

VOLUME 112 | ISSUE 4 | JANUARY - FEBRUARY 2019

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Views expressed in the IMC Journal
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Non-receipt claims will not be
entertained after four months of the
publication of the journal;
six months in the case of
overseas subscribers.

Please send correspondence
concerning this journal to:

Editor, IMC Journal
IMC Chamber of

Commerce & Industry

IMC Marg, Churchgate,
Mumbai- 400 020

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Website: www.imcnet.org

Single Copy Price
₹ 50/-

Annual Subscription
(For 6 Issues)
₹ 200/- (India) | \$ 30 (Abroad)

Design & Printing
Finesse Graphics & Prints Pvt. Ltd.
Tel: +91-022-4036 4600
E-mail : info@finesse.co.in



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From the President's Desk

Mr. Raj Nair



“ January has always been the month when people from all walks of life, get back to work with new plans and well-meaning resolutions with intent to fulfil. The first half of the month is for settling down and the

second half is for debating what the Budget will have in store on February 1. It usually takes a few days for the country to really understand what the provisions of the Budget would really mean for them because the details are often buried in obscure text. This does not prevent the media from getting instant ratings of the Budget from the common man to the most prominent business persons. That helps to add to the noise during this, the most secular of Indian festivals, but it illuminates less than it excites.

In this issue of the IMC Journal, we have featured four articles on various aspects of the Budget and one more on what could have been done, all of which, our readers will find valuable for understanding this complex subject.

A matter that is assuming increasing importance in India is gender parity. IMC would like to promote this cause and sensitise its members to the need to give this aspect the importance it deserves. Women account for half the population but challenges are laid for them at every nook and corner in their professional life, whilst even some less deserving male colleagues face a much smoother ride. In addition, they have to bear the burden of

running their homes efficiently. This issue carries an article which explains how badly India is lagging the world in providing gender parity and how it is in everybody's enlightened self-interest to solve this problem. India's GDP would rise substantially besides serving the cause of social justice.

Spare a thought for our police force that keeps Mumbai safer than all big and medium sized cities in India, especially for women. It is easy to portray them negatively in movies, but the reality is that there are scores, no hundreds, of real life heroes in Mumbai's police force. IMC had its annual event at which it recognised and rewarded a dozen brave policemen for their valour and sense of duty in the face of danger and other adversities. Spare a thought for the little boy who lost his policeman father who died trying to catch a burglar; spare a thought for the policeman and his team that pursued a rapist all the way to Bangladesh though his initial attempts came to naught.

IMC recognises that boosting international trade is not just good to do but an absolute necessity. The Chamber hosted inbound trade and consular delegations from Japan, Israel, Argentina, Zambia, China, and the UK to strengthen bilateral relations and business.

The doyen of Indian IT industry, Mr. F.C. Kohli, graced our Half Yearly General Meeting and addressed the issue of what more can be done to take India to another level in the digital arena.

While on the subject, IMC's digital journey which started with knowledge sessions in July, entered the next stage in end-February. It is now possible for you to book venues, register for its numerous events and even apply for membership from your mobile phone and even pay for it digitally. Try it out, it is very easy, convenient and quick. There is more in the pipeline.”



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The Interim Budget 2019 and Beyond | Mr. Raj Nair President, IMC

There is no point in debating whether it was an election budget or not. That is what it was meant to be, and the middle class, women, urban poor and every other voting constituency have got sops. Those who are cribbing about corporate taxes not being reduced should remember that corporates have no votes in the General Election. It will be myopic to miss another important aspect. That this Budget could be a game changer, can be seen if one looks beyond the obvious implications of how the Budget impacts one's personal or corporate taxes, how one section of the population benefitted whilst some others were left out, etc. This article suggests medium and long term issues need to be addressed, starting from the coming May-June Budget.

Before explaining the game changing aspects of the Interim Budget, I will comment on it at a macro level. Since it is now customary to provide a quantitative rating of the Budget, I give the Budget a high score of '7 on 10'; it breaks down to '4.5 on 5' on the spending side and only '2.5 on 5' on the funding side. Money is going to be directed towards very essential schemes, but it was not clear from the Budget speech, where the funding was going to come from. All in all, a good set of schemes which could have a very positive impact.

Why not give a score of 5/5 for the expenditure side; why only 4.5/5?

Four main reasons

- i) The Budget has not addressed the Angel tax issue. The Government cannot afford to let tax collectors harass start-ups. They represent the youth and the youth vote. The youth know that fuddy-duddy old men and women have ruined India for most of the past 70 years. The youth is looking for change. For nearly 7 years, the cries of start-ups have been ignored. Recently, the IT Minister said that he is proud of start-ups because they are creating jobs. Even Narendra Modi, the PM, has been singing paeans about the role of start-ups in shaping India's future. Why then is Angel tax such a holy cow? It is not the present Government's sin; it was the UPA who created it. The NDA Government wants to make India investor friendly. Angel tax is not a big revenue source for the Government, but it is a huge tool for the taxmen to destabilise start-ups. India needs at least 60 unicorns to become a significant player in the digital world. We have only 13. China has 87 and USA 124. Since Angel tax is not acceptable, many Indian start-ups are now getting registered in Singapore, the US, etc.
- ii) The Capex envisaged in the budget is too low. It has to rise to about 20% of the Budget over time, if we are serious about long term growth of the economy. Sensible capacity creation has a multiplier effect even as a result of capital expenditure.

Investment in a new road not just requires labour but creates demand for earthmoving equipment, trucks, SUVs, industrial textiles, cement, bitumen, etc. which in turn creates more employment which then leads to consumption. I have no problem with deficit financing if the marginal capex budget is higher than the overall Budget deficit but continuing the half century old practice of crowding out capex in order to fund the Government's revenue expenses has to stop sooner rather than later.

- iii) There is no indication of the intent to reduce revenue expenses for running the Government apparatus. It will have to be reduced either by downsizing the Govt or by making emoluments in Government jobs partially variable and dependent on outcomes of their actions.
- iv) The last reason for not giving 5/5 for spending schemes is that the Budget does not recognise the likely slowdown of the Global Economy and the need to support MSMEs and exports in a more assertive manner. I understand that it may not have been addressed because it was an Interim Budget and I hope that it will be dealt with in the actual Budget in May/June.

Now coming to the funding side, why did I give the Budget 2.5/5?

Simply because the Budget Deficit this year has been 'managed' by kicking the can further down the road and by using off budget mechanisms. In the FY 2019-20 expectation of 3.3% deficit, I see a fair bit of optimism in revenue projections. GST collections will have go up substantially and dis-investments will need to be aggressively pursued from June 2019 onwards. If those revenues don't materialise, the dangerous practice of parking expenditure off the balance sheet will be resorted to.

The potential game changer

Probably, for the first time, a Budget has spelt out a 10 year Vision for India. Not only does that set the direction for years ahead but it also makes the Government answerable for unwarranted deviations. The 10 point vision, which does not need repetition here, spells out exactly the glide path for India to progress to become a socially responsible economic power. The emphasis on dealing with the impending water crisis, health care for all, controlling pollution, scaling up physical and social infrastructure, promoting Digital India, 'Make in India', etc., make the vision compelling.

Let me set an additional context. Job creation will be critical in the years ahead; emerging technologies will reduce the labour input for every measure of economic output. Unlike earlier

when it was only unskilled labour jobs that vanished, this time it is going to affect even white collar jobs which are sought by educated young people. Imagine the social chaos that will ensue if the problem of jobs is not addressed immediately.

There is a lot of work to be done on the future strategy, a good vision is not enough. The world has moved from exploitation of labour while manufacturing locally till 1970s (hence labour unions have lost teeth) to globalisation by aligning supply chains to produce goods in low cost countries but soon supply chains will start realigning to produce goods in high labour-cost countries using technologies like industry 4.0, 3D printing and other digital technologies. Not overnight but India will still need to counter that because jobs are going to be lost.

Finally, what would I recommend to the Government?

Just as the need of the hour for the February budget was winning votes, the need of the hour for India in the near and medium terms are the following. It will take a lot of political guts to do some of those, but citizens can lubricate the process by debating them on public fora and demand some of it:

- i) I hope that the May-June 2019 Budget will address the dual issue of creating job opportunities as well as creating a policy framework for providing a basic income to those displaced by disruptive technologies and for the agricultural sector.

The February Budget addresses that issue in a small way by creating a mini 'universal basic income' for small farmers. I hope that the party that comes to power in 2019, gets sufficient majority to be able to propose a tax on agricultural income in excess of Rs. 50 lakh. That alone can fund a much bolder 'universal basic income' like scheme for the rural poor. The only ones who will protest against such an income tax will be those 'parking' income under that accounting head.

- ii) There is a looming challenge which I hope the Government will address in the main Budget and in the next three Budgets.
 - a. Suitable policies are required which will make it worthwhile to produce goods and services in India, rather than in the advanced countries. Else emerging economies could go back to being mere raw material suppliers like they used to be till 80 years ago. The most recent advances in Additive Manufacturing (3D printing) will make it viable in less than 10 years to have small volume manufacturing of a product in San Francisco using suitable hardware that is powered by digital technology owned by a few global giants and raw materials sourced from the most convenient and viable place, often an emerging market. Indian manufacturers stand to lose because we are far away from the biggest markets, when our low factor cost advantage in labour gets diluted.

- b. A lot of the profits made in certain sectors by existing producers in India will be consolidated in a few global digital companies. So, we need Indian Digital companies that will serve the world.
- c. Since repetitive rule based jobs (simple and complex) will be taken away by new technologies, efforts on reskilling, drastically revising educational curricula to make them relevant to employment in the future, etc. are essential

The situation in Spain where half the youth is unemployed today is a taste of things to come. India does not have an adequate safety umbrella for the economically disadvantaged. Therefore, there is an urgent need to examine various options to provide a suitable India version of Universal Basic Income in the next 5 to 10 years. Those who will be rendered unemployed must have some income to live and to educate their children to become employable.

- iii) The farm sector is already distressed. A good start has been made with 120 million farmers with less than 2 Ha land holding. That income can be raised gradually over the next few years by taxing agricultural income exceeding Rs 50 lakh and by reducing some subsidies that don't reach the masses and by using NREGA sensibly.

Why start with farmers? The laws of economics suggest that those who take the most risks should get the most reward, but Indian agricultural economics is severely distorted. The farmer takes the highest risks in the value chain from the farm to the food plate but gets a very meagre share of what the consumers pay.

The risk is being addressed through the insurance package by not making the farmer pay the premium. Higher interest subvention for timely repayment is another incentive but many states are killing this initiative through thoughtless loan waivers.

- iv) Get rid of Angel tax instead of tinkering with it. Everyone knows the 0.1% of the crooks this tax is aimed at. Don't trouble the 99.9% genuine citizens.
- v) Just as there is a policy to cap the fiscal deficit, the Government should announce a policy on Capex budget to raise it to a minimum percentage of the total Budget expenditure

Even to address India's biggest challenge, drying up of water sources across the country in the next 3 years, there is need for urgency to implement solutions backed with sound Capex plans. The Government should consider paying Government and PSU employees partially fixed and partially variable emoluments tied to outcomes of their actions.
- vi) The MSMEs in the country should quickly pull out of the man-made liquidity crisis. ILFS crisis was manmade, the clamp-down on funding NBFCs is man-made, as is the inability or reluctance of many banks to lend.

