planning exercise.

On a broader scale, the Government resource allocation towards education has to improve from current 4.6% to at least 7%. There has to be greater accountability and monitoring on the ways this expenditure becomes productive to make more people educated. Illiteracy fosters exploitation and inequality. Progressive education should lead to social and economic upliftment; generate skills and a workforce that can develop the economy. Greater focus on vocational training to generate more employable workforce in areas of skill shortages, develop the economy and standards of living.

"OECD raises India's economic growth forecast to 12.6% for 2021-22."



Strengthening of Financial Sector

The performance of the financial system is a barometer on underlying real economy and the macro-economic balances. Its significance also arises from the transformational function it performs on intermediation of funds in the economy and the public trust and dependence on banking and financial markets functioning. With the increasing integration of Indian economy with the Global economies and the international focus and linkages, regulation of the financial sector to ensure stability, maximum transparency, disclosure and accountability and adhering to prudent norms matching international standards assumes importance.

Governance

Economic development is also a part of the political process that challenges vested interests. Shrewd power politics can be bad economics. These are very much evident in India and have resulted in push and pull effect in the economic development since long.

This is the result of after-effects of "Flawed democracy" (refer Democracy Index by Economy intelligence Unit of Economist group, UK) driven by narrow political interests rather than national good. Much of good governance efforts are lost in divisive political opportunism especially in a government with weak mandate, bureaucratic hurdles, corruption, lack of accountability, autonomy and other malaise. This creates challenges to the nation's progress, social disparities and inequalities apart from posing threats to internal and external security.

It is only when we transit from a 'Flawed democracy' to a 'Mature democracy' that we can see ourselves as a country graduating to being a developed country with high satisfaction index. For a country like India with diverse diaspora, this is going to be a slow process requiring a paradigm shift in societal and political conditioning and also government functioning.

India is ranked 63 out of 190 in the World Bank's Ease of doing business report, 2020. However, we fare badly in enforcing contracts (163); registering property (154) and paying taxes (115). Though progress is seen on many fronts since last decade, but lot is desired especially in areas of streamlining clearances and speedy approvals, simplifying and reducing redundant and un-necessary laws, corruption, and slow justice delivery. Inefficient and high cost of governance is the other detriments that need to be addressed to ensure a seamless economic progress.

In the coming future, an important challenge before the Government will be to redefine its administrative role. The Political role of the government should be to ensure a stable and competitive environment with a strong external sector and an efficient and transparent domestic administrative system. While macro-economic policies can be decided by the Government through its think-tank Niti Ayog, the implementation must be delegated to autonomous regulatory and other institutions. Government role must expand in creating Infrastructure, Education and Health services and reduce in running of Commercial enterprises. Also the implementation of economic programmes must be devolved to the States.

Public finance and tax administration

Focused attention to channelizing resources on improved auditing, processes; Data analytics; overhauling of tax laws; reducing tax litigations to unlock huge tax disputes, etc. will help improving the Tax base and also Tax to GDP ratio on part with comparable economies.

In the past few decades, we have made some progress towards alleviating poverty and upliftment of lowest strata through public welfare and improving education levels, however there are serious and critical issues concerning dwindling capital expenditure, small and inadequate allocations to social and economic infrastructure, the poor quality of spending, poor translation of outlays into outcomes and inadequate corrective measures. The Public finance functioning is seriously hampered by disregard to developmental priorities; lack of planning and delays in delivery and execution resulting in escalating cost; short term political considerations and political interference, red-tapism, etc.

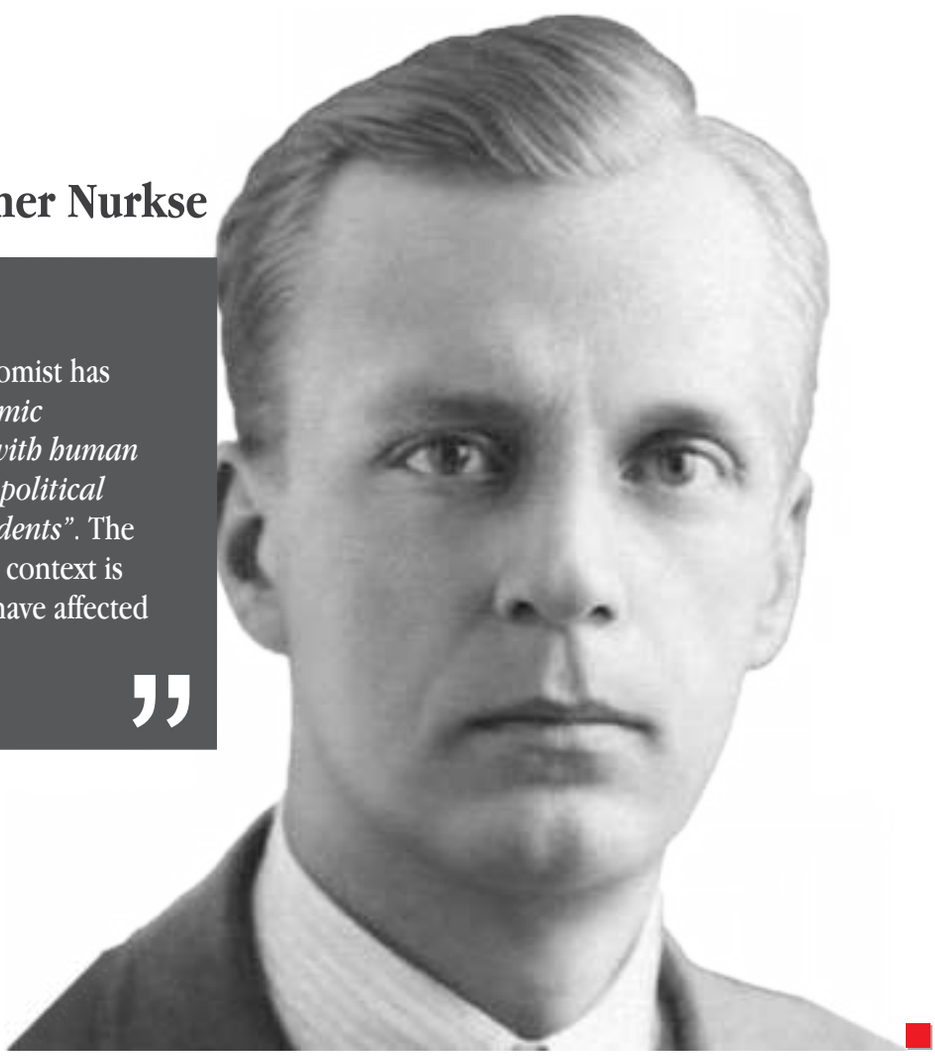
"Just keep an eye on the wind, OK?"

Government spending administration needs to over hauled and made more professional. Medium term expenditure framework must be integrated with Outcome Budget to provide a clear analytical link between inputs, outputs, and pre-determined outcomes; Robust and strong mechanism for Evaluation, accountability and monitoring, benchmarking performance and Incentives yardsticks need to be put in place and implemented with no political interference.

In order to make India a resurgent economy and achieve a sustainable developmental growth, a development strategy that will ensure creation of a progressive economic and social environment that will promote social and economic upliftment, reduce economic disparities and poverty and create a strong economy will require a collaborative participation by all the stake holders-Government, Policy makers, Political bodies, Business leaders.

Prof.Ragner Nurkse

An eminent international economist has rightly expounded that *"Economic development has much to do with human endowments, social attitudes, political conditions and historical accidents"*. The realization of this in the Indian context is evident in various factors that have affected our economic progress.



A Place in the Sun

A Place in The Sun

Nandita Khaire *Director Corporate and Business Strategy looks at how India is seeking its place in the 'sun'. India is carving out its position as a super power amidst tough challenges from wasted China politics and warfare, the Covid 19 pandemic, hostile neighbours and global vested interest who do not want India to become a super power.*

Covid diplomacy

On February 10th, leaders of two small countries tweeted the following:

"India's gift of 100,000 COVID 19 vaccines arrived in Barbados earlier today. This was a very special moment for all Barbadians and I want to thank Prime Minister Modi for his quick decisive and magnanimous action in allowing us to be beneficiaries of these vaccines" - Mia Amor Mottley – Prime Minister of Barbados

"Even though I trust every word of the bible, I must confess that I did not imagine that the prayer of my country would have been answered so swiftly. Thank you, India @narendramodi" – Prime Minister of Common Wealth of Dominica

Two decade ago, it would have been impossible to imagine India at the forefront. From the time we gained independence India was a dependent nation. India was not self-sufficient in so many areas like food, medicines and others.

Today we have become the pharmacy of the world and the UN chief Antonio Guterres says that India's vaccine production capacity is best asset world has today.

