

Presentation made by Smt. Nirmala Sitharaman, Hon'ble Union Finance & Corporate Affairs Minister on measures to boost Indian economy

Smt. Nirmala Sitharaman, Hon'ble Union Finance & Corporate Affairs Minister gave a presentation on measures to boost Indian Economy. The minister stated that certain reform measures and simplification are an ongoing endeavour, which includes:

1. Taxation – Ease of life for tax payers – Income tax, GST, Customs

- Prefilling of IT returns
- Faceless scrutiny from Vijaya Dashmi 2019
- Reduction in GST returns and simplification of forms
- Refund process of GST simplified.
- Risk based approach in dealing with tax payers

2. Labour laws

- Fixed term employment for flexibility in hiring
- Contribution of ESIC reduced from 6.5% to 4%
- Web-based and jurisdiction-free Inspections
- Inspection report to be uploaded within 48 hours
- Compounding of offences
- Self certification for start-ups - 6 labour laws

3. Environment Clearances

- Single air and water clearance for MSMEs

- Single consent to establish a factory by MSMEs

4. Corporate Affairs

- 1 day to incorporate a company - Central Registration Centre for name reservation & incorporation
- Integrated Incorporation Form
- Shifting of 16 offence sections to monetary penalty only
- Faster & easier approvals for mergers and acquisitions
- Modifications in provisions for Differential Voting Rights
- Withdrawal of over 14,000 prosecutions under Companies Act
- Robust IBC framework with amendments supporting MSMEs and home buyers

The Minister also announced the following measures to boost economy and facilitate wealth creators:

1. CSR violations`

Not to be treated as criminal offence and would instead be civil liability. Ministry of Corporate Affairs to review the sections under Companies Act. Government has provided companies through revised orders, time for completing ongoing projects towards fulfil their CSR obligations.

2. Issue of IT orders, notices, summons, letters etc. through a centralized system

- On or after 1st October, 2019 all notices, summons, orders etc. by the income-tax authorities shall be issued through a centralized computer system and will contain a computergenerated unique Document Identification Number.
- Any communication issued without computer-generated unique Document Identification Number shall be non est in law.
- All old notices to be decided by 1st October 2019 or uploaded again through the system
- From 1st October, 2019 all notices to be disposed off within three months from the date of reply

3. Relief from enhanced surcharge on Longterm/Short-term Capital Gains

In order to encourage investment in the capital market, it has been decided to withdraw the enhanced surcharge levied by Finance (No. 2) Act, 2019 on long/ short term capital gains arising from transfer of equity shares/units referred in section 111A and 112 A respectively.

4. Withdrawal of Angel Tax provisions for Startups and their investors

- To mitigate genuine difficulties of startups and their investors, it has been decided that section 56(2)(viib) of the Income-tax Act shall not be applicable to a startup registered with DPIIT.
- It has also been decided to set up a dedicated cell under Member of CBDT for addressing the problems of startups. A startup having any income-tax issue can approach the cell for quick resolution of the same.

5. Additional Credit expansion through PSBs

- Upfront release of Rs. 70,000 Cr., additional lending and liquidity to the tune of Rs 5 Lakh crore by providing upfront Capital to PSBs
- This will benefit Corporates, Retail borrowers, MSMEs, small traders, etc.

6. Banks to effect timely rate cuts; launch Repo rate /external benchmark linked loan products

- Banks have decided to pass on rate cuts through MCLR reduction to benefit all borrowers
- Reduced EMI for housing loans, vehicle and other retail loans by directly linking Repo rate to interest rates. Working capital loans for industry will also become cheaper

7. Customer Ease: Online tracking of loan applications

- On line tracking of loan applications by customers of Retail, MSME, Housing, Vehicle, working Capital, limit enhancements, renewals etc.
- Would increase transparency, reduce harassment, and improve turn around time for customers.