Interim Budget 2019 - Hits and Misses from the Vantage Point

Mr. Ketan Dalal

Managing Partner, Katalyst Advisors LLP
Chairman, Direct Taxation Committee, IMC

Background

As is the norm, nationwide discussions on what can be expected from the Budget had preceded the Interim Budget of 2019. While there was no denying the “populist” under-current anticipated in view of the upcoming elections, the business community was hopeful for a combination of populism and pragmatism. However, the Interim Budget for 2019 presented by the stand-in Finance Minister, Mr. Piyush Goyal, primarily focused on the rural/ agricultural economy, unorganised and MSME sector and the proletariat.

Before looking at the tax and other changes (Lok Sabha passed the Interim Budget on 11th February 2019), a quick glance over certain key statistics will help gauge the bigger picture of the economy:

- Fiscal deficit is stated to be 3.4% in FY 2018-19 with current account deficit of 2.5% of the GDP this year. The fiscal deficit numbers have shown a downward trend; however, it is still in excess of the limit of 3% targeted to be achieved by 31st March 2021 under the Fiscal Management Principles laid down in the Fiscal Responsibility and Budget Management Act, 2003.
- Average inflation is being cited at 4.6% (within the targeted 4% +/- 2%).
- The total tax collection amounts to INR 12 lakh crore.
- FDI inflows during the last 5 years amounting to USD 239 billion were attracted.

Budget proposals – the “Hits”

With this economic backdrop, the amendment proposals introduced in the Interim Budget 2019 are summarised in the ensuing paragraphs. The main beneficiaries of the amendments are (i) individuals (engaged in agri-business, salaried class, property owners and buyers) and (ii) corporates and firms engaged in the real estate sector. Further, some announcements (viz., assessments, TDS limit on rental income) will be applicable to all categories of taxpayers.

A. Proposals relating to individuals

1. Minimum income to farmers

Farmers’ families holding land measuring up to 2 hectares are proposed to be compensated with minimum income of INR 6,000 per year. This benefit, however, will not cover landless farmers or tenant farmers who are said to constitute a large number of populace engaged in the agri-sector.

2. Tax rebate

One of the major announcements in the Interim Budget is the

increase in the limit to claim rebate to INR 5 lakh (from INR 3.5 lakh). Effectively, this translates into no income tax for an individual earning salary income of up to INR 7 lakh and availing deductions u/s. 80C (INR 1.5 lakh) and standard deduction of INR 50,000.

The requirement of filing tax return for individuals benefitting from this amendment continues to apply, since it is in the form of a rebate, and not in the form of increase in base tax slab. This is important since it will require those covered by the rebate to still file a tax return and will align with the revenue department’s interest of non-erosion of the tax base [around 3 crore taxpayers stated to fall in this category (out of total 6.85 crore taxpayers)]

Further, where an individual has taxable income which is marginally higher than the limit of INR 5 lakh is at a disadvantage if the tax liability works out to be higher than the differential income. Since the objective is to cover small taxpayers, such disparity should ideally have been addressed by way of a marginal relief clause, but the Lok Sabha has passed the bill without addressing this aspect.

3. Standard deduction from salary

Standard deduction from salary (in lieu of medical reimbursement and transport allowance amounting to INR 34,200) is increased to INR 50,000 (from INR 40,000).

4. TDS threshold on interest income from banks, etc.

In case of interest payments (other than interest on securities) made to resident individuals by a bank, a co-operative society engaged in banking business or on notified deposit with post office, tax @10% will be required to be withheld if such amount exceeds INR 40,000 (instead of existing limit of INR 10,000).

With the existing conditions of the equity and debt markets, this increase in the TDS threshold is expected to provide stimulus to investment in bank deposits.

B. Proposals relating to non-individuals

Benefit of lower tax rate of ~29% (inclusive of surcharge and cess) can be claimed in FY 2019-20 by domestic companies meeting the prescribed turnover criterion of INR 250 crore in FY 2017-18. It may also be noted that the rate for other companies and surprisingly LLPs continues to be approximately 34%.

C. Proposals applicable to real estate sector

5. Benefits to real-estate developers

The budget has outlined measures to ease the fiscal burden for real estate developers while incentivising the home buyers.

Developers engaged in affordable housing projects seeking to claim 100% deduction of profits can now obtain approvals from the prescribed authority up to 31st March 2020 (instead of the existing time limit of 31st March 2019).

Further, relief from tax on notional rent of properties held as stock-in-trade by the developers, but remaining vacant, is extended to 2 years (instead of 1 year) from the end of the year in which construction completion certificate is obtained. Reduction in GST burden relating to housing sector was also indicated by the Finance Minister, and it is proposed to reduce GST on under-construction properties to 5% and for affordable housing sector to 3%, but without input tax credit.

6. Self-Occupied Property (SOP)

Benefit of nil annual value applicable to a SOP is extended to two residential houses (instead of one house). Although a welcome move, deduction of interest on loan taken for acquiring such SOP is capped at INR 2 lakh for both the SOPs.

7. Capital Gains tax exemption on sale of and reinvestment in house property

The benefit of exemption from long term capital gains tax arising to sellers of residential property on reinvestment of capital gains in another house property is extended to reinvestment in two residential houses. However, this benefit can be claimed by the taxpayer only once in his lifetime, provided the capital gains is up to INR 2 crore. This change will benefit families intending to sell one property and segregate the sale proceeds into two properties, possibly in furtherance of the trend of nuclear families.

8. TDS threshold on rental income

In case of rental payments made to residents, tax will be required to be withheld if such amount exceeds INR 240,000 (instead of INR 180,000).

D. Proposals applicable to all

9. Assessment infrastructure

It is proposed that all returns will be processed in twenty-four hours and refunds will be issued simultaneously. Further, over the next two years, it is proposed to migrate towards verification and assessment infrastructure with no personal interface between taxpayers and tax officers by deploying electronic processing through an anonymised back office. While this will be much appreciated, the success of such an initiative will depend on several variables such as the kind of technology employed, etc.

While e-assessments have already been introduced, conducting assessments on an anonymous basis will be an unprecedented but a welcome change. However, the devil is in the detail and the concept needs to be very carefully thought through and the implementation architecture needs to factor in a variety of dimensions such as that complex cases being done on an anonymous basis will have serious challenges of ability to put across points of view in a meaningful manner.

10. Streamlining of stamp duty provisions and collection mechanism

The stamp duty provisions have been proposed to be amended with a view to rationalize the rates and streamline the collection mechanism. Broadly, amendments are likely to have the following impact:

- Streamlining state-wise levy of stamp duty on contract notes and therefore, addressing any “transaction-charge arbitrage” based on the domicile of the traders;
- Additionally, seeking to levy stamp duty on transfer of shares held in demat form (which was earlier not within the purview of levy of stamp duty under the Indian Stamp Act, 1899). This amendment needs to be seen in the backdrop of compulsory dematerialization of securities of unlisted public company and therefore, would have a wider impact (in cases such as gift, inheritance, inter-se promoter transfers, etc.);
- Reduction in stamp duty on transfer of shares held in physical format; and
- Levy of stamp duty on issue/ transfer of debentures notwithstanding the fact whether the same are listed or unlisted.

Budget expectations – the “Misses”

As the conventional Budget focused on the masses, the proposal left a lot of issues unaddressed. One may argue that in view of this being an “Interim” budget, it would not have been possible to cover all the expectations. However, even in that case, some key compelling matters, as outlined below, could have been addressed.

In case of individuals, key challenges occupying the mind-space of middle-class India, especially working population, are cost of education, cost of healthcare and real estate. While there are proposals covering the real estate segment, no announcements from the education and healthcare perspective is a dampener. Education related changes are key, since eventually, it will help boost opportunities for skilled employment.

From the perspective of business entities, equity in tax rates for all companies and also to LLPs and firms was a crucial requirement. Also, to ensure actual “ease of doing business”, resolution of several open items such as taxability of loan waivers, facilitating genuine restructuring transactions, revamping dividend tax regime, Angel tax chaos, deemed income tax provisions, etc., is the need of the hour.

What’s next?

While this was an interim budget and we expect a full-fledged Finance Bill during the Monsoon Session of Parliament, it will be worthwhile to see how the collections will be matched with the expenditures proposed in the Budget.

Not to forget, the new Tax Code is expected to be released for public comments by the end of February 2019, and its fate in light of the upcoming elections is currently uncertain.

Budget 2019-20 - A Macro Perspective

Mr. Atul Joshi, Founder & CEO
Oyster Capital Management & Advisory

The interim budget with full budget features was presented for the FY 2019-20. This was one of the most impressive budgets of the present Government addressing issues that pertained to individuals, farmers, unorganized labour force and MSMEs. Let us look at the budget from three perspectives. The Revised Estimates of 2018-19, the Budget for FY 2019-20 and the macro picture that is emerging from these three put together.

I. 2018-19 Revised Estimates (RE)

The RE for 2018-19 were presented with a projected fiscal deficit at slightly wider at 3.4% compared to 3.3% as budgeted. This can be dissected into following elements.

Revenue Side:

The budget has revised Revenue Receipts at Rs. 22.48 lakh crore compared to budgeted estimate of Rs. 22.71 lakh crore. Thus, the revised estimate is lower by Rs. 23,000 crore. This can be explained as follows:

(Rs. crore rounded off)

Description of Income	2018-19 (budgeted Estimate)	2018-19 (Revised Estimate)	Difference
Corporate Income Tax	6,21,000	6,71,000	+50,000
Service Tax	0	9,000	+9,000
Customs Duty	1,12,000	1,30,000	+18,000
CGST	6,04,000	5,04,000	-1,00,000
Total Revenue Difference		-	23,000

The CGST collection are expected to be significantly lower than budgeted numbers by almost Rs. 1,00,000 crore. The share of the states' allocation is lowered by Rs. 27,000 crore compared to budget. Thus sprucing up the Net Revenue of the Central Govt.

Expenditure Side:

The overall expenditure was higher by Rs. 15,000 crore compared to budgeted figure. However, on a deeper analysis, it is revealed that Interest Payments were higher by Rs. 12,000 crore compared to budgeted numbers – maybe on the back of rate hikes as well as hawkish comments and “calibrated tightening” bias of the RBI not factored in while budgeting. Also, there is an increase in capital expenditure by Rs. 16,000 crore compared to budget which augurs well for the economy in the long run. This excess amounts have been restricted to a smaller number by squeezing expenses in some other expenses of revenue nature.

II. Budget 2019-20 - Key Features

Some of the key features of the budget included the following:

Individuals:

- Rebate and not exemption of income up to Rs. 5,00,000. Thus if an individual has income post all eligible deductions up to Rs. 5,00,000 then such income is subject to zero income tax.
- Gratuity exemption ceiling has been increased from Rs. 10 lakh to Rs. 20 lakh.
- The threshold for TDS on Interest income has increased from Rs. 10,000 to Rs. 40,000
- Exemption from levy of income tax on notional rent on a second self-occupied house.
- Increase in standard deduction for salaried class to Rs. 50,000.

Farmers:

A provision to directly credit Rs. 2,000 every four months in a farmer's account provided the land held is less than 2 hectares. An outlay of Rs. 75,000 crore is provided for FY 2019-20 and Rs. 20,000 crore for the last quarter of FY 2018-19 under revised budget numbers. It is interesting to note that there is no definition of farmer in the Income-Tax Act otherwise.