Some naysayers said that India would bear the brunt of the Coronavirus pandemic and India would suffer millions of deaths. However, India has managed the pandemic very well. Till date India has provided covid vaccines to the following countries Bangladesh, Mynamar Nepal, Bhutan, Maldives, Mauritius, Seychelles, Sri Lanka, Brazil, Morocco, Eygpt, Bahrain, Oman, Dominica Barbados, Afghanistan, Algeria.

Showing China its place

On the evening of June 15th, China provoked India on the Line of Actual Control (LAC) at the Galwan valley, Ladakh resulting in a clash that caused the death of 20 Indian soldiers including the commanding office of the infantry battalion. India fought back tooth and nail. China trespassed and laid claim to an area along the line of control that belong to India. This led to a cooling off bilateral relationships between the two countries to its lowest. India warned China of repercussions and that India would not tolerate any further provocation. India communicated to China that the problem could be addressed peacefully and through talks, while China continued to flex its muscles.

In September, the government ordered a ban on a list of 59 Chinese apps, including popular video sharing app TikTok. India has surpassed China in terms of downloads and India was a significant market for the Chinese company Bytedance that owns the app.

Over the next few month, India and China continued to have multiple rounds of talks on the border areas. The first major breakthrough in talks to resolve the nine-month military standoff along the Line of Actual Control (LAC) in Ladakh, China's Defence Ministry announced on February 12th that Chinese and Indian troops on the southern and northern shores of Pangong Tso began "synchronized and organized disengagement" in line with the consensus reached between Corps Commanders when they last met on January 24. It has been a sort of a sweet revenge. India always suffered from an inferiority complex after the disastrous Indo Chinese conflict of 1960s. This time, instead of cowing down with fear, India gave a befitting reply, taking the Chinese by surprise. In the domain of South East Asian geopolitics, this move is seen as a win for India. India has also started playing an important role in QUAD. The is an informal strategic forum between the United States, Japan, Australia and India. There are semi -regular summits, information exchanges and military drills between member countries. It has been formed to check the growing Chinese clout in the region.

The International Solar Alliance

India has played a leading role in the formation of the International Solar Alliance. The launch of the International Solar Alliance was announced by Prime Minister Narendra Modi, and former President of France Mr. Francois Hollande, on 30th November 2015, at the 21st session of United Nations Climate Change Conference of the Parties (COP-21) in Paris, France. Heads of about 120 nations who affirmed their participation in the Alliance to dedicate efforts for promotion of solar energy.

The International Solar Alliance (ISA) was conceived as a coalition of solar-resource-rich countries (which lie either completely or partly between the Tropic of Cancer and the Tropic of Capricorn) to address their special energy needs. The ISA will provide a dedicated platform for cooperation among solar-resource-rich countries, through which the global community, including governments, bilateral and multilateral organizations, corporates, industry, and other stakeholders, can contribute to help achieve the common goal of increasing the use and quality of solar energy in meeting energy needs of prospective ISA member countries in a safe, convenient, affordable, equitable and sustainable manner.

International Solar Alliance

Signatories Prospective Members

Source : https://mapsontheweb.zoom-maps.com/post/161731275443/the-international-solar-alliance-via-reddit

Making India into 'Bhavya' Bharat

Dipali Joshi,

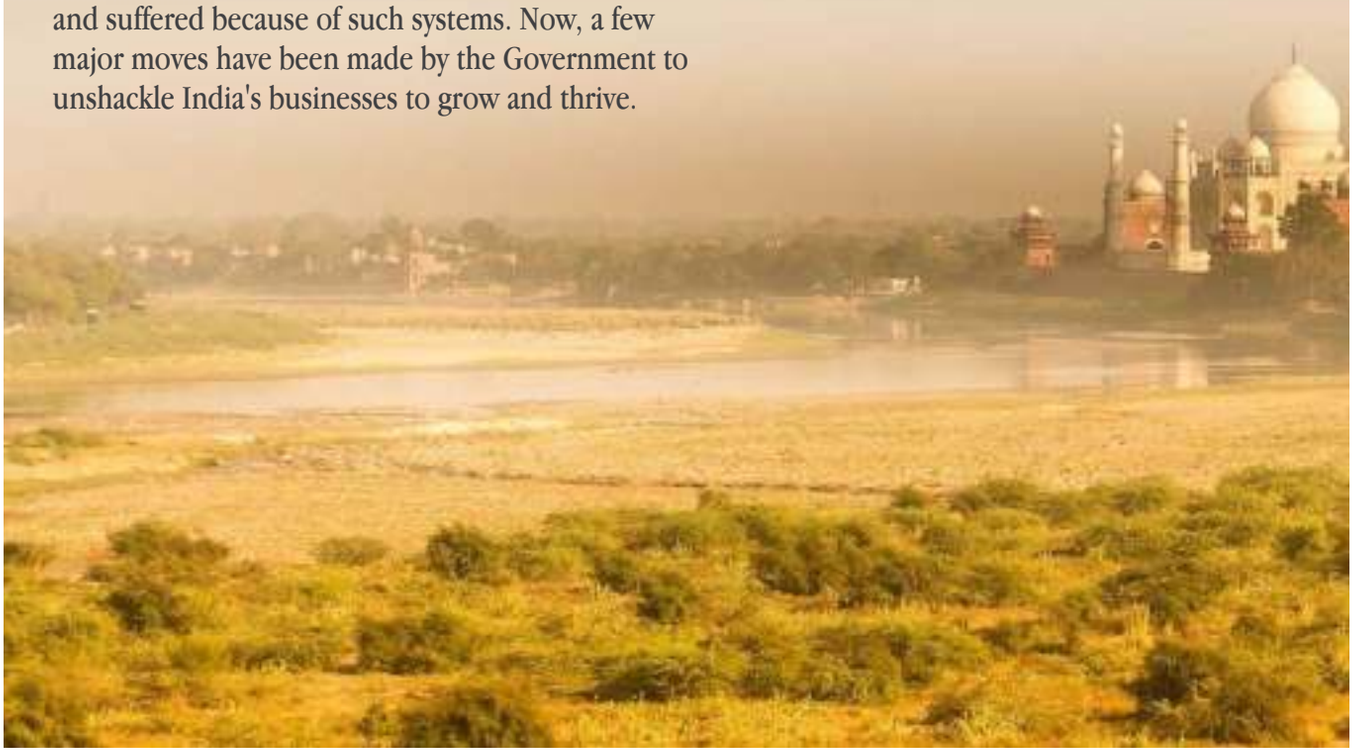
Sr. Manager - Market Research & Strategy UJA looks at what can make India into 'Bhavya' Bharat

"In the making of a nation, there are three fundamental aspects which we struggled with in the beginning."

1. The first and foremost is the territory or boundaries of the nation. The boundaries were not drawn in geographically sensitive way and led to loss of 600,000 lives as well as uprooting of millions of lives during partition of India and Pakistan.

2. The second aspect of making a nation is the systems and processes we follow. The systems for free India were inherited from the occupied India (as it is), which were meant to control and shackle. As a result, one or two generations of Indians lost possibilities and suffered because of such systems. Now, a few major moves have been made by the Government to unshackle India's businesses to grow and thrive.

3. Third and the most important thing is people. We need to facilitate and structure the methods wherein human beings are not curtailed and can find full expression to who he or she is. The first step has been taken by the Government to transform the education system (which was inherited from the British era and was supposed to produce administrators, tax collectors and accountants).



For any nation to succeed, its businesses should be successful and be allowed to flourish. AatmaNirbhar Bharat (Self Reliant India) initiative is one of the key drivers that can accelerate the making of Bhavya Bharat.

However, this message should be communicated effectively- within India as well as to the rest of the world. It is not about closing our doors and producing everything on our own. It is about keeping the nation in good economic health and with an open-door policy. India is opening the doors even wider. Instead of importing finished goods and selling in the Indian market, India is inviting foreign companies as well as encouraging Indian companies to manufacture and assemble the finished products in India for the domestic as well as international markets.

India cannot manufacture everything on its own but aims to maximize the share of locally produced goods thereby benefiting both foreign and Indian companies, its citizens and overall economy of the country. It aims to reduce its huge dependence on imports, as in the case of certain sectors such as pharmaceuticals and electrical. Some of these sectors depend on a single source like China.

The Government of India has identified a few sectors in which it will impose certain import restrictions for certain period (to protect and nurture the local manufacturers in initial years from the local cost imports) and provide incentives and encouragement to local manufacturers.

Sectors Identified by the Government for Import Substitution and Increasing Exports

- Food Processing
- Iron and Steel
- Electronics
- Industrial Machinery
- Furniture
- Automobile Parts
- Leather
- Footwear
- Pharmaceuticals
- Apparels
- Consumer Durables
- Toys
- Sports Gear
- Chemicals and Allied Sectors
- Defense Equipment

Around 5 years back, in order to develop supplier eco-system for mobile phones and in turn, reduce dependence on imports; the Government of India launched Phased Manufacturing Program (PMP) for production of components for mobile phones. It resulted in entry/expansion of large companies such as Foxconn and Pegatron in India. It also gave impetus to the local manufacturers for supplying components and services in this sector.

