

## Decisions taken by the Union Cabinet

- **Cabinet approves the Industrial Relations Code Bill, 2019**

The Union Cabinet chaired by the Hon'ble Prime Minister Shri Narendra Modi has given its approval for introduction of the Industrial Relations Code, 2019 in the Parliament.

### Benefits:

- Setting up of two-member tribunal (in place of one member) introducing a concept that some of the important cases will be adjudicated jointly and the rest by a single member resulting speedier disposal of cases.
  - To impart flexibility to the exit provisions (relating to retrenchment etc.), for which, the threshold for prior approval of appropriate Government has been kept unchanged at 100 employees, but added a provision for changing 'such number of employees' through notification.
  - The re-skilling fund, is to be utilised for crediting to workers in the manner to be prescribed.
  - Definition of Fixed Term Employment and that it would not lead to any notice period and payment of compensation on retrenchment excluded.
- Vesting of powers with the government officers for adjudication of disputes involving penalty as fines thereby lessening the burden on tribunal.

### Our Viewpoint

#### **PHD Chamber hails Cabinet approval for allowing Companies to hire workers on Fixed Term Contracts**

The Union Cabinet approval for the Labour Code on Industrial Relations 2019, to allow companies to hire workers on fixed-term contract of any duration is highly appreciable. The extension of fixed term employment has been the long-standing demand of the industry as it will create scope for immense employment opportunities for the growing workforce in India.

The code has retained the threshold on the worker count at 100 for prior government approval before retrenchment, but it has a provision for changing 'such number of employees' through notification. Fixed term employment would be highly beneficial for companies, particularly those involved in seasonal businesses as it will provide opportunities for industry in desired deployment of workforce in their respective factories. The codification will be highly beneficial for the MSMEs as they are constrained by a complicated regulatory environment and labour market rigidities, especially with no-fixed term employment clause to deploy workers as and when required. This impacts the ease of doing business for MSMEs and limits their potential for employment generation. The steps to reform the labour laws will go a long way in further improving our ranking on the ease of doing business of the World Bank. Going ahead, it is expected that the early approval of the codification of fixed term employment in the winter session of the parliament for becoming legislation. All the states must be encouraged to adopt the legislation for promoting ease of doing business and generating employment opportunities for the growing young workforce in their respective states, going forward.

- **Cabinet approves proposal for Mitigating financial stress being faced by the Telecom Services Sector**

The Union Cabinet chaired by Hon'ble Prime Minister Shri Narendra Modi has approved the proposal for Mitigating financial stress being faced by the Telecom Services Sector as per the following:

Department of Telecommunication will give an option to the Telecom Service Providers (TSPs) to defer payment of the spectrum auction instalments due for 2020-21 & 2021-22, either for one or both years. These deferred amounts will be spread equally in the remaining instalments to be paid by TSPs. Interest as stipulated while auctioning of the concerned spectrum will however be charged so that NPV is protected.

Deferment of spectrum auction instalments will ease the cash outflow of the stressed TSPs and facilitate payment of statutory liabilities and interest on bank loans. Continued operation by TSPs will give a fillip to employment and economic growth. Improved financial health of TSPs will facilitate maintenance of quality of services to consumer.

The decision for deferring spectrum payment instalments for two years will be implemented within a fortnight. Amendment to the License shall be issued expeditiously with the approval of Hon'ble Minister of Communications.

- **Cabinet approves strategic disinvestment of CPSEs**

The Cabinet Committee on Economic Affairs, chaired by Hon'ble Prime Minister Shri Narendra Modi has accorded 'In-principle' approval for strategic disinvestment in select CPSEs as per the details below:

**(i) Bharat Petroleum Corporation Ltd. (BPCL)**

- Strategic disinvestment of Government of India shareholding of 53.29% in Bharat Petroleum Corporation Ltd (except its equity shareholding of 61.65% in Numaligarh Refinery Limited (NRL) and management control thereon) along with transfer of management control to a strategic buyer.
- Strategic disinvestment of BPCL's shareholding of 61.65% in NRL along with transfer of management control to a Central Public Sector Enterprise (CPSE) operating in the Oil and Gas Sector.