MSMEs:

GST registered MSMEs will get interest rate rebate of 2% if the loans borrowed is up to Rs. 1 crore There are several other incentives provided to MSMEs such as the applicability of reduced tax slab of 25% is now applicable to all companies that obtain MSME registration.

Unorganised Sector:

The labour force employed in unorganized sector is large without any pension provision. The Govt. has introduced a new pension scheme whereby people in the segment can get pension of up to Rs. 3,000/- . A person can contribute from the age of 18 up to retirement age and Govt. would contribute an equal sum. This will, when combined with medical insurance under Govt. schemes, provides a strong framework for all those employed in unorganized sector.

Process Framework for Income Tax:

There is a provision and directional step taken to make IT return processing completely online and expeditious. In that endeavour the Govt. has set a target of 24 hours for processing returns and simultaneously giving refunds.

III. Macro Impact of Budget

Receipts FY 2019-20:

The share of direct taxes i.e. Corporate and Personal Tax is 54% of the total receipts whereas GST constitutes 30% and Customs and Excise the remaining 16%. There is a shift in Excise duty which reduces by 2% compared to FY 19 and GST increase by 2% in total revenue share. Higher reliance on direct taxes (54%) in a non-compliant tax regime is not a long term prudent strategy to increase revenues.

Borrowings FY 2019-20:

Govt. plans to borrow Rs. 6.52 lakh crore – Rs. 60,000 crore more than FY 19. For FY 19 also, Govt. has breached the budget estimate and plans to borrow Rs. 12,000 crore more.

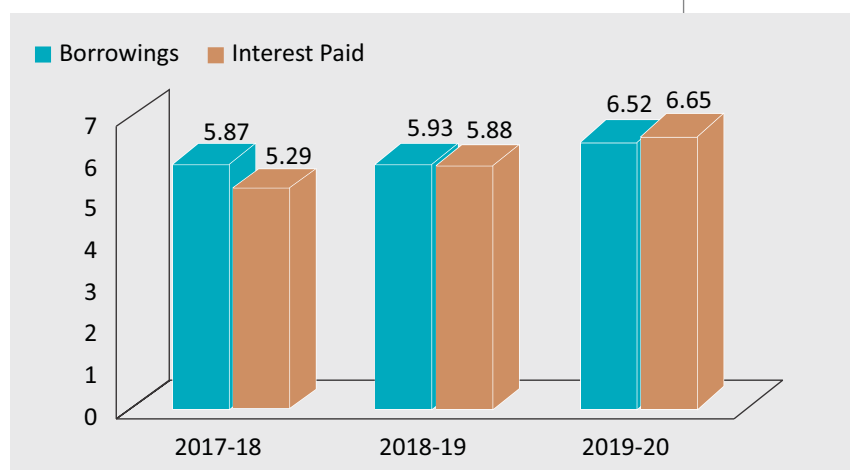
Below is an interesting chart. The Govt. has now begun to pay interest which is more than the net borrowing for the year. This also means that if RBI was to reduce the interest cost, the direct impact would be reduced Govt borrowing and of course better fiscal balance.

Expenditure FY 2019-20:

Below is a comparative of growth in major items of expenditure.

(Rs. Lakh Crore)

Major Expense	2017-18	2019-20	% Change
Food Subsidy	1.00	1.84	84%
Fertiliser Subsidy	0.66	0.75	14%
Petroleum Subsidy	0.24	0.37	54%
MNREGA	0.48	0.60	25%
Interest Payment	5.29	6.65	26%
Capital Expenditure	2.63	3.36	28%



- Food subsidy growth rate has outstripped even capex of the Govt. in percentage terms as well as in absolute terms.
- While capex in 2 years will grow by Rs. 73,000 crore, the total subsidies will grow by Rs. 1,06,000 crore.
- Interest expense is expected to cost almost Rs. 1,36,000 crs more in just 2 years time frame.
- MNREGA allocation has been increasing rapidly too and almost double of petroleum subsidy.

Transfer to States

The Govt. has obligation to share income with states. It seems that the Govt. has been sharing more in absolute terms but less on percentage basis with states.

Revenue Receipts

2017-18 RE	19.44
2018-19 BE	22.71
2018-19 RE	22.48
2019-20 BE	25.52

Transfer to States

2017-18 RE	6.73
2018-19 BE	7.88
2018-19 RE	7.61
2019-20 BE	8.45

Share of States

2017-18 RE	0.3462
2018-19 BE	0.3470
2018-19 RE	0.3385
2019-20 BE	0.3311

Thus, while the overall budget has been excellent from the various perspectives, the impact on macro factors is mixed at best.

Long term strategy to control subsidies and MNREGA instead of increasing them and strategy to control interest expense will be critical for a better and improved fiscal position with solid foundation.

India Interim Budget 2019: A greater focus on ease of doing business in India in times to come



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The Finance Bill, 2019 presented on 1st February 2019, was passed by Lok Sabha on 12th February and by the Rajya Sabha on 13th February. The Bill received presidential assent on 21st February and now forms part of Income-tax legislation. The provisions announced will apply until such time the new Government presents the full Budget. The full budget may either retain or modify these provisions.

At the outset, the Finance Minister has clarified that as per convention, the regular budget will provide the main tax proposals. However, in order to provide certainty to small taxpayers especially middle class, salary earners, pensioners and senior citizens, the interim budget contains certain provisions that impacts this segment of the population. In addition, the real estate sector has got certain benefits as the sector plays an instrumental role in the economy and also secures houses for individuals.

The recent initiatives of Government towards digitisation has significantly improved tax compliances by taxpayers. The Vision 2020 document adopted by the Income-tax department envisages an effective and efficient tax administration, progressive tax policy and improved tax compliance. In order to achieve its vision, an annual action plan has been prepared setting out the approach and steps required in achieving the vision. Among the recent initiatives taken by the Government, which was also announced in the budget speech, includes specially awarding a project worth INR 42,420 million to Infosys for next-generation income tax filing system, clearly suggesting that the Government has a strong intent on bringing ease of doing business in India.

In the first part of this article, we have analysed the income-tax amendments brought in by the Finance Bill. In the second part, we have discussed the key steps and initiatives of the Government for achieving Vision 2020.

PART I – Interim Budget 2019

Tax rebate

While the interim budget does not suggest any change in tax slab or tax rates for taxpayers, the tax liability will be reduced in some cases owing to increase in the amount of tax rebate. A full rebate for resident individual taxpayers having an annual taxable income up to INR 500,000 is allowable. The Finance Minister has also increased the standard deduction for salaried

taxpayers from INR 40,000 to INR 50,000.

In view of this change, after considering other deductions available today, a salaried taxpayer earning income up to INR 7,35,000 and a non-salaried taxpayer earning income up to INR 6,85,000, may not be liable to pay any tax.

The same is tabulated as under:

Particulars	Salaried taxpayer	Non Salaried taxpayer
Gross Total Income	735,000	685,000
Less: Standard Deduction under section 16(ia)	50,000	
Less: Deduction under Chapter VIA		
- Section 80C (payments made for specified investments/ purpose)	150,000	150,000
- Section 80D (mediclaim insurance premium for self)	25,000	25,000
- Section 80TTA (interest on deposits in a savings account)	10,000	10,000
Net taxable annual income	500,000	500,000
Tax payable	12,500	12,500
Less: Rebate under section 87A	12,500	12,500
Net tax payable	Nil	Nil

Resident individual taxpayers falling in higher income brackets may also get the benefit of standard deduction/tax rebate depending upon their eligibility for claiming other deductions and/ or exemptions (i.e., house rent allowance, medical insurance premium paid for parents, etc.).

It may be noted that an obligation to file a return of income exists so long as the annual taxable income exceeds INR 2,50,000.

Increase in monetary limit for trigger of TDS

TDS on interest

The threshold on interest earned from deposits with banks, co-operative societies carrying on banking business and from post offices, increased from INR 10,000 to INR 40,000. The threshold of INR 5,000 remains unchanged for other interest. This will provide relief to small depositors and retired population earning passive income, as this will reduce the instances of filing of return of income only to claim excess tax deducted on interest income.

TDS on rent

The threshold for deduction of tax on rent under section 194I increased from INR 1,80,000 to INR 2,40,000.

Relief to individuals owing more than one self-occupied property

Under the pre-amended provisions, income tax on notional rent was payable if a taxpayer had more than one self-occupied house. As per the amended provisions, exemption is also available in respect of notional rent on the second self-occupied house.

Additionally, the benefit of rollover of capital gains under section 54 from investment in one residential house is available for making investment in two residential houses so long as capital gains are up to INR 20 million. This benefit can be availed once in a lifetime.

Tax holiday for affordable housing extended

The terminal date for affordable housing projects extended from 31st March 2019 to 31st March 2020. Accordingly, housing projects approved by the competent authority on or before 31st March 2020, are eligible to claim deduction under section 80-IBA.

Exemption on unsold inventories held by the real estate sector

Under the pre-amended provisions, annual value of unsold real estate properties held as stock-in-trade and not let out, is not taxable for the period up to one year from the end of financial year in which certificate of completion of construction of the property is received. The exemption is now available for a period of two years from the end of financial year in which certificate of completion of construction of the property is received.

On the whole, it may be regarded as a bold budget as it has announced benefits, albeit small, for the middle class population which is not historically seen in interim budgets. The Indian economy as well as global economy is looking forward to the results of the upcoming elections and from the Budget which will be presented by the new Government when it takes over.

PART II – Government’s initiative towards ease of doing business

The CBDT in early 2018 released the Central Action Plan for 2018-19 (Central Action Plan). The focus areas of the Central Action Plan, *inter alia*, are as under:

- Litigation management;
- Improving quality in diverse areas of work including strengthening compliance and enforcement functions and reducing arrears of tax collections;
- Widening of tax base.

Litigation management

In order to reduce long pending grievances of taxpayers and to minimise litigation pertaining to tax matters and to facilitate ease of doing business, the monetary limit of tax effect for filing departmental appeals was increased in July 2018. The enhanced limits are as under:

Sr.	Appeal Fora	Enhanced limit (In INR)
1	ITAT/CESTAT	2,000,000
2	High Courts	5,000,000
3	Supreme Court	10,000,000

With the increased monetary limit of tax effect for filing appeals to ITAT, the CBDT has issued a notification (F.No.279/Misc/M-124/2018-ITJ) dated 14th February 2019, setting out certain measures at the instance of the Income-tax department. The key measures are as follows:

1. The Income-tax Business Application portal (ITBA) has provided the functionality that each Assessing Officer (AO) shall mark 20 cases every year as Quality Orders.
2. These quality assessment orders should be represented before the Commissioner of Income-tax (Appeals) (CIT(A)) by the Income-tax Department.
3. ITO (Tech.) shall be responsible to co-ordinate with all AOs in case of appeals of such Quality Orders and ensure that written submissions on the grounds of appeal are filed by AO before the CIT(A).
4. The appeals in respect of Quality Orders can be represented either by the concerned AO or by any other officer of range who has special expertise or domain knowledge.
5. CIT(A) to provide the list of Quality Orders which are not represented by the officers of Income-tax Department.

Section 250 of the Income-tax Act requires that for every appeal preferred before the CIT(A), notice is issued to the AO against whose order the appeal is preferred. The section further requires representation by AO either in person or by a representative. However, in practice, the AO files submissions only when CIT(A) issues remand report seeking the AO’s view on a particular aspect of assessment.