Similarly, the Department for Promotion of Industry and Internal Trade (DPIIT) is expected to announce PMP for airconditioners and its components. The incentives given under the scheme are expected to be linked to the share of locally manufactured components in the final products. Currently, more than 40% of the parts/components used in ACs are imported, mainly from China and Thailand. It will help India to reduce dependence on China and encourage local production.

Global component suppliers are expected to take advantage of various initiatives launched by the Government. Indian companies have the expertise such as local market knowledge and in-depth understanding, management bandwidth, engineering and managerial talents, easier availability of finances (compared to the past), except technical know-how or advanced technology. Most of the Indian entrepreneurs have not been seen investing in R&D and the development of new technology or products.

Globalization and the age of internet has opened the doors to the world economy and can provide an access to the technology and products already developed by the SMEs in the other parts of the world.

Indian companies can take the technology from “like minded and same size” international companies on a license basis. In this way, the Indian companies can manufacture and sell goods under their own brand names. International company can earn royalties linked to the sales of the Indian company, without investing much time and money in the far away market like India.

Several other partnership options can also be devised based on willingness, management and financial bandwidth of both parties. For instance, if both parties see huge potential in the Indian market and have financial and management bandwidth to grow the business, a joint venture can be formed in India.

On the other hand, if an international company is only planning to take advantage of India's cost competitiveness and proximity to certain markets, international company can get its products manufactured from the Indian companies and export to the neighboring markets.

It is a time to unleash potential of the Indian businesses and create success stories of more Indian multinationals, that grew in India and then went on capturing the international markets.

Budget 2021 –

A step to accelerating Post Covid Recovery

***Neha Raheja**, Partner Direct Tax gives a crisp synopsis of Budget 2021 presented by Finance Minister Nirmala Sitaraman.*

This year Budget 2021 was presented in the backdrop of the COVID - 19 pandemic, the year in which global pandemic brought about unprecedented challenges & changes in the world economy beyond anybody's imagination. To curb the spread of the virus, countries around the globe declared lockdowns thus bringing economies to a standstill.

In her budget speech, the FM said that *"the preparation of this Budget was undertaken in circumstances like never before."* Not to forget, that this budget being the first of a new decade was a *digital one*.

During the lockdown, to accelerate recovery, the AtmaNirbhar Bharat packages were announced & several reforms & initiatives were undertaken such as redefinition of MSMEs, commercialization of the mineral sector, privatization of public sector undertakings to name a few.

The previous budgets emphasized on making India a $5 trillion economy & this year's budget was in line with this vision and an extension to the various relief packages that were announced during the lockdown.

"I borrow the words of Rabindranath Tagore - Faith is the bird that feels the light when the dawn is still dark"
- Nirmala Sitharaman

Health & Wellbeing

Physical & Financial Capital, and Infrastructure

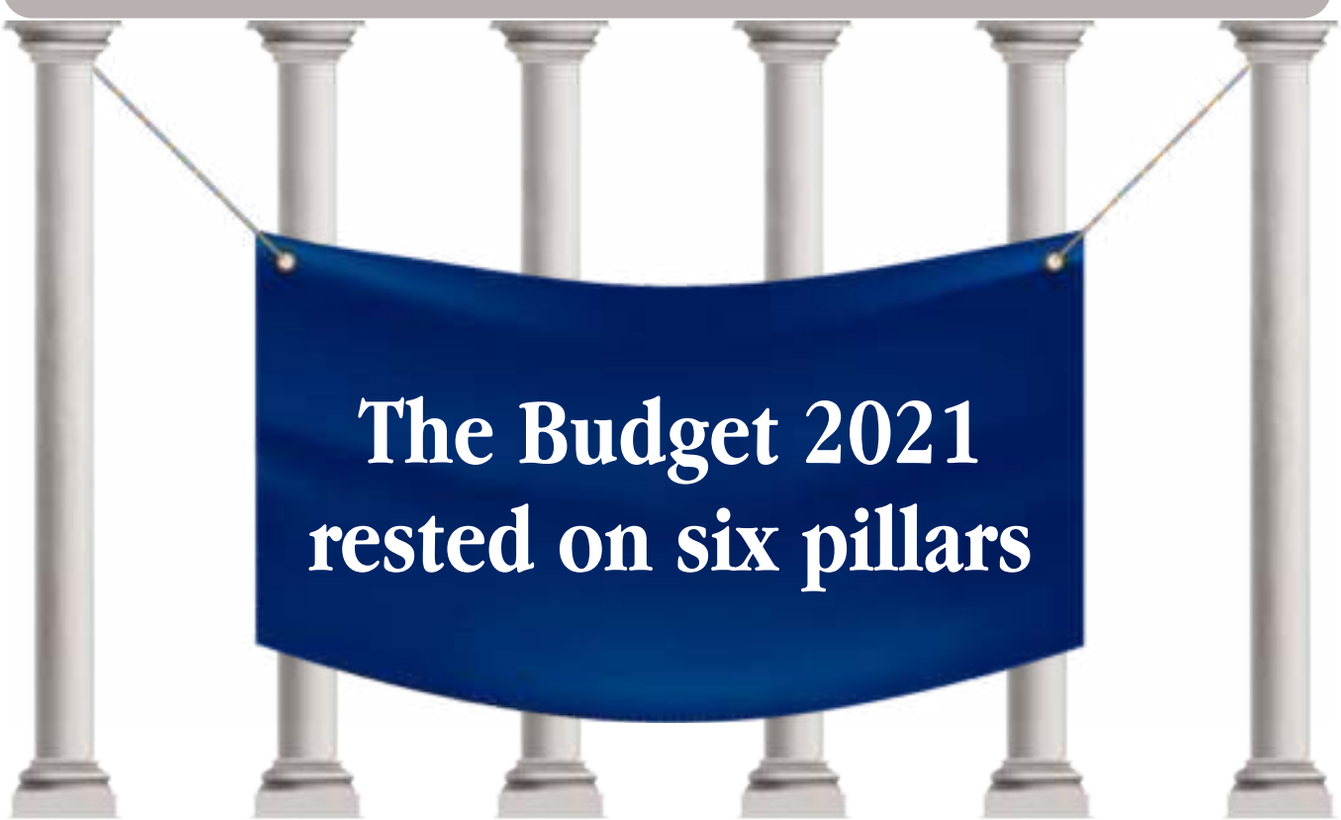
Inclusive Development for Aspirational India

Reinvigorating Human Capital

Innovation and R&D

Minimum Government & Maximum Governance

"The Budget 2021 announced a slew of measures to help the country bounce back on the path of recovery & hold true the vision of making India 'AtmaNirbhar'."



This Budget saw a substantial increase on Health infrastructure with a focus on strengthening three areas: preventive, curative & wellbeing. An outlay of INR 2,23,846 crores was proposed for health & wellbeing in 2021 - 2022, an increase by 137% of budget expenditure for the 2020 – 2021. This included a dedicated sum of INR 35,000 crore to COVID – 19 vaccine.

To achieve the target of USD 5 trillion economy, the manufacturing sector needs to grow & become an integral part of global supply chains. To ensure this Profit Linked Incentive Schemes (PLI) to create manufacturing champions were announced and the government committed INR 1.97 lakh crores over a period of 5 years.

In addition to PLI schemes, Mega Investment Textile Parks (MITRA) would be launched to enable the textile industry to become globally competitive, attract large investments & boost employment generation. It is proposed to establish 7 textile parks over the next three years.

To act as a catalyst for infrastructure financing, a professionally managed Development Financial Institution (DFI) is proposed to be set up. It is proposed to have a lending portfolio of atleast INR 5 lakh crores over the next three years. Also understanding that, reducing costs on logistics is the cornerstone to enable 'Make in India', mechanisms are proposed to be introduced & budgets have been allocated to States to create better infrastructure & also chart out a 'future ready' Railway system by 2030.

To promote & boost value addition in agriculture & allied products, it is proposed to enlarge the scope of 'Operation Green Scheme' to include 22 more perishable products apart from tomatoes, potatoes & onions. An additional 1000 mandis would be integrated with the online agriculture market place.

Another significant announcement is to increase the FDI in the insurance sector from 49% to 74% & allow foreign ownership with safeguards.

Coming to the taxation regime, the FM stated that *"a tax system has to be transparent, efficient & should promote investments & employment in the country. At the same time, it should put minimum burden on taxpayers."*

With the objective, several reforms were made in the Direct Tax system in the last couple of years & this Budget reiterated the same vision.