**(ii) Shipping Corporation of India Ltd. (SCI)**

Strategic disinvestment of Government of India shareholding of 63.75% in Shipping Corporation of India Ltd along with transfer of management control to a strategic buyer.

**(iii) Container Corporation of India Ltd. (CONCOR)**

Strategic disinvestment of Government of India shareholding of 30.8% (out of 54.8% equity presently held by the Government of India) along with transfer of management control to a strategic buyer.

**(iv) Tehri Hydro Development Corporation India Limited (THDCIL)**

Strategic disinvestment of Government of India shareholding of 74.23% in THDCIL along with transfer of management control to an identified CPSE strategic buyer, namely, NTPC.

**(v) North Eastern Electric Power Corporation Limited (NEEPCO)**

Strategic disinvestment of Government of India shareholding of 100% in NEEPCO along with transfer of management control to an identified CPSE strategic buyer, namely, NTPC.

Strategic disinvestment of CPSEs will be undertaken through already established procedure and mechanism.

**Benefits:**

The resources unlocked by the strategic disinvestment of these CPSEs would be used to finance the social sector/developmental programmes of the Government benefiting the public. The unlocked resources would form part of the budget and the usage would come to scrutiny of the public. It is expected that the strategic buyer/ acquirer may bring in new management/technology/investment for the growth of these companies and may use innovative methods for their development.

- **Cabinet approves Taxation Laws (Amendment) Bill, 2019**

The Union Cabinet chaired by the Hon'ble Prime Minister Shri Narendra Modi has approved the proposal for introducing the Taxation Laws (Amendment) Bill, 2019 in order to replace the Ordinance.

Economic developments after the enactment of the Finance (No. 2) Act, 2019 (Finance Act) along with reduction of rate of corporate income tax by many countries world over necessitated the provision of additional fiscal stimulus to attract investment, generate employment and boost the economy. As these could have been achieved through amendment to the Income-tax Act, 1961 (IT Act) or to the Finance Act and the Parliament was not in session, it was done through promulgation of The Taxation Laws (Amendment) Ordinance 2019 (the Ordinance) in September, 2019.

In order to promote growth and investment, a new provision was inserted in the IT Act to provide that with effect from the current financial year 2019-20, an existing domestic company may opt to pay tax at 22% plus surcharge at 10% and cess at 4%, if it does not claim any incentive/deduction. The effective tax rate for these companies comes to 25.17% for these companies. They would also not be subjected to Minimum Alternate Tax (MAT).

In order to attract fresh investment in manufacturing and provide boost to 'Make-in India' initiative of the Government, another provision was inserted to the IT Act, to provide that a domestic manufacturing company set up on or after 1st October, 2019 and which commences manufacturing by 31st March, 2023, may opt to pay tax at 15% plus surcharge at 10% and cess at 4% if it does not claim any incentive/deduction. The effective rate of tax comes to 17.16% for these companies. They would also not be subjected to MAT.

A company which does not opt for the concessional tax regime and avails the tax

exemption/incentive shall continue to pay tax at the pre-amended rate. However, these companies can opt for the concessional tax regime after expiry of their tax holiday/exemption period. After the exercise of the option they shall be liable to pay tax at the rate of 22%. Further, in order to provide relief to companies which continue to avail exemptions/incentive, the rate of MAT was reduced from existing 18.5% to 15%.

- **Cabinet approves initiatives to revive the Construction Sector**

The Cabinet Committee on Economic Affairs chaired by the Hon'ble Prime Minister Shri Narendra Modi approved certain measures for the effective implementation of the CCEA's decision of 31<sup>st</sup> August 2016 on Initiatives to revive the Construction Sector'.