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The above procedure mandates the submissions and representations by the AO for every Quality Order passed by him and thereby gives him an opportunity to showcase the basis on which he has framed the assessment. Inability of the AO to obtain confirmation of assessment framed by the CIT(A) despite the case being duly represented by him or his authorised representative, may suggest an inherent weakness in merits of the assessment framed. Consequently, the above procedure may reduce the number of appeals preferred by the Income-tax department to ITAT.

Improving quality in diverse areas of work

Timelines for disposal of grievances

The Income-tax department issued the Citizen's Charter 2014 providing declaration of its vision, mission and its commitment towards maintenance of standard of service delivery to taxpayers.

In view of this, the Central Action Plan provides the following timelines for disposal/resolution of grievances registered at different levels as mentioned below:

1	Grievances received from PMO/ FMO/ MPs/ CBDT/ any other high priority	Within 15 days of receipt source by the concerned AO
2	Grievances received through CPGRAMS online portal	Within 30 days of receipt by CBDT
3	Grievances/ cases where taxpayer has responded to AO Notices under section 245 of the Income-tax Act informing about outstanding demand to be adjusted against refund	Within 30 days of receipt
4	Grievances/ cases where taxpayer has responded to CPC Notices under section 245 of the Income-tax Act informing about outstanding demand to be adjusted against refund	Within 15 days of receipt
5	Grievances received through e-Nivaran	Within 30 days of receipt
6	Any other grievances received directly by the AO or grievance cell through any other source	Within 30 days of receipt

The taxpayers may bring these deadlines to the notice of tax administration in case of delayed action by tax authorities.

Refund processing in 24 hours

As per information available in public domain, the Government

in January this year appointed Infosys to develop the next-generation income tax filing system. The new system will reduce the current return processing time of 63 days, to one day. The new system is expected to be completed in 18 months. The system will be launched after three months of testing. If things go as planned, the new system will be ready by October 2020. Accordingly, the corporate returns submitted for assessment year 2020-21 will be processed under the new system. The returns under the new system will be processed in one day and the refund will also be issued simultaneously.

Widening tax base

The Central Action Plan has set targets for adding new filers during the financial year 2018-19 for different regions.

In addition, the Income-tax department has launched a pilot project viz. Non-filers Monitoring System (NMS). As per a press release dated 22nd January 2019 issued by the CBDT, analysis was carried out to identify non-filers using information contained in the Statement of Financial Transactions (SFT), Tax Deducted at Source (TDS), Tax Collected at Source (TCS), information about foreign remittances, exports and imports data, etc.

Data analysis identified several potential non-filers who have carried out high value transactions in financial year 2017-18, but have not submitted return of income. The proceedings to verify the details of such non-filers is carried out electronically to reduce the compliance cost for taxpayers.

In addition to the above measures, a task force has been constituted for drafting a new direct tax law in consonance with the economic needs of India.

The terms of reference of the task force includes the following:

- Review of direct tax system in various other countries
- Review of international best practices
- Considering the economic needs of the country
- Any other matter connected thereto

As per the office order dated 26th November 2018, the task force is required to submit its report by 28th February 2019.

The above efforts and initiatives are definitely positive and reassures honest taxpayers that non tax payers will not be spared by the current government. The idea of return and refund processing within a day is a dream come true for most Indians. While from a macro perspective, everything looks perfect, at the micro level there are still several difficulties and challenges faced by taxpayers. One may consider using the grievance mechanism to iron out these challenges.

The collaboration between the tax administration and tax payers is the demand of the day as that will build a more inclusive economy where the tax administration and tax payers support each other in their respective growth and development.

Insolvency and Bankruptcy Code – Major Trends

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Waterfall Insolvency Professionals LLP is reckoned as one of the leading Insolvency Professional Entity (IPE) providing end-to-end advisory to stakeholders under Insolvency and Bankruptcy Code, 2016. We believe that introduction of the Insolvency & Bankruptcy Code, 2016 (IBC) has addressed the need of the hour to resolve stress to considerable extent. The IBC envisages a “creditor in control” regime with financial creditors exercising control through Insolvency Professionals (IP’s) in the event of a single default in repayment of any loan or interest.

It has proved a boon for the financial lenders which were governed under present archaic law for recovery of their dues. It shall considerably reduce the time taken for winding up companies in India from over four years to less than a year. It has significantly improved India’s position in the ease of doing business index to 77th rank from over 100th rank.

This law purports adherence to very stringent timelines as compared to the SARFAESI Act, 2002. As a result, stressed/distressed corporates have felt a need to adopt preventive measures to arrest defaults on financial commitments. Corporates now preempt and plan for possibility of a potential default that can trigger IBC thus engage for effective turnaround plan which is devised and communicated to all stakeholders which includes financial and operating creditors, employees, etc., in advance.

The Code has been major driver in a spurt of M&A deals in India, as bidders are eagerly looking to acquire stressed assets that are now available at lucrative prices and a number of such entities are close to conclusion of their resolution processes.

Current Statistics as on 3rd January, 2019 display that

- 1,322 cases have been admitted by NCLT
- 4,452 cases have been disposed at pre-admission stage
- 66 have been resolved after adjudication
- 260 cases have been ordered for liquidation

In 66 resolution cases, realisation by creditors was around Rs. 80,000 crore. As per NCLT database, in 4,452 cases disposed at pre-admission stage, the amount apparently settled was around Rs. 2.02 lakh crore. Some of the big 12 cases such as Bhushan Power and Steel Ltd. and Essar Steel India Ltd. are in advanced stages of resolution and are likely to be resolved in this financial year in which realization is expected to be around Rs. 70,000 crore. Increase in conversion of NPAs into standard accounts and decline in new accounts falling in NPA category show a definite improvement in the lending and borrowing behaviour.

Leading cause & trends identified under IBC code

1. Fragile Business models – Leading cause of failure

Unlike sustained growth in the 19th & 20th Century, led with industrial revolution, growth in 21st century is led with adoption of technological advancement in the field of healthcare, modern medicine, consumer buying patterns, Environment Conservation, Transport & Telecommunication, Infrastructure. The existing business models are challenged and business are adopting & thriving on asset light models which permit quick adoption of changing trends.

Further, credit led investments to industrial units in core sectors has led to excess capacities in existing business to certain extent.

Businesses have suffered mainly on account of

- Excessive diversification into non-correlated business.
- Government requirement of developing infrastructure having long gestations with private participation & without adequate safeguards.
- Government policy changes in core sector such as steel, power, telecommunication.
- Lending to promoters with limited industry experience coupled with aggressive growth strategies.
- Mismanagement & misappropriation of funds coupled with indecisive lenders & weak credit monitoring mechanisms.

A typical operational turnaround would involve crisis management, stakeholder management, refocusing the business, operations restructuring and leadership change. The critical (and under-appreciated) differences between a turnaround and a transformation are the severity of the crisis, value of time, cash-focused decision making, stakeholder management (especially external) and the type of leadership required. In such instances, it is important to identify that part of the business which continues to earn a return on capital ahead of its costs. We believe that while companies are immortal, they need to be versatile & adoptive to future trends and set similar objectives. It is advisable to exit non-profitable businesses, strategize planned exit before it develops stress.

2. Existing promoters facing severe threat of losing business to competition

The legislative and judicial wings, being two critical pillars of democratic Government, has framed required architecture to provide effective resolution to stressed assets in the economy and is continuously implementing measures to protect the stake holders interest, promote transparency, eliminate malpractices & inefficient RBI schemes.

Supreme Court has upheld provisions of IBC 2016 which is accepted as a superior law valid and enforceable, against the

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remedies available through various constitutional rights and rights and remedies available through different acts, rules & regulations or customs. Thus it is established that on default Court will admit petition and existing promoters can't protect themselves under the pretext of aforesaid legal provisions and remedies. Sec. 29 of IBC has become most deterrent provisions for promoters of large corporates (other than companies belonging to MSME Sector), they will lose control of enterprise, if they fail to clear their NPA status in specified time limit.

Further, RBI has repealed all the earlier restructuring schemes and permitted maximum period of 6 months for amicable bilateral resolution as per lenders policies. In case of failure to arrive at resolution with such time frame, bank shall initiate legal action under or outside preview of the Code.

The Code also has entrusted insolvency professionals to identify fraudulent & preferential transactions under provisions of the Code and undertake forensic audit to nail down fraudulent promoters. This has led to initiating criminal action against promoters. Unresolved companies head for liquidation as per laid down procedure, which can be sold as a whole (as a going concern) or piecemeal.

This Code has paved the way for the financial creditors to take over the entire management and refrain defaulting promoters from exercising any rights over the business. The strength of the Code is evident from recent resolutions in core industries such as steel, cement, power etc.

Successful Resolutions include Electro Steel to Vedanta Group, Bhushan Steel to Tata Group, Assam Company India Limited.

Ongoing large resolutions include resolutions of Essar Steel by Accelor Mittal Group, Binani Cement by Ultratech Cement Limited or Dalmia Bharat Cement, Windworld India Limited (Enercon India), Dighi Port Limited, Seven Hills Hospitals (Seven Hills Healthcare Private Limited), Videocon Group, Ruchi Soya Industries Limited, Sterling Group (Sandesara Group) etc.

The Courts have been desisting from favouring existing promoters and awarding decisions in line with strict compliance with Code. The judicial pronouncement has played vital role in interpretation of the Code providing protection to special classes of operational creditors, invocation of guarantees, tax liabilities on acquiring companies.

Further, regulatory bodies such as SEBI, CCI, Direct & Indirect tax authorities, Government & quasi Government bodies are devising framework of laws and regulations augmenting smooth transition and reducing cost of such acquisition.

3. Early recovery by timely administration – Increase in number of benches at various places

The existing NCLT benches have been entrusted with company law matters relating to mismanagement and oppression, mergers and acquisitions and cases of deregistration of companies on account of defaulting on statutory annual return

filing requirements other than addressing Insolvency petitions filed under the IBC 2016. Cases relating to mergers and acquisition were earlier handled by High Courts are now under the purview of the NCLT. There has been criticism on the slow progress in corporate insolvency resolutions as 50% of the cases have exceeded the 180 day deadline, while 30% have crossed the 270 day deadline, the maximum time allowed for resolution under IBC.

However, the Government is set to increase the number of Benches of NCLT to ease the load on existing Benches overburdened by creditors suing defaulting businesses and expedite resolution of insolvency cases in order to achieve the targeted resolution period of one year thereby ensuring quick turnaround protecting inherent value of the entity.

The Government has proposed setting up additional Benches in metro cities i.e., 3 in Mumbai, 2 in New Delhi and 1 each in Kolkata, Chennai & Hyderabad making the total number to 19 from the existing 11. The Ministry is also soon likely to recruit more than 30 judges for the same. The authorities shall consider hiring more judicial and technical officers to take into account the requirement of the new NCLT Benches at Cuttack, Jaipur and Kochi.

The Ministry is studying possibility to establish a total of 24 Benches around the country to expedite the process of dealing with pending cases and optimal utilization of the bandwidth of each Tribunal over time and have a justified distribution of workload across the Benches. The law makers have also explored the prospect of 'deemed admission' to reduce the time taken for hearings and acceptance of the applications, where the insolvency petitions may be accepted directly in case of financial creditors as there is virtually no dispute with respect to the amount.