With a view to simplify & ease tax administration, easycompliance & reduce litigation, the Faceless Assessment & Faceless Appeal were introduced in the past. It is now proposed to make the Income Tax Appellate Tribunal (ITAT) faceless & jurisdiction less. The introduction of Dispute Resolution Committee will also be another measure to reduce litigation. To incentivize & boost digital transactions & also reduce the compliance burden on persons who are carrying on all transactions digitally, it is proposed to increase the threshold limit of tax audit from INR 5 crores to INR 10 crores. To incentivize setting up more start-ups in the country, it is proposed to extend the eligibility to claim tax holiday for start-ups by one more year to 31st March 2022. With the abolition of Dividend Distribution Tax ('DDT'), advance tax provisions have been amended to provide that advance tax liability on dividend shall be applicable only declaration of dividend.

From the Indirect Tax point of view, customs related procedures have been announced. It is proposed to review more than 400 old exemptions to customs & from 1st October 2021, revised customs duty fees structure shall be introduced. Also, with an objective to promote domestic manufacturing, customs duty rates have been increased on certain goods. 'Agriculture infrastructure and Development cess' has been introduced on import of certain specified goods. This cess shall be used to finance the improvement of agriculture infrastructure.

Incase of GST, the requirement of furnishing GSTR – 9 Annual return to be replaced with self – certified reconciliation statement is a major relief as it reduces compliance burden on the taxpayer. For the purpose of improving compliance, it is proposed that availment of input tax credit only when details have been furnished by supplier in the statement of outward supplies, validity of provisional attachment for a period, zero – rating on payment of IGST in specified cases and linking to zero receipts.

Addressing the nation after the Budget, PM Narendra Modi said that the Budget 2021 speaks of 'all round development'. “From Covid – related reforms to Atmanirbhar resolve, we moved ahead with this Mantra in Budget 2021. It is an active & not a reactive budget.” Modi held congratulating the Finance Ministry team.

Indian Chamber of Commerce in Italy

***Luciano Mantovani**, Secretary General ICCI writes about ICCI and how it is helping Italian companies to come to India and Indian companies seeking to grow in the Italian market.*

The beginning

The Indian Chamber of Commerce for Italy (ICCI) was inaugurated in 1975 with the firm backing of local Indian institutions and the efforts of Dr. Apa B. Pant, Indian Ambassador to Italy in the mid-seventies. To this day, the aim of the chamber is twofold. To develop institutional relations and most importantly, to support the development of business affairs between Italy and India. These social and economic relations, designed to stimulate business opportunities, are the result of the direct interaction between companies and organizations in the two countries.

This is where the Indian Chamber of Commerce in Italy plays a key role by promoting various types of interrelations through the direct involvement of Indian and Italian companies in business missions, B2B meetings, workshops, and sector-specific seminars. Its operations are intended to achieve much more than bring the two nation's economies closer together by forming institutional ties. Rather, they are meant to create an authentic "hub" that facilitates concrete business opportunities between Italian and Indian companies through a wide range of services. The chamber is involved in projects focusing on various sectors including education and within the health care space. In addition, it also unites and supports the growing community of Indian companies operating in Italy. Thanks to the continuous efforts focused on assisting Italian and Indian small and medium-sized companies as well as corporations, ICCI gained official recognition as a Chamber of Commerce by the Italian Ministry of Economic Development in 2002.

Services

ICCI offers Italian companies a three sixty-degree platform of services to help them approach the Indian market. Our services include market surveys, assessment of business-financial data of potential partners, customs support, partners identification and selection to develop sales channels (importers, distributors, and buyers) and industrial partnerships (joint ventures, licensed manufacturing, contract manufacturing), business plan drafting and strategy development for market entry, services for setting up an entity in India, accounting-audit services, legal support and disputes resolution, the organization of personalized B2B meetings as well as networking events, seminars, and workshops to gather information on the Indian market, support in preparing for trade fairs in India, and many more.

Network

The most distinctive feature of ICCI's organizational structure is the partnership framework it has built with numerous external players. These include both chambers of commerce, located in several Indian states, and a network of external professionals in Italy and India that provide legal services, protection of intellectual property, accounting-auditing, marketing and communication, logistics, and customs related services. Put together, ICCI has created an efficient system aimed at promoting business opportunities and facilitating the internationalization process. This, combined with its professionalism, experience, and expertise, has allowed ICCI to offer such a wide array of high-quality services for the benefit of large, medium, and small-sized companies. The key to this respect is the coordination role played by ICCI. It combines the network and services in a brilliantly integrated offer providing companies with the possibility to invest in India through a single, reliable player.

Tie-up with MCCIA®

One of ICCI's most recent and important tie-ups is its partnership with The Maratha Chamber of Commerce Industry and Agriculture (MCCIA) based in Pune. MCCIA aims to establish an eco-friendly, bio-diverse environment that will nurture and propel towards the creation and improvement of infrastructure and education. It envisions itself as a growth model for the country by acting as a centre for technical and industrial research, industrial growth, and development all within the respect of keeping a balanced socio-economic and eco-friendly environment. Lately, MCCIA has focused on assisting its more than three thousand members to forge international partnerships and expand their horizons. At the same time, it aims to attract greater foreign investments to India and more specifically to Maharashtra and the Pune area.

This initiative combined with ICCI's already established framework will create an important opportunity for Italian and Indian companies to grow. It will attract greater Italian business and investment to Maharashtra and support Indian companies to open to the Italian and European markets. Overall, the partnership will enable Indian and Italian companies to form a long-lasting business partnership through B2B meetings, webinars, business support activities, international partnerships, business missions, and creating greater international visibility.

The partnerships with MCCIA within the framework built by ICCI will further promote and facilitate the internationalization of Italian companies by creating a framework that guides and safeguards them, ensuring that they feel at ease operating in a complex market. By doing so these companies will not only be able to break into the Indian market but also take advantage of the various opportunities it offers.

It is without a doubt that India can offer important opportunities for Italian companies. Export and foreign direct investments between Italy and India have reached interesting figures. So far, approximately 650 Italian companies operate directly in India through a subsidiary, branch office, project office, or representation office. Approximately 70% of these investments are made by small or medium-sized companies. In 2019, foreign direct investments amounted to approximately 363 million US dollars as opposed to 2016, when they stood at approximately 279 million US dollars. Italian exports towards India reached around 5155 million euros in 2018-19 after peaking in 2017-2018 at 5709 million euros. The most interesting sectors for Italian companies are the food, food processing, cold chain, packaging, machinery and mechanical instruments, medical devices, infrastructure, green economy, and the pharmaceutical industries. These are sectors in which Italian companies are admired all over the world for their cutting-edge technologies and high-quality, innovative products offering a great opportunity for the "Made in Italy" tag.

Over the recent years, India has notably improved its business relations with Europe and Italy. The government has placed a notable focus on attracting investments by opening the economy, reducing tariffs on certain products, and removing many bureaucratic obstacles. This economic policy, which favors foreign companies, is part of a larger government initiative known as the "Make in India" program. This government-sponsored program aims to transform India into a world-class manufacturing hub for domestic and foreign companies. It provides subsidies and benefits to anybody planning to invest in manufacturing in the country. The major disruption in global trade caused by the Covid-19 makes this program increasingly valuable as it promotes India as an important alternative within the global supply chains of Italian companies.

The Covid-19 pandemic has certainly changed how business is carried out between the two countries. Travel limitations resulting from the pandemic, for example, have had an important impact on how trade and business are conducted globally, including transactions between Italy and India. This and other effects of the pandemic have triggered changes in the interactions between companies as well as in the economic policies of both countries. These are changes that will most probably become structural. Thus, there is an urgent need to be ready to grasp those opportunities identified 10 years ago during the financial crisis in 2009 by Mrs. Christine Lagarde, president of the ECB, as being typical of backlashes to socio-economic crises. The way business is conducted is changing at a global level, and it will continue to be vital to network with institutions like the Indian Chamber of Commerce in Italy, that is professionally equipped to handle this kind of situation and opportunity.

Due to the intricate nature of the Indian market, the presence of an institution like ICCI and its tie-up with MCCIA, capable of assisting Italian companies with effective market entry solutions was already a significant asset before the pandemic. With the current global situation and travel limitations, it has now become of crucial importance for Italian businesses interested in investing in India. Working as a reliable partner for Italian companies has become crucial for safely developing business opportunities in the Indian market, even when created from afar.