Following proposals put forward by NITI Aayog with respect to the arbitrations by/against Government Entities were approved:

(i) Government Entities will take the decision to initiate proceedings for setting aside of the arbitral award, and any appeal(s) thereto, with the opinion of a Law Officer i.e. Attorney-General for India / the Solicitor-General for India / the Additional Solicitor-General for India, in consultation with Department of Legal Affairs.

(ii) Where a Government Entity has challenged an arbitral award, resultant of which the amount of the arbitral award has not been paid, 75% of such award will be paid by the Government Entity to the contractor / concessionaire against a bank guarantee only for the said 75% and not for its interest component. With respect to the interest payable to the Government. Entity, should the subsequent court order require refund of the said 75%, payment of the same will be as per court order.

The above order is applicable to Government Entities i.e. all Public Sector Undertakings of the Central Government, Autonomous Organisations of the Central Government, Special Purpose Vehicles (SPV) where 50% (fifty per cent) or more of the paid-up share capital is held by the Central Government, and all Central Government Departments.

**Major Impact:** These approved measures would help in ensuring that the remedies of challenge/appeal are resorted to in a prudent and judicious manner, and in furthering the objective of infusion of liquidity into the construction sector. Given the significant multiplier effect the construction sector has on the economy, these are expected to give a major boost to economic growth. And as the sector that provides one of the largest segments of direct and

indirect employment, its revival would also help in significant employment generation.

- **Cabinet approves introduction of International Financial Services Centres Authority Bill, 2019 in Lok Sabha, after withdrawal from Rajya Sabha**

The Union Cabinet chaired by Hon'ble Prime Minister Shri Narendra Modi approved for withdrawing of the International Financial Services Centres Authority, 2019 Bill which was introduced in the Rajya Sabha on 12<sup>th</sup> February, 2019 and pending in the Rajya Sabha and introducing the International Financial Services Centres Authority Bill, 2019 in the Lok Sabha in the ensuing session of the Parliament.

**Benefits:**

Currently the banking, capital markets and insurance sectors in IFSC are regulated by multiple regulators i.e. RBI, SEBI and IRDAI. The dynamic nature of business in the IFSCs necessitates a high degree of inter-regulatory coordination. It also requires clarifications and frequent amendments in the existing regulations governing financial activities in IFSCs.

The development of financial services and products in IFSCs would require focused and dedicated regulatory interventions. Hence a need is felt for having a unified financial regulator for IFSCs in India to provide world class regulatory environment to financial market participants.

Further, this would also be essential from an ease of doing business perspective. The unified authority would also provide the much needed impetus to further development of IFSC in India in-sync with the global best practices.

- **Cabinet approves the Patent Prosecution Highway programme**

The Union Cabinet chaired by the Hon'ble Prime Minister Shri Narendra Modi has approved the proposal for adoption of Patent Prosecution Highway (PPH) programme by the Indian Patent Office (IPO) under the Controller General of Patents, Designs & Trade Marks, India (CGPDTM) with patent offices of various other interest countries or regions.

The said programme will initially commence between Japan Patent Office (JPO) and Indian Patent Office on pilot basis for a period of three years only. Under this Pilot programme, Indian Patent Office may receive patent applications in certain specified technical fields only, namely,

Electrical, Electronics, Computer Science, Information Technology, Physics, Civil, Mechanical, Textiles, Automobiles and Metallurgy while JPO may receive applications in all fields of technology.

PPH programme would lead to the following benefits for the Indian IP office:

- i. Reduction in time to dispose patent applications.
  - ii. Reduction in pendency of patent applications.
  - iii. Improvement in quality of search and examination of patent applications.
  - iv. An opportunity for Indian inventors including MSMEs and Start-ups of India to get accelerated examination of their patent applications in Japan.
- **Cabinet approves amendments and modifications in the Toll-Operate-Transfer model and securitization of user fee receipts of NH**

The Cabinet Committee on Economic Affairs, chaired by Hon'ble Prime Minister Shri Narendra Modi has given its approval to the amendments proposed in the Toll Operate Transfer (TOT) Model by National Highways Authority of India (NHAI). Public funded National Highway (NH) projects which are operational and have toll revenue generation history of one year after the Commercial Operations Date (COD) shall be monetized through the TOT Model. The monetization will be subject to approval of the Competent Authority in Ministry of Road Transport and Highways (MoRTH) / NHAI on a case to case basis.