8. Support to NBFCs/HFCs

- Additional liquidity support to HFCs Rs. 20,000 Cr by NHB thereby increasing it to Rs. 30,000 Cr.
- Partial Credit Guarantee scheme for purchase of pooled assets of NBFCs/ HFCs upto Rs 1 lakh Cr - to be monitored at highest level in each bank
- Prepayment notices issued to NBFCs to be monitored by Banks

9. MSME

- All pending GST refund due to MSMEs shall be paid within 30 days. In future all GST refunds shall be paid within 60 days from the date of application
- TReDS to use GSTN system in medium term to enhance market for bill discounting for MSMEs
- Amendment to MSME Act to move towards single definition to be considered

10. Deepening of bond markets in India

- In order to improve access to long term finance, it is proposed to establish an organisation to provide Credit Enhancement for infrastructure and housing projects. This would enhance debt flow towards such projects.
- The government would soon take further action on development of Credit Default Swap markets soon, in consultation with RBI and SEBI.
- In order to improve domestic market in bonds, Ministry of Finance will work with RBI to make it more conducive for investors and bond issuers, as well as facilitate increased trading for price discovery
- Government has amended the Companies (Share capital and Debenture rules) 2014 to remove the requirement for creation of a Debenture Redemption Reserve (DRR) of outstanding debentures in respect of listed companies, NBFCs and for HFCs.

11. Infrastructure- Rs 100 lakh crores for developing modern infrastructure over 5 years

- An inter-ministerial Task force is being formed by Department of Economic Affairs to

finalise the pipeline of infrastructure projects.

- The above initiative is expected to boost growth and creation of jobs. These projects would be monitored actively to accelerate capital expenditure and investments in the economy

12. Automotive Sector

- BS IV vehicles purchased till 31.3.20 to remain operational for entire period of registration.
- Revision of one time registration fees being deferred till June 2020
- Additional 15% depreciation on all vehicles, to increase it to 30% acquired during the period from now till 31.03.20
- Both EVs and ICVs will continue to be registered. Government's focus will be on setting up of infrastructure for development of ancillaries /components including batteries for export
- To boost demand: Government shall lift the ban on purchase of new vehicles for replacing all old vehicles by Departments; Government will consider various measures including scrappage policy.

Ministry of Finance announced that it will continue to engage with stakeholders for timely and suitable interventions for different sectors.

Please contact for any query related to this mail to Ms. Kritika Bhasin, Research Officer at kritika.bhasin@phdcci.in with a cc to Dr. S P Sharma, Chief Economist at spsharma@phdcci.in and Ms Megha Kaul, Economist at megha@phdcci.in, PHD Chamber of Commerce & Industry.

Regards,

Dr S P Sharma

Chief Economist

PHD Chamber of Commerce and Industry



NATIONAL APEX CHAMBER

PHD House, 4/2 Siri Institutional Area
August Kranti Marg, New Delhi-110016, India

Tel: +91 49545454

Fax: +91 11 26855450

Email: spsharma@phdcci.in

Website: www.phdcci.in

Follow us on



"Towards an Inclusive & Prosperous India"



PHD CHAMBER OF COMMERCE AND INDUSTRY

PHD House, 4/2 Siri Institutional Area, August Kranti Marg, New Delhi - 110 016 (India) • Tel. : +91-11-2686 3801-04, 49545454, 49545400
Fax : +91-11-2685 5450 • E-mail : phdcci@phdcci.in • Website : www.phdcci.in, CIN: U74899DL1951GAP001947

Connect with us:



COPYRIGHT: All rights reserved. No part of this publication/Release may be reproduced, distributed, or transmitted in any form or by any means, without the prior written permission of the publisher. For permission requests, write to the publisher.

DISCLAIMER: This message and its attachments contain confidential information. If you are not the intended recipient, you are strictly prohibited to disclose, copy, distribute or take any action in reliance on the contents of this information. E-mail transmission cannot be guaranteed to be secure or error-free, as information could be intercepted, corrupted, lost, destroyed, arrive late or incomplete, or contain viruses. The sender therefore does not accept liability for any errors or omissions in the contents of this message, which arise as a result of e-mail transmission. If verification is required please request a hard-copy version.