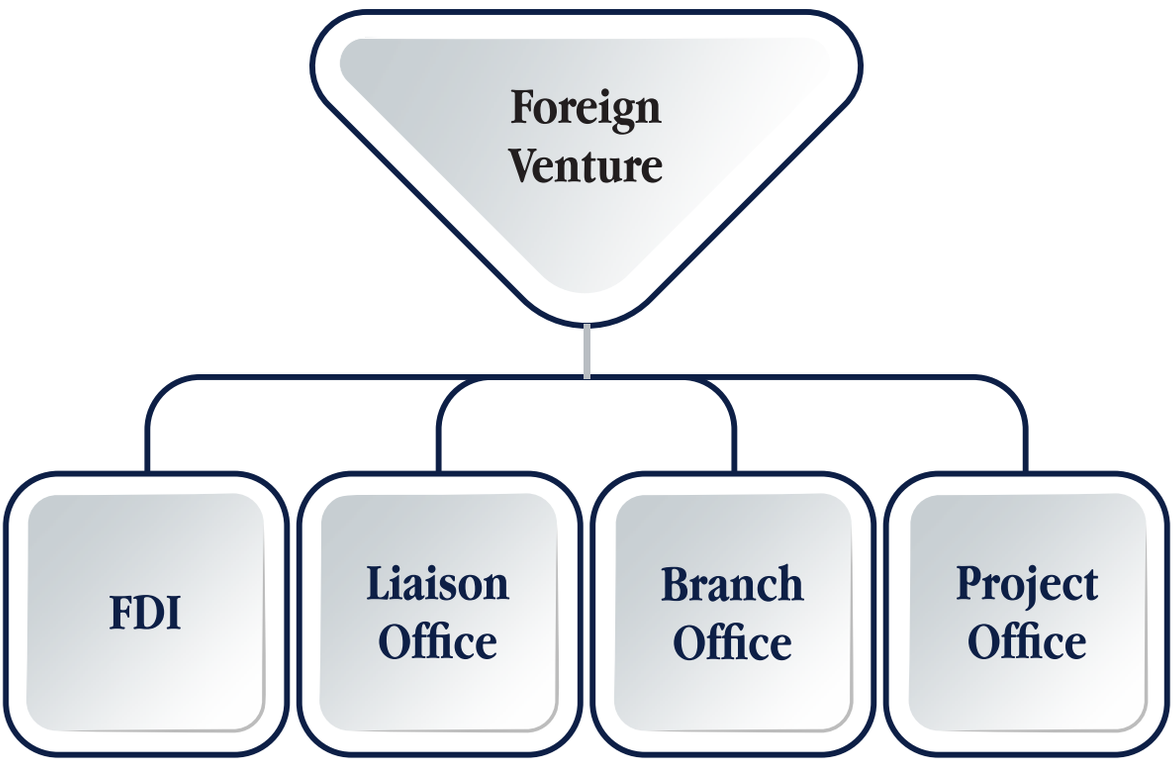
Freeways to Enter into India

Lav Mehta, Company Secretary UJA writes about freeways to foreign entities to do business in India

As name suggests, **Freeways** provide an unhindered flow of traffic, with no traffic signals or intersections. They are free of crossings with other roads, railways, or pedestrian paths, which are instead carried by overpasses and underpasses. Simply speaking, freeways provide direct entry from one location to another without any hurdle.

India is a country which provides such freeways to foreign body corporates, entrepreneurs and businesses located outside India to enter into India without any hurdle. In this article, we will discuss about the types of freeways provided to the foreign entities looking for hassle free entry into India to grow their businesses.

Diagrammatical Presentation - Types of Freeways Provided to Foreign Ventures



1.Foreign Direct Investment:

'Foreign Direct Investment' (FDI) is the investment through capital instruments (equity shares, preference shares, debentures or other securities) by foreign ventures, persons resident outside India in Indian Companies and LLPs.

Investment by foreign ventures is allowed in following sectors without any limit and without any approval:

a)Manufacturing Sectors;
b)Wholesale Trading Sectors;
c)Agriculture and Animal Husbandry;
d)Plantation of certain plants;
e)Mining with certain conditions;
f)B2B E-commerce;
g)Single Brand Product Retail Trading with certain conditions.

However, approval from regulatory authorities is required for certain sectors in which investment increases beyond the limits as mentioned in below table:

SECTOR	INVESTMENT LIMIT WITHOUT APPROVAL
Petroleum refining by the Public Sector Undertakings (PSU)	49%
Defence	74%
Air Transport Services	49%
Private Security Agencies	49%
Telecom Services	49%
Banking – Private Sector	49%
Infrastructure Companies in securities market	49%
Insurance and Pension Sectors	49%
Pharmaceuticals – Brownfield	74%

Foreign investment in India is prohibited in below sectors:

- Lottery Business including Government/ private lottery, online lotteries
- Gambling and betting including casinos
- Chit funds
- Nidhi Company
- Trading in Transferable Development Rights (TDRs)
- Real estate business or construction of farm houses
- Manufacturing of cigars, cigarettes, of tobacco, tobacco products
- Atomic energy and Railway operations

2. Branch Office/Project Office/Liaison Office:

The body corporates incorporated outside India, including a firm or other association of individuals can establish a Branch Office (BO) or Project Office (PO) or Liaison Office (LO) in India by making an application with the Authorized Dealer Banks in India. The Authorized Dealer Banks grants approval to the foreign entities to establish the offices in India satisfying itself as regards adherence to the eligibility criteria for establishing offices, antecedents of the promoter, nature and location of activity of the applicant, sources of funds, etc.

The comparison between Branch Office, Project Office and Liaison Office is tabulated below:

Requirements	For Branch Office	For Project Office	For Liaison Office
Net-worth	Minimum USD 100,000 or equivalent	No requirement	Minimum USD 50,000 or equivalent
Profit making track record	Minimum 5 years in home country	No requirement	Minimum 3 years in home country
Validity Period	Without any validity period	Till the tenure of the Project	3 years
Permitted activities	Export/import of goods. Rendering professional or consultancy services Carrying out research work in which the parent company is engaged. Promoting technical or financial collaborations between Indian companies and parent or overseas group company. Representing the parent company in India and acting as buying/ selling agent in India. Rendering services in Information Technology and development of software in India. Rendering technical support to the products supplied by parent/group companies. Representing a foreign airline/shipping company.	There is a general permission to non-resident companies to establish Pos in India, provided they have secured a contract from an Indian company to execute a project in India. Project Office shall not undertake or carry on any other activity other than the activity relating and incidental to execution of the project.	Representing the parent company / group companies in India. Promoting export / import from / to India. Promoting technical/ financial collaborations between parent / group companies and companies in India. Acting as a communication channel between the parent company and Indian companies

Requirements	For Branch Office	For Project Office	For Liaison Office
Inward Remittance	Funds received from Head Office through normal banking channels for meeting the expenses of the office and any legitimate receivables arising in the process of its business operations.	Foreign currency receipts from the Project Sanctioning Authority and remittances from parent/group company abroad or bilateral / multilateral international financing agency.	Funds received from Head Office through normal banking channels for meeting the expenses of the office. Refund of security deposits paid from LO's account or directly by the Head Office through normal banking channels. Refund of taxes, duties etc., received from tax authorities, paid from LO's bank account. Sale proceeds of assets of the LO.
Outward Remittance	Permitted to remit profit of the branch office net of taxes. For the expenses incurred by the BO	Remittances pending winding-up/ completion of the project. Payment of project related expenditure.	Only for meeting the local expenses of the office.

Investment by foreign entities is considered as a major source of non-debt financial resource for the economic development of India. Therefore, it is the intent and objective of the Government of India to attract and promote such investments in order to supplement domestic capital, technology and skills for accelerated economic growth and development. In turn, the foreign entities get opportunities to grow their business and increase profits.

Archana Dadhich,
Senior Corporate Lawyer UJA, looks at the changes taking place in the real estate sector.

Ease of Doing Business in Real Estate Sector

(Reforms In Regulatory, Fiscal Laws)

Real estate sector is one of the most important sectors of the Indian economy and the second-largest direct employment generator after agriculture. From long period, the real estate sector was unregulated and in favour of builders and developers. From getting delayed possession to bearing a huge loss of project cancellation, all has to be borne by home buyers.

The sector's contribution to the economy, post COVID 19 has also been very significant. Industry developers and consultants have tirelessly worked on developing schemes and offers throughout 2020 to keep the business rolling in the sector.

And after all these, for any of these malpractices, if a home buyer files a complaint, it use to take years to get a verdict. However, now to bring transparency and accountability to this sector, Real Estate Regulatory Act, 2016 has come to force.

Though, these alone will not be sufficient in improving the 'ease of doing businesses' in the sector. Several steps taken by the government in recent times from Ease of land acquisition and digitisation of ownership records, Real Estate Regulatory Act (RERA) and the Goods and Services Tax (GST), to Real Estate Investment Trusts (REITs) — have all been implemented for improving the ease of doing business in this sector, as well as for increasing investor confidence.

After implementation, these policy change are likely to attract more institutional investments into the Indian realty market — from domestic as well as foreign institutions.