4. Opportunity

Compared with the Industrial Revolution, we estimate that this change is happening ten times faster and at 300 times the scale, or roughly 3,000 times the impact. Although we all know that these disruptions are happening, most of us fail to comprehend their full magnitude and the second-and third-order effects that will result. Much as waves can amplify one another, these trends are gaining strength, magnitude, and influence as they interact with, coincide with, and feed upon one another.

This Code provides opportunity for entrepreneurs & existing competitors, through their out of the box thinking to replace existing failed promoters. Also, the Code has improved the position of unsecured lenders and they have been given priority over the statutory dues in the payment schedule. This has further increased the hope for establishing Bond market in India.

Together, these four fundamental disruptive trends are producing monumental change in business models and way of doing business, as per study conducted by leading management consultancy company McKinsey & Co.

1. The age of urbanisation & its effect

As recently as 2000, 95 per cent of the Fortune Global 500—the world’s largest international companies including Airbus, IBM, Nestlé, Shell, and The Coca-Cola Company, to name a few—were headquartered in developed economies. By 2025, when China will be home to more large companies than either the United States or Europe, they expect nearly half of the world’s large companies—defined as those with revenue of \$1 billion or more—to be headquartered in emerging markets. “Over the years, people in our headquarters, in Frankfurt, started complaining to me, ‘We don’t see you much around here anymore,’” said Josef Ackermann, the former chief executive officer of Deutsche Bank. “Well, there was a reason why: growth has moved elsewhere—to Asia, Latin America, the Middle East.”

2. Change in technology & its effect

The second disruptive force is the acceleration in the scope, scale, and economic impact of technology. Technology—from the printing press to the steam engine and the Internet—has always been a great force in overturning the status quo. The difference today is the sheer ubiquity of technology in our lives and the speed of change. It took more than 50 years after the telephone was invented until half of American homes had one. It took radio 38 years to attract 50 million listeners. But Facebook attracted 6 million users in its first year and that number multiplied 100 times over the next five years. China’s mobile text-and voice-messaging service WeChat has 300 million users, more than the entire adult population of the United States. Accelerated adoption invites accelerated innovation. In 2009, two years after the iPhone’s launch, developers had created around 150,000 applications. By 2014, that number had hit 1.2 million, and users had downloaded more than 75 billion total apps, more than ten for every person on the planet. As fast as innovation has multiplied and spread in recent years, it is poised to change and grow at an exponential speed beyond the power of human intuition to anticipate.

Processing power and connectivity are only part of the story. Their impact is multiplied by the concomitant data revolution, which places unprecedented amounts of information in the hands of consumers and businesses alike, and the proliferation of technology-enabled business models, from online retail platforms like Alibaba to car-hailing apps like Uber. Thanks to these mutually amplifying forces, more and more people will enjoy a golden age of gadgetry, of instant communication, and of apparently boundless information. Technology offers the promise of economic progress for billions in emerging economies at a speed that would have been unimaginable without the mobile internet. Twenty years ago, less than 3 per cent of the world’s population had a mobile phone; now two-thirds of the world’s population has one, and one-third of all humans are able to communicate on the internet. Technology allows businesses such as WhatsApp to start and gain scale with stunning speed while using little capital. Entrepreneurs and start-ups now frequently enjoy advantages over large, established businesses.

The furious pace of technological adoption and innovation is shortening the life cycle of companies and forcing

executives to make decisions and commit resources much more quickly.

3. Challenges of an ageing world & its effect

By 2013, about 60 per cent of the world’s population lived in countries with fertility rates below the replacement rate. This is a sea change. The European Commission expects that by 2060, Germany’s population will shrink by one-fifth, and the number of people of working age will fall from 54 million in 2010 to 36 million in 2060, a level that is forecast to be less than France’s. China’s labour force peaked in 2012, due to income-driven demographic trends. In Thailand, the fertility rate has fallen from 5 in the 1970s to 1.4 today.

A smaller workforce will place a greater onus on productivity for driving growth and may cause us to rethink the economy’s potential. Caring for large numbers of elderly people will put severe pressure on government finances.

4. Trade, people, finance, and data: Greater global connections

The final disruptive force is the degree to which the world is much more connected through trade and through movements in capital, people, and information (data and communication)—what we call “flows.” Trade and finance have long been part of the globalisation story but, in recent decades, there’s been a significant shift. Instead of a series of lines connecting major trading hubs in Europe and North America, the global trading system has expanded into a complex, intricate, sprawling web. Asia is becoming the world’s largest trading region. “South-south” flows between emerging markets have doubled their share of global trade over the past decade. The volume of trade between China and Africa rose from \$9 billion in 2000 to \$211 billion in 2012. Global capital flows expanded 25 times between 1980 and 2007. More than one billion people crossed borders in 2009, over five times the number in 1980. These three types of connections all paused during the global recession of 2008 and have recovered only slowly since. But the links forged by technology have marched on uninterrupted and with increasing speed, ushering in a dynamic new phase of globalization, creating unmatched opportunities, and fomenting unexpected volatility.

These four disruptions gathered pace, grew in scale, and started collectively to have a material impact on the world economy around the turn of the 21st century. Today, they are disrupting long-established patterns in virtually every market and every sector of the world economy—indeed, in every aspect of our lives. Everywhere we look, they are causing trends to break down, to break up, or simply to break. The fact that all four are happening at the same time means that our world is changing radically from the one in which many of us grew up, prospered, and formed the intuitions that are so vital to our decision making.

We conclude stating that while immense opportunities exist in distressed assets, one should limit leverage for acquisition of assets to the extent such debt can be serviced from operating cash flows and existing & future cash flows of the acquirer.

Gender Parity – Need of the Hour!

Ms. Mohana Nair
President, IMC Ladies' Wing

Gender parity is the need of the hour all over the world but in a developing country like India, increasing women's equality is absolutely vital.

By increasing the representation of women in India's work force by 10% from its present level of 25%, our GDP would increase by leaps and bounds. India however faces several challenges in increasing women's equality and is lagging behind other countries in the Asia Pacific region in most aspects.

This is the reason that IMC Ladies' Wing's current President, Ms. Mohana Nair chose "Power of Gender Parity" as the first event of her year, where the report published by McKinsey & Company on advancing Women's equality in Asia Pacific and India in particular, was released in Mumbai.

This report clearly brought out the huge disparity between men and women in many aspects, besides the female-to-male labour force participation rate, like maternal mortality, financial and digital inclusion, sex rate at birth and violence against women.

Presently in India, women comprise 48% of the population but only 25% are in the work force. Further women are paid unequal salaries for the same quantity of work with women earning 57% of what their male colleagues earn. And what is worse is that the more educated a woman is, the pay gap widens and the gap further widens as the woman gets more senior. More than half of India's women don't have cellphones, and 80 per cent don't use them to connect them to the internet.

With all these drawbacks, we are definitely doing better than before, for e.g., the feminist movement, the laws stemming from our Constitution which confer equal rights on women, the necessity felt for a dual income, higher educational levels, have all contributed to women believing in their own self-worth.

The Government too has realised that women should be supported in their urge to work and become financially independent, as they form almost 50% of the population and their earnings could lead to a big leap in the GDP.

In the last few years, therefore India has changed considerably and more women are entering the work force but it still needs

more balance. Even though we were one of the first countries to have had a woman prime minister yet this feeling of importance and power remains restricted to some emancipated and elite families where women were treated as equals. In the rest of India, women were berated as inferior beings, born for the sole purpose of honouring and serving men and with no voice of their own.

This is perhaps the reason that women still lag behind men by a large margin in leadership positions like politics and business.

Despite Government enacting laws to give representation to women in the government and on Boards of Companies, the situation has not improved much.

So while women battle the perception in society that their place is at home, there are many highly educated women who are now choosing consciously to leave their lucrative jobs and exalted positions to spend time with their children in their growing years.

This has in turn led to the need for jobs with flexi-hours, part-time jobs and options to work from home. Organisations also have realised that they need to give women the chance to re-enter the work place after they are no longer needed at home.

It is essential that women come into the mainstream and are recognized for their intrinsic worth.

The old traditional beliefs of a woman's duties and roles have to change in this fight for gender equality and both the men and women have to change their mind sets. The future is exhilarating in a gender-balanced world. Efforts to promote gender equality have come a long way in gaining attention and catalysing change, but there is still a long way to go.

All in all we have come far in the last 50 years. Men are slowly learning to accept that women are equally intelligent and capable and that they are ready to stand shoulder to shoulder with men.

The gaps are narrowing and we hope that our daughters will grow up into a brave new world, where all humans are born and remain equal.

The Devil in the Angel Tax: The death knell of Entrepreneurship

“Our new Constitution is now established, and has an appearance that promises permanency; but in this world nothing can be said to be certain, except death and taxes.”

— Benjamin Franklin,
in a letter to Jean-Baptiste Leroy, 1789

“Angel Tax”, Section 56(2)(viib) and Section 68 of the Income-tax Act, has been spelling doom for startups. In the run up to the last Budget of this Modi Government, the Indian startup community was waiting with bated breath; Angel Tax dare not be permanent, lest it ring the death knell for India innovation.

Dark History of Angel Tax

Angel Tax dates back to the Finance Bill of 2012 during UPA's tenure with its genesis in the Enforcement Directorate's investigation of Jaganmohan Reddy's transactions wherein people had *“paid bribes to Reddy in the form of investments at exorbitant premiums in his various companies to the tune of Rs. 779.50 crore apart from making payment of Rs. 57 crore to him in the guise of secondary purchase of shares and donation of Rs. 7 crore to YSR Foundation.”* The upshot was exclusive anti-abuse measures in Budget 2012 to **prevent generation and circulation of unaccounted money**, such as Sections 56(2)(viib) – taxation of premium in excess of fair market value and Section 68 – unaccounted cash credits. The budget memo accompanying the insertion of these sections also stated, *“The pernicious practice of conversion of unaccounted money through masquerade of investment in the share capital of a company needs to be prevented.”* While presenting his last budget and introducing Angel Tax former Finance Minister Pranab Mukherjee had told Parliament: *“I propose a series of measures to deter the generation and use of unaccounted money. To this end, I propose: Increasing the onus of proof on closely held companies for funds received from shareholders as well as taxing share premium in excess of fair market value.”*

Section 56(2)(viib) of the Income-tax Act provides that if a closely held company issues its shares at a price more than its fair market value (FMV), the amount received in excess of the FMV will be treated as income, taxable at 30.9%. Assessment officers typically use Net Asset Value method (NAV) and discard Discounted CashFlow (DCF) method valuations to arrive at FMV, significantly underestimating the startup's true FMV. NAV anchors valuation in current net-worth and disregards all the value in the startup's future growth and earning potential. section 68 of the Income-tax Act, 1961 states that any sum credited to the books of accounts of an assessee can be charged

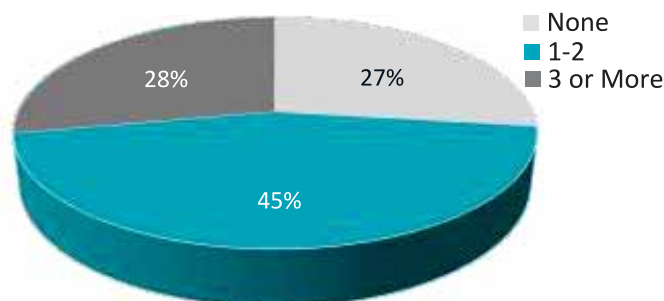
Ms. Paula Mariwala

Founder and Co-President of Stanford Angels & Entrepreneurs India (SAE India)

Ms. Arti Sanganeria

Investment Analyst, RaRe Enterprises

to tax, if the assessee is unable to explain the source of the credit OR the explanation is not to the satisfaction of the Assessing Officer, at a tax rate of 83.25%. This Section 68 puts the onus, unfairly so, of establishing the identity & creditworthiness of the investor as well as genuineness of source of funds for the investment on the startup, implying that startups must be able to access and supply sensitive documents such as the investor's bank statements, income tax (IT) returns and financial statements to the taxman. Though both these policies were originally meant to curb money laundering in private companies, the unintended real-life consequence has been targeting startups and curbing not only their capital raising ability but also strangling startup operations.