Around 75 operational NH projects have been identified for potential monetization using the TOT Model, and bundled into 10 separate bids to attract economics of scale for the private sector. The corpus generated from proceeds of such project monetization shall be utilized by the Government to meet its fund requirements regarding future development and O&M of highways in the country. The Model would facilitate efficient toll realization through private sector.

This approval would ensure a wider set of assets for Monetization and providing a more attractive model for the investors. Further, the fund generated from such monetization shall be utilized for development/O&M of highways in the country, which would benefit highway users throughout the country.

**Implementation Strategy and targets:**

The approved TOT Model authorized NHAI to monetize public funded NH projects, such as EPC/BOT (Annuity) projects, which are operational and have a proven toll collection history of at least two years. The approved TOT Model provides for a fixed 30-year concession period. The fund generated from proceeds of monetization are being utilized by the Government to meet its financing requirements regarding future development of NHs in the country, including their operation and maintenance.

NHAI has already monetized one bundle of projects under TOT Model, generating a revenue of Rs. 9681 crore for the government. However, the second bundle saw deviation in the market valuation of assets from NHAI's valuation. NHAI has conducted several rounds of discussions with the private sector to reduce uncertainty in the Model. The approved amendments in the model will allow more efficient asset monetization through TOT Mode.

- **Cabinet approves extension/renewal of the extant Pharmaceuticals Purchase Policy (PPP)**

The Union Cabinet chaired by Hon'ble Prime Minister Shri Narendra Modi approved extension/renewal of Pharmaceuticals Purchase Policy (PPP) for pharmaceutical Central Public Sector Undertakings (CPSUs) till their closure/strategic disinvestment with the same terms and conditions while adding one additional product namely, Alcoholic Hand Disinfectant (AHD) to the existing list of 103 medicines till the final closure/strategic disinvestment of the Pharma CPSUs.

**Major Impact:** Extension/renewal of the policy would help the pharma CPSUs in optimum utilization of their existing facilities, enable them to generate revenues to pay salaries to their employees, help them in keeping the costly, sophisticated machinery in running condition resulting in higher return at the time of disposal in case of CPSUs under closure and better valuation in case of CPSUs under disinvestment.

- **Cabinet approves reduction of Government of India equity shareholding in select CPSEs below 51% by retaining management control**

The Cabinet Committee on Economic Affairs, chaired by Hon'ble Prime Minister Shri Narendra Modi has accorded 'in-principle' approval for enabling reduction of Government of India paid-up share capital below 51% in select CPSEs while retaining the management control on case to case basis, taking into account the Government shareholding, and the shareholding of Government-controlled institution.



## Benefits:

This is intended to widen the bandwidth of disinvestment window in select CPSEs. This will also help in pursuing the objectives of disinvestment i.e. spreading the wealth of the nation among a greater number of people, promoting efficient management of Government investment in CPSEs and ensuring greater transparency and increasing contribution of the CPSEs towards higher economic growth of the nation.

It would also increase the free float available in the market which may have positive impact on Foreign Portfolio Investments in Indian capital markets and in creation of wider investment space for retail and institutional investors and may increase in the market premium of CPSEs due to likely positive investors perception.

- **Cabinet approves the National Capital Territory of Delhi (Recognition of Property Rights of Residents in Unauthorised Colonies) Bill, 2019**

The Union Cabinet chaired by Hon'ble Prime Minister Shri Narendra Modi approved the proposal to introduce the National Capital Territory of Delhi (Recognition of Property Rights of Residents in Unauthorised Colonies) Bill, 2019 during the on-going Winter Session of Parliament. This Bill will help in allowing the registration of properties and provide certain relief to the residents in Unauthorised Colonies (DCs) of Delhi from Registration Charges and Stamp Duty.