A. Ease of land acquisition and digitisation of ownership records

The digitisation of land and property records will also directly boost the government's Digital India mission. A complete computerised compilation of land data, starting from the true owner to the present status of land, including an image of the property and the landowner for identification purposes, will reveal the combined area of land owned by a person. Other benefits include:-

a) A significant move will be the transparency in records that will make it difficult for people to evade the property tax.

b) Land detail availability could empower the government to realize its industrialisation and smart cities mission.

c) Every farmer's land would be linked to the Aadhar number after verification. Division of land could happen accurately on digital maps causing lesser land-related conflicts. Inheritance of land would be made easy. In addition, property crimes would automatically reduce.

d) It would reduce construction timelines and overall cost for the developer, the benefits of which can be transferred to the consumer.

e) Apart from providing conclusive titles to landowners and accelerating the process of land acquisition, digitisation of land records could also lead to a build-up of local revenues through improved property tax billing and collection.

f) A single window to handle land records, including maintenance and updating of maps, survey, and registration of properties.

g) Easier online approvals of plans and occupancy certificates. Status of a particular land will be available online. Records pertaining to land involved in court cases would also be available digitally.

h) Ease of doing business in the sector will make the transactions seamless for the developers and buyers, also ensure authenticity of the land or the property.

B. RERA

The Real Estate Regulation (and Development) Act, 2016 (RERA) came into effect on May 1, 2017. It aims to boost investments in the real estate sector and create a more transparent environment for property buyers by increasing the accountability of builders. There are three groups of people who are the main stakeholders in the real estate sector - builders, brokers and buyers. Let us take a look at how each of these groups has been impacted:

Builders:

As per the regulations, Builders are required to register all properties above 500 square meters or those having eight units in order to facilitate regulation. RERA also requires builders to do away with terms like built up area. Property is now to be sold on the basis of carpet area, which has been clearly defined in the act. Builders are also liable for structural defects for up to 5 years from handing over possession to buyers.

Any new projects will need to be licensed and approved by RERA before they can commence development, leading to a decrease in the approval of new projects.

Brokers:

Real estate brokerage in India has been relatively unorganized. In accordance with RERA, real estate brokers will have to register themselves and acquire a license. They are also required to provide complete and correct information to buyers and perpetuation of any false information on their part can result in heavy penalties.

These regulations will serve to weed out brokers who engage in malpractices to win the confidence of buyers.

Buyers:

Buyers now enjoy more power as the new regulations have laid down the foundation for a more transparent buying process. Developers are now going to be held accountable for their actions and can face severe penalties for deviating from RERA requirements. Each state is going to have regulatory bodies as well where disputes between buyers and builders are to be resolved within a period of 60 days.

In order to combat the issue of late delivery of property, RERA has also established regulations where the developer has to pay interest to buyers in the event of any delay in the transfer of possession.

The real estate sector is set to greatly benefit from RERA. It will go a long way in increasing buyer's trust in the sector and will serve to encourage foreign investment as well. RERA has brought forth a number of other changes which will transform the face of real estate in India. For more information on RERA, take a look at some of our other articles.

C. Amendment to the Benami Transactions Act:

The Benami Transactions (Prohibition) Amendment Act, 2016 lays down stringent rules and penalties associated with dealings related to 'benami' transactions. It establishes a regulatory mechanism to deal with disputes arising from such transactions and levying penalties to increase the institution-investor participation and regulating the sector to make India an attractive investment destination.

D. Change in Arbitration norms for construction companies:

To help the ailing construction sector, the government has cleared reforms including speedier resolution of disputes and the release of 75% of amounts that are stuck in arbitration. The government will now release 75% of amounts against margin-free guarantee in cases where arbitral awards have been given but have been contested. The amount released will be used by contractors to complete projects or pay off debts. This is aimed at improving the cash flow position of large developers who have significant exposure in infrastructure and government contracts and eventually help in speedy execution of large infrastructure projects. Coming at a time when most developers are struggling with liquidity issues, this is a boon from an overall perspective.

E. Standardisation of construction norms and documentation:

Land being a state subject, all States and local bodies have separate norms on zoning policies, FSI, set back area, TDR, Slum Rehabilitation etc. These levels of complexity and variations have led to discretion of interpretation ushering corruption leading to project delays and cost overruns. Some of the instances are :

a) Difference in fire safety norms across cities

b) Occupancy certificate as a proof of completion v/s an additional requirement of completion certificate.

c) Agreement to sale v/s dual agreements — one on sale for transferring undivided share of land and a construction agreement

d) Executing property registration just at the time of possession v/s at the early stage.

e) For sustainable development, formulating uniform construction norms and documentation wherever possible can help. We have a central policy guiding institution under the aegis of the National Building Code of India (NBC). But in absence of statutory powers their guidelines have only remained on paper with the states framing their own.

F. De-layering and simplifying the approval process:

The industry at present has to deal with almost 40 complex 'No Objection Certificates' before obtaining construction permits from local bodies, state governments and the central government. Lack of transparency in the approval process prevents access of financial credit at an early stage of project development.
Creating a single window online clearance platform where all approvals across departments can be manages in a coordinated manner is the need of the hour.

G. Rationalisation of tax structure:

Through the course of 2020, the Centre announced several measures such as moratorium on equated monthly instalments, restructuring of loans of real estate companies at project level, setting up of Swamih fund - rescue capital for affordable and mid-income housing projects - along with capital infusion to the National Housing board to help Indian real estate sector. The Reserve Bank of India also announced massive repo rate cut of 140 basis points over the course of time, leading to lowest home loan interest rates in over 15 years.

Real estate is notoriously known for tax evasion. Rationalisation of various costs will encourage tax compliance and registration. Moreover, the data on registration on new sale, resale, and transacted values should be accessible online like it is being done in countries like the US.

Implementation of Goods and Services Tax structure: Goods and Services Tax (GST) is a positive move towards simplification of Indian tax system. However, the real estate industry is still awaiting clarity on which items fall into "sin" and "common use" and whether they will attract 18%, or 12% possible tax rates. Additional clarification is also needed if the implementation of GST will subsume existing service tax and Value Added Tax (VAT), which are levied for under construction projects currently.

H. Registering Property in Ease of Doing Business (EoDB)

Registered property rights are necessary to support investment, productivity and growth. Surveys, together with land registries, are tools used around the world to map, prove and secure property and use rights. These institutions are part of the land information system of an economy. With land and buildings accounting for between half and three-quarters of the wealth in most economies, having an up-to-date land information system clearly matters. Evidence from economies around the world suggests that property owners with registered titles are more likely to invest. They also have a better chance of getting credit when using their property as collateral.

The benefits of land registration go beyond the private sector. For governments, having reliable, up-to-date information in cadastres and land registries is essential to correctly assess and collect tax revenue.

I. Temporary Reduction in stamp duty due to covid-19

To boost the stagnant real estate market hit by covid-19, the Maharashtra government recently on August 26 decided to temporarily reduce stamp duty on housing units from 5% to 2% until December 31, 2020.

Stamp duty from Jan 1, 2021, until March 31, 2021, will be 3%. The decision was taken at the state cabinet meeting on August 26. This is a proactive measure taken by the government and was most needed. It will provide buyers an incentive to buy homes, give them the option to take a decision to buy.

J. Key Benefits of Union Budget 2021-22 for Real Estate

Affordable Housing:

Boosting growth and consumption, Finance Minister Nirmala Sitharaman extended the tax exemption for affordable housing for a year. The central government offered an additional income tax deduction of up to Rs 1.5 lakh for home loans in the July 2019 Budget. The eligibility for this tax deduction was extended until 31st March 2022 by Sitharaman.

Also, a one-year extension of the tax holiday for affordable rental housing projects was proposed to ensure affordable housing for migrant workers. This will help to bring in new supplies within this segment and will keep affordable housing demand buoyant in 2021.

The deduction of Rs 1.5 lakh on loans taken for affordable housing units till March 2022 has been extended by a year. This is a welcome step for home buyers and developers whose affordable housing projects benefit from the tax extensions. The exemption for notified affordable rental housing projects for migrant workers is also an appreciable announcement as it will give the desired push to this emerging segment.
On the infrastructure front, the enhanced spending on public projects such as ports, railways, airports and metros is expected to boost connectivity and the economic growth. It will increase the employment opportunities and attract the essential investment needed for economic revival.

CONCLUSION:

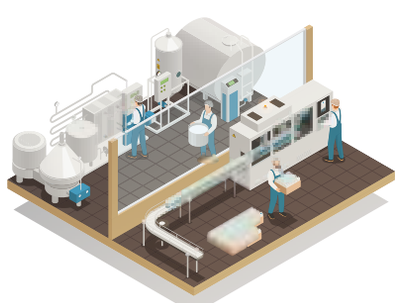
The real estate sector has faced several obstacles over the past few months. Implementation of GST & introduction of RERA together have brought in challenges for the real estate sector. Even though these reforms were introduced mainly with the intent to safeguard the interest of home buyers, the sector has been successful in overcoming these. However, it is imperative for this sector to be optimistic & look beyond the pandemic situation & incentivise better opportunities for lucrative prospects in the future.