73% startups that raised capital say they have received 1 or more Angel Tax notices since date of inception

Draconian Impact on Indian Startup Ecosystem

Active Angel investors have almost halved from 653 in 2016 to 343 in 2018, and if this continues to be the state of affairs, the Angel ecosystem will ultimately dry up. The IT department has sent out Angel Tax notices which included penalties for late payment. In some cases, the sum that the startups are liable for including taxes and late fees, exceeds the entire amount of funds raised by the startup. A survey conducted by Indian Private Equity and Venture Capital Association (IVCA) and online citizen engagement platform Local Circles in January 2019 received responses from 2,883 startups. More than 7 out of every 10 startups had received at least one notice from the IT department. Moreover, 70% startups had received a Section 56(2)(viib) notice due to the artifact of the mathematics underpinning startup valuation resulting in high share premium vs. actual mispricing of assets to circulate black money.

This legal swamping exemplifies the bureaucratic mindset. Paula Mariwala, founder and co-president of Stanford Angels & Entrepreneurs India (SAE India) and chair of the IMC Startup Committee believes *“the current law presumes guilt and more often penalises the genuine investor and entrepreneur. This has*

Knowledge

caused irreparable damage to the startup ecosystem in India as angels are putting their money elsewhere and entrepreneurs are having a hard time finding their first cheques resulting in unnecessary road kills of many a good idea.” Mariwala is also a member of the policy team at Indian software products industry’s think tank iSPIRT.

Budget 2019 Turns a blind eye to Angel Tax

The startup community was hoping for deliverance from these taxing times. Enter: February 1, 2019 Budget and Interim Finance Minister Piyush Goyal. He completely avoided the discussion of angel tax but did sing praises of the importance of a healthy startup ecosystem. *“With job seekers becoming job creators, India has become the world’s second largest startup hub. We are proud of the hard work and innovative ideas of our youth,”* he said. Exit: Hope. The regressive Angel Tax remains unaddressed.

Do we really live in the Dark Ages and demons of ANGEL TAX to continue to haunt Indian startups?

In the week following the budget, startups such as Travel Khanna, BabyGoGo and AddoDoc Technologies claim that Central Board of Direct Taxation (CBDT) went one step ahead, deducted funds from their accounts and froze their bank accounts as part of Angel taxation, leaving them with essentially no cash for daily operations. Caught in the crosshairs as collateral damage, the affronted startup community banded together, leveraged technology, sidebar: ironically created by Angel and startup funding, created a furor online and tweeted up a storm with thousands of social media posts, hashtag #ShutdownIndia and #TaxTerrorism.

DPIIT Notification gives a Lifeline to Startups on February 2019

Deliverance did come on February 19 in the form of another tweet storm, by Union Minister for Commerce and Industry Suresh Prabhu, which was followed by a gazette notification issued by Department of Promotion for Industry and Internal Trade (DPIIT) under Mr. Prabhu’s leadership. Key Points below:

- A startup must be working towards innovation, development or improvement of products or processes or services, or if it is a scalable business model with a high potential of employment generation or wealth creation, the Government outlined.
- The definition of startups was widened to a firm with tenure extended to 10 years from its date of incorporation/registration instead of the existing period of 7 years and turnover threshold increasing to Rs. 100 crore instead of the existing Rs. 25 crore.
- There was a blanket Rs. 25 crore Angel Tax exemption on any capital raised regardless of share premium by a startup from any source, including non-residents, Foreign nationals, Alternate Investment Funds Category-I, and SEBI regis-

tered venture capital funds, subject to self-declaration by the startup.

- To boost domestic India Inc. capital deployment into startups, investments from listed companies, with at least Rs. 250 crore top-line or Rs. 100 crore net worth, were exempt.
- It’s hard to dodge the bureaucracy and the devil was seemingly in the details.
- The self-declaration had clunky issues including but not limited to preventing startups from issuing loans, entering into JVs or creating subsidiaries and making capital contributions to employee welfare trusts.

(c) loans and advances, other than loans or advances extended in the ordinary course of business by the Startup where the lending of money is substantial part of its business;

(d) capital contribution made to any other entity;

(e) shares and securities;

- Notably, the notorious Section 68 was still unaddressed.
- Section 6 excluded sub-judice cases, current matters, and IT orders dispensed to over 2,000 startups before the issue of the notification.

6. Notification referred in para 2 shall apply irrespective of the dates on which shares are issued by the startup from the date of its incorporation, except for the shares issued in respect of which an addition under section 56(2) (viib) of the Act has been made in an assessment order made under the Act before the date of issue of the notification.

Angels exist: Continued Effort to Successfully Resolve Issues around Angel Tax

Credit to a working group of key startup ecosystem stakeholders - iSPIRT Foundation, IVCA, Indian Angel Network, LocalCircles and entrepreneurs, along with amenable government teams from DPIIT & CBDT, who have worked tirelessly to find actionable solutions. Dialogue revealed that context matters.

- The intent of section 6 was to uphold the law of the land and preserve and protect the independence of the judiciary. Ongoing assessment orders are an ongoing quasi-judicial process and cannot be interrupted, interfered or influenced by the government. However, *“for any shares issued or proposed to be issued”* is true and can be presented as evidence. Furthermore, there were clear instructions to Tax Authorities about *“no coercive measures”* to recover outstanding amounts and a crisp deadline for the disposal of pending appeals by 31st March, 2018 to expedite resolution.
- Similarly, the design of the self-declaration form was to prevent abuse of the notification. Crafted based on an in-depth analysis of shell companies and laundering of unaccounted funds through high share premium

investments, the notification disallows creation of other entities, who in turn purchase other assets such as gold, land, jewellery etc. to circumvent the law.

- The working group further suggested that on matters of Section 68, the startup get an undertaking from investors that in case of a section 6 scrutiny notice, the investors will willingly comply and furnish any details required directly to the tax authorities. The startup should provide identification and contact details of the investors to the Assessing Officers and let them reach out to investors directly.
- Every stakeholder in the system has shown a willingness to work together and continue to hash out the finer bylines and subtext.

Providing wings to Angels: Section 80-IAC

Angel investing is an increasingly important part of today's business landscape. It fills the gap in startup funding between 'friends and family', endearingly colloquially coined FFF for 'friends, family and fools', and formal sources of venture capital. Angel funding is the highest risk strata of funding since these companies are ideating business plans and developing their product, finding product-market fit and crafting a go-to-market strategy. Countries around the globe have various fiscal incentives: upfront credit, capital gains deduction, loss deduction specifically available for angels. For instance, European startup hubs in Belgium, France, Ireland, and the UK, receive support from their governments in the form of government guarantees, reductions on tax rates or tax credits. Australia has taken an even more aggressive approach. In 2015 it announced a \$70 tax incentives programme, including tax offsets and capital gains tax exemption for startup investors. Singapore has a prolific tax exemption policy wherein an eligible startup can get a full tax exemption up to around \$150K. In China, 70% of angel investment in high-tech startups is a tax deductible underscoring China's preferential tax policy approach to boost deep-tech innovation. However, not all policy making is good policy making. In May 2013 Canadian Tax Journal Article titled "*Tax Incentives for Business Angels*", Carpentier and Suret note that granting high net worth individuals greater incentives may increase the number of financial investors but not necessarily 'Angel' investors – that is, the ones who are providing advice, guidance, expertise and contacts in addition to money. They found '*Programmes attract numerous unsophisticated investors looking for tax relief and in turn increase the stock's valuation and reduce expected returns of Business Angels.*' Their research demonstrates that Lutyens Delhi is wise to take a cautious approach to incentivizing Angel funding. Having said that, the concept of taxing capital receipts and investments as income is unique in the Principle of Taxation and exists only in India in this clause.

It is going to take a long way to build Silicon Valley type scale and depth in India where Angels have enabled successful models like Y-Combinator and Tech Stars. For now, we have the Indian Section 80-IAC which makes DPIIT recognised startups eligible

for exemption. As of July 2018, of the 11,422 DIPP recognised startups, only 2,197 had applied for the exemption, of which 88 were granted exemption by DIPP. In an effort to streamline the process, the Government now has a leaner 3 member inter-ministerial board (IMB) comprising of 1. Joint Secretary, Department of Promotion of Industry and Internal Trade, Convener; 2. Representative of Department of Biotechnology, Member and 3. Representative of Department of Science & Technology, Member, as opposed to the original 8 member board.

Taxes don't lead to death of Indian Angels & Startups; Modi's Startup India effort

What the saga in this historic chapter of the India Growth Story has amply demonstrated is that advocacy, industry, and policy collaboration is possible. In fact, it can even result in positive outcomes. iSPIRT Foundation, IVCA, Indian Angel Network, and LocalCircles exemplify strong startup industry forces championing entrepreneurship and the Government under Mr. Suresh Prabhu's leadership has actively worked with key stakeholders to resolve key issues. It took a few months and more than a couple of iterations but the startup community unequivocally lobbied in unison to fashion outcomes unlocking pools of valuable capital and reducing nuisance red tape. Of course, there will be more unexpected road bumps but as long as we can collectively focus on finding solutions in a timely manner, the startup ecosystem can thrive.

The naysayers might argue that registering startups with DPIIT is opening a new can of worms because the legislative environment is so unpredictable and constantly shifting that who knows what's coming next. Case in Point: Restrictive FDI in multi-retail e-commerce in January 2019. But I choose to look at the situation as glass half full. The Modi Government has been trying to give an impetus to innovation and entrepreneurship through its initiatives such as Startup India, Digital India, Make in India and a host of other drives. As of September 2018, 31 million unemployed per the Ministry of Labour and Employment. In our country, we have 1.5 crore new young voters in the ages of 18-19 who will exercise their franchise for the first time this May. We as a country need people to be both skilled and enabled to not only work but also create jobs and wealth.

Binny Bansal, co-founder of FlipKart, became a billionaire after FlipKart's acquisition by Walmart, and formed xto10x Technologies ventures to mentor new startups. At 2019 TiECon Mumbai, he stuck his neck out to predict that the Indian startup ecosystem will nurture more than 100 unicorns in the next couple of years. He lamented, "*My \$1 Billion is not enough investing dough.*"

Along with death and taxes, change is the most omnipotent law of human nature. Thank God for that. Hurrah! Angel Tax is dead and the Indian startup ecosystem has got a booster shot in its arm. In Arundhati Roy's words, "*Another world is not only possible, she is on her way. On a quiet day, I can hear her breathing.*" Let's all do our part to realize the dreams of 1.3 billion Indians.