Nearly 40 lakh people reside in Unauthorised Colonies located on private or public land in Delhi. Properties, whether in the form of plot of land or built up space are generally held through General Power of Attorney (GPA), Will, Agreement to Sale, Payment and Possession documents. The properties in these colonies are not being registered by registration Authorities and thereby the residents do not have any title documents in respect of such properties and the Banks and financial institutions do not extend any credit facilities in respect of said properties.

The Supreme Court in in the SLP (C) 13917 of 2009 Suraj Lamp & Industries (P) Ltd. Vs. State of Haryana & others vide its judgement dated 11 October, 2011 had held that Sale Agreement/General Power of Attorney or Will transactions are not 'transfers' or 'sales' and that such transactions cannot be treated as completed transfers or conveyances and they can continue to be treated as existing agreement of sale.

Keeping in view the socio-economic conditions of the residents of these unauthorised colonies and ground realities, it is necessitated to recognise and confer rights of ownership or transfer or mortgage to the residents of such colonies on the basis of Power of Attorney, -Agreement to Sale, Will, Possession Letter and other documents including documents evidencing payment of consideration and to facilitate development or redevelopment to improve existing infrastructure, civic and social amenities which will lead to better quality of life.

The proposed National Capital Territory of Delhi (Recognition of Property Rights of Residents in Unauthorised Colonies) Bill, 2019, envisages;

- a. to recognize GPA, Will, Agreement to Sell, Purchase and Possession documents, in the light of Suraj Lamp Case Judgment, as a special one-time relaxation for this purpose for the residents of UCs in Delhi;
- b. to provide for registration charge and stamp duty to be levied on the value mentioned in Conveyance Deed or Authorisation Slip and for its applicability on last transaction only,

The relief provisions will benefit more than 40 lakh people living in 1,731 Unauthorised Colonies of Delhi as mentioned in the National Capital territory of Delhi (Recognition of Property Rights of Residents in Unauthorised Colonies) Regulations, 2019 notified on 29.10.2019.

- **Cabinet approves establishment of the National Institute of Sowa Rigpa (NISR) at Leh**

The Union Cabinet chaired by Hon'ble Prime Minister Shri Narendra Modi approved the establishment of the National Institute for Sowa-Rigpa in Leh as an autonomous organization under the Ministry of AYUSH and to create the post of Director in Level -14 (Rs.1,44,200-2,18,200/-)(Pre-revised Rs.37,000-67000/- +Grade Pay of Rs.10000/-) to oversee implementation of the project from the construction stage itself.

Consequent to the formation of Ladakh as Union Territory and for the promotion of native culture of Ladakh, it has been decided by the Government of India to promote Sowa-Rigpa system of medicine by establishing a National Institute of Sowa-Rigpa (NISR) at Leh, Union Territory of Ladakh at an estimated cost of Rs.47.25 crore.

Sowa-Rigpa is a Traditional Medical system of the Himalayan belt in India. It has been popularly practiced in Sikkim, Arunachal Pradesh, Darjeeling (West Bengal), Himachal Pradesh, Union

Territory of Ladakh and now all over India.

The setting up of the National Institute of Sowa-Rigpa would provide an impetus for the revival of Sowa-Rigpa in the Indian Sub-continent. The Institute will also provide opportunities for students of Sowa-Rigpa not only in India but also from other countries.

The Institute will be an autonomous National Institute under Ministry of AYUSH with the mandate to undertake interdisciplinary education and research programmes in Sowa-Rigpa in collaboration with premier national and international Institutes and facilitate integration of different systems of medicine.