Sectors in India

Construction

100 smart cities by 2020

The construction industry in india is estimated at approximately $ 136 bn for 2017. By 2025, construction market in india is expected to emerge as the third largest globally end...



Food Processing

World's largest milk producing nation

The processed food market is expected to grow to $543 bn by 2020 from $322 bn in 2016, at a CAGR of 14.6%. also, by 2020, the indian food and retail market are projected to touch $483 bn,.....

9% Share in India GDP	**9,829 km** Highway construction in India (2017-18)	**32%** Share in India's food market	**11.60%** Share in total employment
$ 16.60 bn New investment in road infrastructure	**51 mn** People employed	**10.70%** Share in India's exports	**142%** Cropping intensity

Initiatives taken by Tax Department

Nikhita Kolte, *Manager Tax looks at various initiatives taken by the Income Tax department to make it as user friendly*

The government has taken various steps to improve the taxpayer's experience by reducing physical interaction of the tax officers and taxpayers and by making available various functionalities online. The revenue department by using the latest technology and reducing manual intervention (to improve the taxpayers' experience) has helped the government improve tax collections.

· Launch of e-Assessment Scheme

The assessment procedure which completely eliminates human interaction during tax assessment. The replies to the tax notices can be prepared and submitted online without visiting the tax office. This step definitely improves taxpayer's ease and convenience

· Facility to verify authenticity of tax notices

To safeguard taxpayers from phishing emails and fake tax notices, the CBDT has made it mandatory for the tax authorities to quote Document Identification Number (DIN) in all the correspondence issued by them. Taxpayers can verify the authenticity of all such communications and notices from the e-filing portal by just entering the DIN.

· Allotment of e-PAN using Aadhaar card

The income tax department launched a pilot project to provide an 'instant' Aadhaar-based PAN allotment service for individuals seeking to obtain a unique identity for the first time. The taxpayers were issued PAN immediately and free-of-cost using this facility.

· PAN-Aadhaar interchangeability

With effect from 1 September, 2019, the Aadhaar number can be used interchangeably in place of PAN. Taxpayers can now quote Aadhaar number in lieu of PAN in more than 100 forms. This option will benefit small taxpayers and senior citizens who do not have PAN but their income comes within the ambit of TDS. They can now file Form 15G/15H using their Aadhaar number.

· Robust e-filing platform

The income tax department witnessed a substantial jump in the e-filing of ITRs during tax season. The e-filing website works smoothly during the entire tax filing season

· Launch of a lighter version of the e-filing portal, called 'e-Filing Lite'

This tax filing season, the tax department has also launched a lighter version of the e-filing portal, called 'e-Filing Lite'. The purpose of this portal was to reduce traffic on the main portal to make tax filing process smooth for taxpayers.

· Income Tax Calendar 2021

Income Tax department has issued the calendar for the year 2021. Titled, HONORING THE HONEST, Income Tax in its ITD Calendar 2021 says, "WELCOME TO A NEW ERA. AN ERA WHERE THE TAX SYSTEM IS BECOMING SEAMLESS, FACELESS AND PAPERLESS."

Further Income Tax department says, "We believe that the honesty and hard work of taxpayers power the nation's progress, and it is our duty to reward it, by empowering you". The calendar text adds, "It is this thought that gave birth to a platform for

'Transparent Taxation- Honoring The Honest' with innovative initiatives aimed at making taxes, untaxing. So, here's giving more power to you, as you embark on your tax journey." The calendar has all the important dates a taxpayer should be aware about. Here is the direct link for Income Tax Calendar 2021.
PDF Download:- https://www.incometaxindiaefiling.gov.in/eFiling/Portal/StaticPDF/ITD_CALENDER_2021_final%20JANUARY2.pdf

· Briefs about Systems Initiatives

Reform initiatives in last few years have been undertaken by harnessing latest technology to enable a System driven business environment in the Department. These measures are aimed to introduce objectivity and reduce human interface between the taxpayer and the officials. Here is the direct link to download the systems initiatives so far, PDF Download:- https://incometaxindia.gov.in/Documents/System-initiatives.pdf

· Dedicated directorate called 'Directorate of System'

ITD is having a dedicated directorate called 'Directorate of System' which handles the technology aspects of the various functions of the Department. This initiative is to enhance the technology back bone of the Income Tax Department (ITD).

· Income Tax Department 'e-nivaran' Scheme

1) 'e-nivaran', a special electronic system in order to fast-track taxpayer grievances and ensure early resolution or redressal of their complaints.
2) 'e-nivaran' will integrate all the online and physical complaints received by the department which will further be monitored by the Assessing Officer of the case up to the supervisory officers.
3) The e-portal is also capable to ensure the related section or domain of the tax department to the concern grievances. And quickly transfer the issue to the concerned department like for refunds and for the other IT mater of an assessee.
4) As per the higher priority to this issue, the CBDT had also brought a new mechanism where top officers of the department receive a specific quota of complaints to monitor and track, from their origin to the successful resolution.
5) The new system is called unified grievance management system and is acronymed 'e-nivaran'. The system not only records the origin of the grievance on the electronic platform it works on, but it also keeps tracking it till it reaches its logical conclusion for final resolution.

· CBDT signed MoUs for Data-Sharing

1) The Central Board of Indirect Taxes and Customs (CBIC) and the Central Board of Direct Taxes (CBDT) signed MoU for exchange of information on a real time basis.
2) The Central Board of Direct Taxes (CBDT) and the Ministry of Micro, Small and Medium Enterprises, Government of India (MoMSME) signed MoU for sharing of data by CBDT to MoMSME. The MoU will facilitate seamless sharing of certain Income-tax Return (ITR) related information by the Income Tax Department to MoMSME. This data will enable MoMSME to check and classify enterprises in Micro, Small and Medium categories
3) The Central Board of Direct Taxes (CBDT) and the Securities and Exchange Board of India (SEBI) signed MoU to facilitate the sharing of data and information between CBDT and SEBI on an automatic and regular basis. The MoU will ensure that both CBDT and SEBI have seamless linkage for data exchange.
4) The GST portal is linked with Income tax portal.
5) Further TDS and other High Value Transactions information is available with Income Tax Department. An improved Form 26AS for taxpayers which would carry some additional details on taxpayer's financial transactions as specified in the Statement of Financial Transactions (SFTs) in various categories. Different fields such as, type of transaction, name of SFT filer, date of transaction, single/joint party transaction, number of parties, amount, mode of payment and remarks etc.

Launch of Aaykar Setu App

The app acts as a bridge between the government and the taxpayer. It is a free app available for android users on the Google Play Store. You install the app and choose to register your mobile number with the app. Also, you can link your 12-digit Aadhaar and 10-digit PAN to your account.

The app serves as a guide to the taxpayer. The app enables taxpayers to understand the process, know the utilities available at the income tax website and file tax for themselves instead of relying on others for help. Also, the app is simple to use for the convenience of taxpayers of all classes and age.

Features of the app

- **Ask IT**: A chatbot provides answers to your queries in a short time. The facility is available from 10 a.m. to 6 p.m. You can seek its help for queries related to PAN, TAN, TDS, return filing, refund status, and tax payments.
- **Live Chat**: Your queries will be answered by tax experts on a live chat.
- **TPS Vertical**: You can locate the nearby Taxpayer Service (TPS) offices.
- **Tax Tools:** The feature provides a way for quick tax calculation.
- **TRP at your doorstep:** Locate the nearest Tax Return Preparer.
- **PAN:** Apply for PAN online.
- **Tax Payment:** Pay your taxes online.
- **Tax Gyaan:** This is a game for users to learn about income tax. The game consists of multiple choice questions with four difficulty levels such as Beginner, Normal, Hard, and Difficult.

Other information

The app keeps you up-to-date on tax dates and forms to be used for various purposes. You will receive SMS alerts on the registered mobile number. It also offers services such as tax payment, refund application, grievance redressal, guide to viewing TDS details, Form 16 and more.

Income Tax – Compliance Portal

What is Compliance Portal?

Compliance portal is the dedicated portal operationalized under Project Insight to enable e-verification (i.e. capture of response on specific compliance related issues in a structured manner) for effective compliance monitoring and evaluation. The Compliance portal also enables a seamless, secured two way structured communication to enhance the transparency and functional efficiency of the department.

How it starts?

Taxpayers will receive following SMS and Email

Attention (XXXXX8000X), the Income Tax Department has identified high value information which does not appear to be in line with the Income Tax Return filed for Assessment Year 2019-20 (relating to FY 2018-19). Please submit online response under e-Campaign tab on Compliance Portal (CP). Access CP by logging into e-filing portal (My Account) – ITD

We appreciate that you have filed your Income Tax Return and contributed towards the progress of Nation. However, the Income Tax Department has received information on high value transactions relating to XXXXXxxxx for Financial Year 2018-19. On the basis of data analysis, the Income Tax Department has identified following high value information which does not appear to be in line with the Income Tax Return filed for Assessment Year 2019-20 (relating to FY 2018-19)

What is e-Campaign on Compliance Portal?