Certificate Programme in Insolvency & Bankruptcy Code | 16th December 2018 to 10th February, 2019

IBC 2016 is a landmark development in the Indian corporate history wherein for the first time a one stop shop solution for handling insolvencies has been introduced. Present day procedures take a long process and do not offer an economic viable arrangement in settling insolvencies. A strong insolvency framework was overdue which would take care of cost and time so that liquidation process reaches its logical end quickly. The IBC will be able to protect the interest of the small investors and make the process of doing business less cumbersome.

With an intent to make the participants understand the salient features of the Code, a 26 hour training programme was launched by IMC with M. R. Sureka & Co. on 16th December 2018 and concluded on 10th February 2019 in a flexible mode of 3 hours per weekend. The programme covered the topics, which included segments of financial management, various business laws aiding the understanding of the IBC, processes for valuation of the assets and important aspects of the



IBC Code 2016.

Experienced eminent professionals from the fields of finance and legal, including those working in the insolvency segment, conducted the programme. Participants were drawn from the varied business segments, legal professionals and company secretaries. Various case studies, handouts, lecture sessions and interactions were the methods adopted for a better learning experience.

Workshop on Global Giving and Crowdfunding | 14th January, 2019



Mr. Mahendra Thakkar, Mr. Ramesh Daswani and Ms. Kavita Mathew

IMC CSR Committee organized a Workshop on Global Giving and Crowdfunding on Monday, January 14, 2019 at 4.00 p.m at Kilachand Conference Room, 2nd Floor, IMC. This session was facilitated by Ms. Kavita Mathew, GlobalGiving's India representative.

The focus was on what are the tools to access crowdfunding, what is the training required and how the additional funding can be raised to run effective projects on the ground for nonprofit organisation.

This workshop brought connection between non profits, donors and companies present.

The workshop covered an Introduction to Crowdfunding through activities and practical exercises to meet the objectives mentioned below.

- Gain an understanding of digital fundraising & crowdfunding
- Build knowledge to run a successful online crowdfunding campaign
- Map out supporter network and engage fundraising advocates.
- Donor relation- network mapping, donor retention mapping
- Content and Communication: marketing on a budget, email communication, digital strategies.
- Gain an understanding of how to choose and join a crowdfunding platform

Ms. Kavita explained on how GlobalGiving the world's largest and first crowdfunding platform for nonprofits can help organisations receive in-depth virtual training on running a successful online campaign and soon after get to put their learning to practice through a 3 Eeek fundraising campaign.

She also mentioned that organisations that are not eligible to join GlobalGiving can also access a wide range of tools and virtual trainings through GlobalGiving's Learn Library.

Commodity Market Fundamentals

Forum 2019 | 17th January, 2019



(L-R): Mr. Shashi Kumar, Mr. Raj Nair & Mr. Mrugank Paranjape

As part of ongoing partnership to widen and deepen the commodity derivatives market, IMC Chamber of Commerce and Industry with the support of MCX Investor Protection Fund organised a half-day seminar called Commodities Market Fundamentals Forum 2019 with a view to educating stakeholders in the commodity value chain. The idea was to share knowledge about the dynamics of the market from a fundamental perspective so that the stakeholders' buy / sell / trade / hedge decisions are well informed and scientific. The commodities discussed included crude oil, precious metals (gold and silver), base metals and agriculture (cotton and palm oil).


Mr. Shashi Kumar, GM, SEBI, was the Chief Guest. Mr. Raj Nair, President, IMC Chamber of Commerce and Industry, Mr. Mrugank Paranjape, MD & CEO, MCX, Mr. Suresh Kotak, Past President, IMC and Mr. Tanil Kilachand, Co-Chair, IMC-ERTF and past president IMC graced the inaugural session.

The event was divided into four panel discussions:

- 1) Agri Commodities: Mr. Vinay Kotak, Kotak Commodities and Mr. Vikash Sharma, Godrej Industries Ltd. shared their insights about the market fundamentals of the commodities focusing on Cotton and Edible oils markets respectively.
- 2) Energy: Mr. Ashutosh Deshpande, Nayara Energy; Mr. Sukrit Vijaykar, Trifecta Consultants and Mr. Chandra Dev Singh, BPCL, dwelt on Crude oil price outlook. They discussed the factors driving the price of crude oil and the likely shift of supply towards shale oil. They also talked about effect of oil price movement on the global economy, financial implications of oil price movements such as on exchange rate USD / INR, inflation, stock market and effective INR crude prices.

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29.	Small is Beautiful	150/-																																																																																																																																						
30.	Symphony of fraternity Social enterprise for human opliftment	100/-																																																																																																																																						
31.	Spirit of swami dayanand saraswati:The relevance for the youth	100/-																																																																																																																																						
32.	Teaching Skills Manual	250/-																																																																																																																																						
33.	The Spirit of Tao	120/-																																																																																																																																						
34.	Transforming Government through New Public Management	250/-																																																																																																																																						
35.	Train the Trainer	110/-																																																																																																																																						
36.	Work Ethics In Gita	200/-																																																																																																																																						
37.	Wisdom From the tales of Panchtantra Strategies for Confliet Management	120/-																																																																																																																																						
<p>Courier charges extra. Please send your order to: Ahmedabad Management Association, Torrent-AMA Management Centre, Core-AMA Management House, ATIRA Campus, Ahmedabad15 Phone: 079-26308601-6 • Fax : 079-26305692 • Mobile.: 9537407187</p>																																																																																																																																								

Knowledge

- 3) Bullion: Mr. Surendra Mehta, National Secretary, IBJA moderated the panel discussion with panellists Mr. T. Ganasekhar, Commtrendz; Mr. Bhargav Vaidya, Bhargav Vaidya Associates; Mr. P. R. Somasundaram, World Gold Council and Mr. Ashish Pethe, Waman Hari Pethe Jewellers. They shared the fundamentals of the bullion market. The discussions covered reasons for investing in gold, the current trends of demand and supply, and the key bullish and bearish drivers for bullion in 2019.
- 4) Base Metals: Mr. Vijay Murthy, Hindustan Zinc Ltd., Mr. Sanjeev Ranjan, International Copper Association and Mr. Aurbindo Gyan, Tata Asset Management Ltd. shared their views on global and Indian demand-supply scenario of Copper, Zinc, Nickel and Aluminium, growth drivers for end-use Sectors, impact of export and import and how base metals are likely to perform in 2019.

Cyber Crime - Think like a Criminal

10th January, 2019

Cyber crime and e-frauds are one of the major threats to the advancing digital world of cloud and internet. The undoubting internet users need to be aware on how to safeguard themselves from business, mobile and digital e-frauds and hacks. This is proving to be a significant challenge in the world we live in.

India scores very high on the cyber crime map. Foreign agents are stealing the stealth technology, hacking heads of state, and sabotaging American companies. While many of these attacks are traced to a few foreign countries, electronic espionage is an accelerating scourge that knows no national boundaries. Cyber spies steal secret information or hack networks for monetary gains, political purposes, or to engineer new technologies that they do not have the knowledge to produce on their own. Cyber espionage is also conducted for the purpose of stealing trade secrets, so as to obtain a more competitive edge or to develop and then launch a product at the same time, as its original manufacturer or before. It is a direct threat to national security worldwide as well as to enterprises. A balance needs to be struck between the privacy and security for which, it is very important that internet consumers must not disregard the potential security risks for the need and necessity of being constantly connected. SMEs are at the highest risks from cyber attacks due to their lower maturity towards security.

The speaker at the seminar was Mr. Dinesh Pillai, Founder and Managing Director of Acquisory Risk Consulting Pvt. Ltd. which is an IT and Cyber Security Risk Management consultancy. Before venturing out on his own, Mr. Pillai was the CEO of Mahindra Special Services Group (Mahindra SSG) since 2009. During his stint of about 15 years, he was instrumental in making Mahindra SSG a prominent name in Information and Cyber Security risk consulting. While he is thorough in his understanding of the IT threat landscape, he advises several boards and senior management about the compliance with changing laws and regulations. A postgraduate in Electronic Engineering, Mr. Pillai comes with a remarkable industry experience spanning 28 years. He began his career with the Tata Group and worked with Mukund Group before joining Mahindra & Mahindra Ltd.

Mr. Pillai explained how the hacking techniques have evolved and become smarter day-by-day, to attack even the best of secure systems. The most important fact to be noted by any person is "A



(L-R): Mr. Moiz Hussian, Mr. Dharmesh Anjaria presenting a memento to Mr. Dinesh Pillai

Hacker is always one step ahead of the Defender so to be smarter; start thinking like a criminal".

He and his team later on in the seminar organised a live demo on hacking and accessing information through mobile phones and laptops. This was a very interactive and remarkable session, where people realised how hackers could easily dupe an unsuspecting person by making him do things to enable easy access and hacking of the said person's data.

The Digital Transformation Committee, IMC, organised this seminar to educate IMC members on the various activities by which an innocent and unsuspecting user might plunge into a quarry of cyber espionage through their very ordinary daily routine activity on the internet.

Mr. Dharmesh Anjaria, Co-Chairman – Digital Transformation Committee, IMC, extending a very warm welcome to Mr. Pillai and all the participants to this enlightening seminar.

The programme was very well attended. The speaker made the session extensively interactive and interesting. The highlight of the session was the live demo. The topic itself was very appealing and interesting for the participants, and all their doubts and queries were handled in a very forthcoming and reciprocative manner, with examples and real life case studies. This thought provoking and motivating seminar ended with a Vote of Thanks given by Mr. Moiz Hussain, Member, Digital Transformation Committee, IMC.



Panel Discussion

on Inflation Outlook | 22nd January, 2019

With a view to providing inputs to RBI for the upcoming Credit Policy, IMC Chamber of Commerce and Industry organized a panel discussion to understand the inflation outlook for the Indian economy. In addition to several factors, outlook for three vital drivers of inflation – Crude oil, Crops and Currency – were covered. IMC president Mr. Raj Nair, presided over the meeting.

With Mr. Shailesh Haribhakti, Chairman, Baker Tilly DHC Pvt. Ltd. as the lead speaker and moderator, there were three panellists - Mr. S. Sridhar, Chairman, Strategic Research Information and Capital Services Pvt. Ltd; Mr. Atul Joshi, Chairman, Founder & CEO, Oyster Capital Management and Advisory; and Mr. G. Chandrashekhar, Economic Advisor, IMC and Director IMC-ERTF.

The expert panellists focused on current and emerging global and Indian macroeconomic situation; growth challenges; crude oil, crops and currency dynamics; global and domestic price situation; and the most likely economic scenario in January-June 2019 period.

The unanimous views of the panellists were the following:

- ✦ There is an urgent need to reduce interest rates – reduction of a minimum of 50 bps and possibly up to 100 bps.
- ✦ SMEs and MSMEs need special attention in order that they unleash their manufacturing potential and accelerate



(L-R): Ms. Anita Naik, Mr. Tanil Kilachand, Mr. Atul Joshi, Mr. S. Sridhar, Mr. Shailesh Haribhakti, Mr. Raj Nair and Mr. G.Chandrashekhar

growth. After all, SMEs are the backbone of our industrial activity and generate jobs. 50–100 bps. reduction will go a long way in boosting SME and MSME sectors.

- ✦ A special window at RBI to protect efficient NBFCs is desirable. Implementing Usha Thorat Committee recommendations on ALBMS and giving NBFCs the access to database of borrowers on par with banks is strongly advocated.
- ✦ There is a strong case for setting up a modern development financial institution which could take care of large infrastructure financing without having undue concern on long gestation periods.
- ✦ RBI should revisit the concept of using CPI as benchmark for deciding policy rates.