- **Cabinet approves proposal for enactment of Recycling of Ships Bill, 2019 and accession to the Hong Kong International Convention for Safe and Environmentally Sound Recycling of Ships, 2009.**

The Union Cabinet chaired by Hon'ble Prime Minister Shri Narendra Modi has approved the proposal for enactment of Recycling of Ships Bill, 2019 and accession to the Hong Kong International Convention for Safe and Environmentally Sound Recycling of Ships, 2009.

#### **Benefits:**

- The proposed Bill restricts and prohibits the use or installation of hazardous material, which applies irrespective of whether a ship is meant for recycling or not. For new ships, such restriction or prohibition on use of hazardous material will be immediate, that is, from the date the legislation comes into force, while existing ships shall have a period of five years for compliance. Restriction or prohibition on use of hazardous material would not be applied to warships and non-commercial ships operated by Government. Ships shall be surveyed and certified on the inventory of hazardous material used in ships.
- Under the Bill, ship recycling facilities are required to be authorized and ships shall be recycled only in such authorized ship recycling facilities.
- The Bill also provides that ships shall be recycled in accordance with a ship-specific recycling plan. Ships to be recycled in India shall be required to obtain a Ready for Recycling Certificate in accordance with the HKC

### **Salient features:**

- The Government of India has decided to enact a Bill, namely Recycling of Ships Bill, 2019, to provide for the regulation of recycling of ships by setting certain international standards and laying down the statutory mechanism for enforcement of such standards.
- It has also been decided to accede to the Hong Kong International Convention for Safe and Environmentally Sound Recycling of Ships, 2009.
- When the Hong Kong International Convention for Safe and Environmentally Sound Recycling of Ships, 2009 comes into force, its provisions will be implemented under the provisions of the Recycling of Ships Bill, 2019 and rules and regulations framed there under.
- **Cabinet approves MoU between India and Finland for strengthening cooperation in the field of Tourism.**

The Union Cabinet chaired by the Hon'ble Prime Minister Shri Narendra Modi has approved the Memorandum of Understanding (MoU) for strengthening cooperation in the field of Tourism.

**Benefits:** The main objectives of the Memorandum of understanding, inter alia, are:

- Establish the basis for a cooperative relationship to encourage and promote successful bilateral cooperation in the field of tourism
- Sharing data, knowledge, expertise etc. related to tourism
- Sharing experiences in making policies, regulation and standards in planning, implementation and development of tourism policy
- Facilitating the identification and expansion of joint projects, pilots and partnerships between companies and organizations through visits, meetings, workshops, co-creation sessions and site evaluations
- Exchanging best practices through workshops and study visits for experts of Finland and India on the field of cooperation
- Encouraging development of partnerships in the context of multilateral development programs and projects of international Financial Institutions, in which both Participants have common interests

• **Cabinet approves Ex post facto the proposal for the MoU between India and Comoros on cooperation in the field of Health and Medicine signed on 11th October, 2019**

The Union Cabinet chaired by Hon'ble Prime Minister Shri Narendra Modi approved the proposal ex-post-facto on the Memorandum of Understanding (MoU) between the Government of the republic of India and the Government of the Union of Comoros on cooperation in the field of Health and Medicine signed in Moroni, Comoros on 11<sup>th</sup> October, 2019 during the Hon'ble Vice President of India's state visit to Comoros.

The Memorandum of Understanding covers the following areas of cooperation:-

- I. Training and Capacity Building
- II. Exchanges of experiences
- III. Institutional strengthening of Hospitals; Hospital management
- IV. Medical care in Oncology and Palliative care;
- V. Communicable and Non-communicable Diseases;
- VI. Acquisition of pharmaceutical products, materials and biomedical products
- VII. Support for the opening of three units of blood transfusion
- VIII. Support for the opening of a public health laboratory
- IX. Support for the implementation of telemedicine
- X. Promotion of private investments in the field of health
- XI. Any other area of cooperation as may be mutually decided upon

A working group will be set up to further elaborate the details of cooperation and to oversee the implementation of this Memorandum of Understanding.

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