The objective of the e-campaign is to facilitate taxpayers to validate online their tax/financial transaction information available with the I-T Department, especially for the assessees for FY 2018-19 and promote voluntary compliance, so that they do not get into notice and scrutiny process etc. This e-campaign is being run for the benefit of the taxpayers

Under e-Campaign tab of Compliance Portal, information received from various sources related to the taxpayer is displayed for seeking feedback. The taxpayer is required to submit response on each information item to complete the process of submission of response.

The functionalities for e- Campaign are :

- **e-campaign - Significant transaction -** Transactions reported to the Income Tax department during a financial year that are considered not in line with the profile of the taxpayer based on pre-defined rules are displayed to the taxpayer for feedback.
- **e-Campaign - Non filing of Return -** Transactions of the taxpayer who have not filed return of income for a specific assessment year and have potential tax liability or who are under obligation to file return of income, are displayed for feedback
- **e- Campaign - High Risk Transactions -** Certain transactions of the taxpayer reported in their ITR which have been found to be inconsistent with the information received from the third party for a specified Assessment Year are displayed to the taxpayer for feedback.

How to file response?

Under the e-campaign the taxpayers will be able to access details of their high value transaction related information on the designated portal. They will also be able to submit online response by selecting among any of these options:

(I) Information is correct,
(ii) Information is not fully correct,
(iii) Information related to other person/year,
(iv) Information is duplicate/included in other displayed information, and
(v) Information is denied.

What if I don't Respond to Compliance Alert ?

Non/Wrong compliance with communication from Income Tax Department, may lead you to face Notice from income Tax Department regarding assessment/ Penalty/Prosecution etc. The notices would be relating to :

- **Complete Scrutiny**
- **Best Judgment Assessment**
- **Limited Scrutiny**
- **Survey & Search**
- **Income escaping assessment**

Tax Reforms (Direct)

To rewarding the honest taxpayers of India recent Tax reforms are aimed at :

1. Ease of Tax compliances and Tax simplification
2. Ease of Doing Business

Significant Tax reforms for Ease of tax compliances and Tax simplification were :

① Interchangeability of PAN and Aadhaar, those who don't have PAN can file tax returns using Aadhaar. Aadhaar can be used wherever PAN is required.

② Pre-filing of Income-tax Returns for faster, more accurate tax returns. Pre-filled tax returns with details of several incomes and deductions are made available. Information is collected from Banks, Stock exchanges, mutual funds etc.

③ In order to reform Personal Income Tax, the Finance Act, 2020 has provided an option to individuals and co-operatives for paying income-tax at concessional rates if they do not avail specified exemption and incentive.

④ In the current times, a large number of disputes related to direct taxes are pending at various levels of adjudication from Commissioner (Appeals) level to Supreme Court. These tax disputes consume a large part of resources both on the part of the Government as well as taxpayers and also deprive the Government of the timely collection of revenue. With these facts in mind, an urgent need was felt to provide for resolution of pending tax disputes which will not only benefit the Government by generating timely revenue but also the taxpayers as it will bring down mounting litigation costs and efforts can be better utilized for expanding business activities. Direct Tax Vivad se Vishwas Act, 2020 was enacted on 17th March, 2020 under which the declarations for settling disputes are currently being filed.

5. Through the launch of platform for **'Transparent Taxation – Honoring the Honest'** by Hon'ble PM Shri Narendra Modi, Faceless e-assessment and Faceless Appeal were introduced.

a. Faceless e-assessment with no human interface was launched, the E-assessment Scheme, 2019 has been notified on 12th September, 2019 which provides for a new scheme for making assessment by eliminating the interface between the Assessing Officer and the assessee, optimizing use of resources through functional specialization and introducing the team-based assessment.

b. In order to take the reforms to the next level and to eliminate human interface, the Finance Act, 2020 empowered the Central Government to notify Faceless Appeal Scheme in the appellate function of the department between the appellant and the Commissioner of Income-tax (Appeals).

6. In order to bring efficiency and transparency in the functioning of the Income Tax Department, every communication of the Department whether it is related to assessment, appeals, investigation, penalty and rectification, among other things, issued from 1st October, 2019 onwards are mandatorily having a computer -generated unique document identification number (DIN).

7. To promote affordable housing an Additional deduction up to Rs. 1.5 lakhs for interest paid on housing loans borrowed up to 31st March, 2020 for purchase of house valued up to Rs. 45 lakh.

8. Additional income tax deduction of Rs. 1.5 lakh on interest paid on electric vehicle loans to provide a Boost to Electric Vehicles. Also Customs duty is exempted on certain parts of electric vehicles.

9. In order to increase the attractiveness of the Indian Equity Market and to provide relief to a large class of investors in whose case dividend income is taxable at the rate lower than the rate of DDT, the Finance Act, 2020 removed the Dividend Distribution Tax under which the companies are not required to pay DDT with effect from 01.04.2020. The dividend income shall be taxed only in the hands of the recipients at their applicable rate.

Significant tax reforms for Ease of Doing Business were :

1. The Government has brought in a historic tax reform through the Taxation Laws (Amendment) Ordinance 2019 which provided a concessional tax regime of 22% for all existing domestic companies from FY 2019-20 if they do not avail any specified exemption or incentive. Further, such companies have also been exempted from payment of Minimum Alternate Tax (MAT).

2. As a Incentive for new manufacturing domestic companies and in order to attract investment in the manufacturing sector, the Taxation Laws (Amendment) Ordinance 2019 has drastically reduced the tax rate to 15% for new manufacturing domestic companies if such company does not avail any specified exemption or incentive. These companies have also been exempted from payment of Minimum Alternate Tax (MAT).

3. In order to provide relief to the companies which continue to avail exemption/deduction and pay tax under MAT, the rate of MAT has also been reduced from 18.5% to 15%.

4. To provide complete relief from payment of income-tax to individuals earning taxable income up to Rs. 5 lakh, the Finance Act, 2019 exempted an individual taxpayer with taxable income up to Rs. 5 lakh by providing 100% tax rebate. Also, to provide relief to the salaried taxpayers, the Finance Act, 2019 enhanced the standard deduction from Rs. 40,000 to Rs. 50,000.

5. In order to facilitate the digitalisation of the economy and reduce unaccounted transactions, various measures have been taken which include reduction in rate of presumptive profit on digital turnover, removal of MDR charges on prescribed modes of transactions, reducing the threshold for cash transactions, prohibition of certain cash transactions, etc.

6. To support and encourage Start-ups, hassle-free tax environment which includes simplification of assessment procedure, exemptions from Angel-tax, constitution of dedicated start-up cell etc.

7. The threshold for launching prosecution has been substantially increased. A system of collegium of senior officers for sanction of prosecution has been introduced. The norms for compounding have also been relaxed.

8. To effectively reduce taxpayer grievances/ litigation and help the Income Tax Department focus on litigation involving complex legal issues and high tax effect, the monetary thresholds for filing of departmental appeals have been raised from Rs. 20 lakh to Rs. 50 lakh for appeal before ITAT, from Rs. 50 lakh to Rs. 1 crore for appeal before the High Court and from Rs. 1 crore to Rs. 2 crore for appeal before the Supreme Court.

9. For widening the tax base, several new transactions were brought into the ambit of Tax Deduction at Source (TDS) and Tax Collection at Source (TCS). These transactions include huge cash withdrawal, foreign remittance, purchase of luxury car, e-commerce participants, sale of goods, acquisition of immovable property, etc.

Sectors in India

Pharmaceuticals

India is the 3rd largest pharmaceutical industry in the world by volume

India is the largest provider of generic medicines globally, occupying a 20% share in global supplies by volume. The country is home to 3,000 pharma companies with a strong network of over...

20% Generic medicines exports share (global)

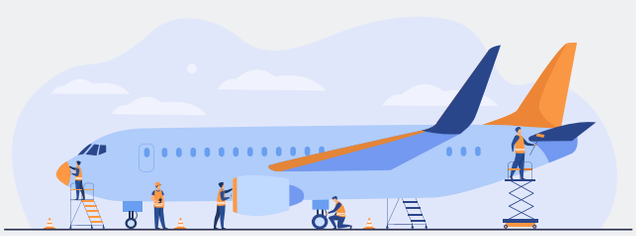
$19.30 bn Pharma exports worth

70% Generic drugs revenue share

21% Patented drugs revenue share

Aviation

India is the 5th largest market in terms of aircraft passengers (domestic and international)



The aviation sector in India currently contributes $72 bn to GDP aims to become the third-largest aviation market globally by 2020. Indian carriers plan to increase...

11% Passenger traffic growth

15.90% Foreign tourist arrival growth

3.60 MMT Total freight traffic (MMT)

14.40% Domestic aircraft movement growth

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