Workshop on Amendment to Arbitration Act

9th February, 2019



Ms. Renu Parekh, Mr. Suresh Kotak, Mr. S. Thakker, Mr. Janak Dwarkadas, Hon'ble Justice R. D. Dhanuka, Mr. Shailesh Vaidya, Dr. Milind Sathe and Mr. Nitin Thakker

IMC International ADR Centre (IIAC) with the Bombay Bar Association (BBA) held their first joint workshop on the topic 'Amendment to Arbitration Act – the Experiences and Way Forward' on 9th February 2019.

The workshop took place in BBA premises situated on the 3rd floor of the Bombay High Court's Building. Event unfurled with welcome remarks from Dr. Milind Sathe, President, BBA,

Secretary Dr. Biren Saraf and remarks from IIAC Chairman, Mr. Shailesh Vaidya.

The event which saw a packed house on a non-working Saturday morning was presided by His Lordship Hon'ble Mr. R. D. Dhanuka who spoke at length on

'The Arbitration – Experience Thus Far'. Senior Counsel Mr. Ketan Parikh addressed on 'Arbitration Amendment

Bill – A Critical Analysis'.

The event concluded with an interactive panel discussion in which Senior Counsel Mr. Janak Dwarkadas was joined by Mr. Nitin Thakkar, Vice President BBA. IIAC was represented by Mr. Suresh Kotak, Ms. Renu Parekh, Mr. Shaunak Thakker and other members.

Raj Nair
President

25th February, 2019

To,

Mr. Sanjeev Sharma

Commissioner of Income Tax, APA-2,
5th Floor, B Block, Civic Centre
SP Mukherjee Marg
New Delhi 110002

Representation to the “Committee to examine International Good Practices on Tax Litigation Management”

1. Background

- 1.1. The Chamber firstly wants to acknowledge the initiative of the Government in setting up the “Committee to examine International Good Practices on Tax Litigation Management” (“the Committee”) *vide* Office Memorandum dated 8th February 2019. We understand that the committee is to issue the report within one month.
- 1.2. The Chamber believes that tax litigation could be a serious impediment to ease of doing business and there are a variety of aspects that need to be addressed. Towards that end, this representation has been made and the Chamber is hopeful that it will receive the right attention from the Committee.
- 1.3. At the outset, we may draw the attention of the Committee to certain statistics, which the Committee would be undoubtedly aware of, summarised below to put the representation in context.

• **Number of cases pending as on 31st March 2018**

Forum	Cases pending
CIT (Appeals)	3,28,173
ITAT	92,338
High Court	38,481
Supreme Court	6,357
Total	4,65,349

- 0.2% cases constituted 56% of the total demand (high-pitched).
- 1.4 It would be seen from the above that a huge number of cases (which constitute 99.8% in number) constitute 44% of total demand; obviously, there is a significant outlay of time, energy and resources at both ends in dealing with such a large number of cases. It is likely that a very small number of the cases probably constitute 80-90% of the value, which indicates how thinly spread resources are at both ends and how much of constructive energy can be released by looking at the larger picture and addressing issues causing such litigation.

2. Need to keep the bigger picture in mind

- 2.1 India is now one of the largest economies in the world, and needs to align with “International Good Practices” (“IGP”). It is creditable that the Government seems to have recognised this aspect, as borne out by the setting up of this Committee.
- 2.2 The current Government has made “**Ease of Doing Business**” (“EODB”) and a non-adversarial tax administration, crucial aspects of its approach towards taxation. Some good steps have been taken towards that and the biggest example is GST. At another level, the very good working of the APA regime is another example and so is the setting up of the Ashok Lahiri committee which resulted in issuance of some circulars which have reduced uncertainty.
- 2.3 One of the crucial facts that needs to be borne in mind is that traditionally India has not been a very tax compliant country; however, over a period of the last 25 years or so, a large part of which was initially triggered by development such as the Industrial Policy of 1991 (which substantially opened up FDI) and the creation of FII regime in 1992; **we have witnessed compliance levels increasing and the organisations of meaningful size occupying the larger chunk of Indian economy.** One of the critical dimensions has also been the growth of the Stock market valuations and the realisation that corporate governance has great advantage for promoters’ valuations. All this has led to compliance levels increasing significantly. The recent developments of demonetisation and GST have further fuelled this aspect. Also, large organisations often have strong IT and MIS systems and significant transparency. Additionally, attracting good professionals has also become crucial and these professionals would not usually agree to poor corporate governance and tax avoidance. **This broad background is crucial in terms of the tax department appreciating this broader dimension vis-à-vis its own approach to assessees.**
 - 2.3.1 As a consequence of the above, it is submitted that **there needs to be a significant mindset change and this itself should reduce tax litigation.** This by itself cannot be equated and linked up with an IGP, but there are enough countries in the world, with good tax compliance record, where there is a collaborative approach and a culture of mutual trust between the tax payer and tax administrator. In fact, even countries like Czech Republic and Turkey allow a closer involvement of tax payers in drafting the assessment order. (See Para 4.5 of 2015 IFA Cahiers General Report annexed as **Annexure A**).
 - 2.3.2 Another critical softer dimension is that **there needs to be an eco-system evolved to enable taking of decisions and conclusion of open matters.** The reluctance to take decision stems from several factors. One way to address this is to institutionalise committees with external members without vested interests, and to facilitate decision-making with a majority. Obviously, to endeavour that the interest of the revenue is also kept in mind, it cannot be a one-sided committee, but still the framework should facilitate decision making and taking calls.
 - 2.3.3 The pressure of meeting revenue targets hinders the judicious approach required to be maintained by the tax officers, giving rise to unnecessary and avoidable litigation.

2.4 In terms of specifics, there are several other worrying aspects that need to be borne in mind and some of these are as follows:

- Advance ruling mechanisms are a crucial part of preventing litigation; the AAR was introduced in the year 1993 and functioned well for a few years, but in the last several years, **it has not worked well at all and there are virtually no advance rulings being applied for or rendered even in pending matters. The mechanism has lost its significance since the rulings are to be sought in case of proposed future transactions or where the question is not pending before the tax department and owing to the pendency of 4-5 years as well as the tax department challenging almost all the rulings in favour of taxpayer. The late rendition of ruling therefore loses all the efficacy.**
- The APA regime is working very well within various constraints, including that of manpower availability, but one of the reasons of the big backlog is that too many **APAs are being filed even for obvious matters, because the applicants are extremely worried about endless litigation.** This is again linked with most matters getting into litigation. **If the tax payers get confidence that only rarely, will matters get into litigation, they would not be filing APAs to such a large extent.**
- Several measures such as Ombudsman system (now abolished) and High Pitched Assessment Committee (see Instruction No.17/2015 dated 9th November 2015- Annexure B), the Regional Direct Tax Advisory Committee have not worked well. **Most of these committees are non-functional and thereby, redressal opportunities have ceased to exist, leaving long winded litigation as the only option.**
- Too many “Special Anti-Avoidance Regulations” (“SAAR”) are being introduced such as Section 56(2)(viib) and 56(2)(x); the issue is that the tax administration notices some abuse and then, there is a **tendency to come up with outlier legislation which is a serious deterrent to EODB. It is submitted that outlier legislation should be avoided since it is important to recognise that in order to “catch” less than 1% of tax payers, one should not legislate such that the balance 99% face significant deterrents in EODB.**
- In relation to recurring matters, (for example, dispute on depreciation or transfer pricing adjustments), repetitive appeals going on for years create huge paper work and considerable difficulties for assesseees and lot of needless administrative work for the tax department. Section 158A was introduced in the year 1984, but **despite of it being on the statute book for 25 years, it has not worked well due to the conditionalities; it seems worthwhile considering broad-basing Section 158A meaningfully to address the issues stated above.**
- It is said that “justice delayed is justice denied”; and in today’s age of internet where the concept of time has changed from months to seconds, it is important to recognise that tax litigation must have a reasonable time frame and that time frame must be consistent with current reality and international trends.

2.5 There are some other dimensions that need to be borne in mind so as to look at this holistically:

- The **new Direct Tax code** is in the process of being drafted and that has to be borne in mind since there is a chance to create an architecture without being bogged down by past baggage.
- Global developments in relation to **different models of doing business (digital transactions/e-commerce is the biggest example)** have led to significant litigation and **an ecosystem to address issues of such nature** to prevent litigation is even more crucial, since this impacts trade and commerce and is a significant deterrent to EODB.
- The advent of **e-assessment infrastructure** and move towards maintaining anonymity during the proceedings is a vital point to be considered while looking at the recommendations.
- While not within the scope of this Committee, **the Committee may consider whether it is worthwhile making a reference in its report to a few broad areas which lead to immense litigation so that in the New Tax Code or otherwise, these areas could be addressed** and that itself can reduce litigation; the important ones are group payments and therefore, whether group taxation for Indian entities should be considered, restructuring issues (for example, restrictive provisions in definition of demerger or set off of losses u/s. 72A) and open issues on cross border taxation also.

2.6 It is in the above context that the suggestions and recommendations contained in this note are made. Though the Committee’s mandate relates to litigation management, **the Chamber believes that preventing litigation is also a crucial dimension of litigation management** and accordingly, suggestions in this note are divided into the following two broad baskets:

- Preventing/ mitigating litigation.
- Resolving/ managing litigation.

3. IFA 2015 Congress material – protection of taxpayer’s fundamental rights

The 2015 IFA was dealing with the above topic and there are several interesting dimensions arising from that report and therefore, the relevant General Report is enclosed as **Annexure A**.

4. Recommendations

An attempt has been made to link up suggestions with IGP, customised for Indian circumstances.

• Preventing/ mitigating litigation

4.1 Prior peer review of assessment orders with significant intended addition

In relation to creating of pre-assessment filters, the issue really is that once an assessment order is passed, even in a draft form, it is very difficult to address that issue even if there is a re-thought from the tax department. Accordingly, the core of the thought process is to have pre-assessment filters and the broad architecture being suggested is as follows, subject to certain thresholds which will mean that only large and high pitched cases will be covered, a mechanism can be created.

- Introduce concept of “final show cause notice” identifying main issue; threshold for cases to be covered may be prescribed
- Said notice and taxpayers’ response to be subject to “anonymous peer review”, which will be facilitated in any case owing to the e-assessment infrastructure.

Detailed note thereon is given in **Annexure C**.

Recommendation on similar lines, reproduced below, has been already made by the Tax Administration and Reforms Commission (TARC) chaired by Dr. Shome: *“The assessment team could comprise more than one AO in complex cases. In cases where the tax assessed by the AO is higher than what the taxpayer considers is due and the addition proposed is more than a specified amount, the amount should be approved by a team of superiors*

Advocacy

from outside the AO's jurisdiction. This would bring quality to the assessment orders, as there would be peer review. The taxpayer should be allowed to explain his position to the team of superiors and the draft order should be finalised based on the final directions."

A committee was set up on 10th September 2015 with Mr. V. K. Saxena as the committee in charge, to look into the feasibility of the above recommendation. We understand that the said committee had submitted its report in May/June 2016 accepting the TARC recommendations. After considering the report, the CBDT had flagged certain issues for further deliberation and there has been no update since.

International practice - Germany

- Taxpayer lodges administrative appeal within 1 month of notification of assessment notice.
- Tax authorities get a chance to double check their decision; Proceedings take 3 to 12 months.

4.2 Regarding issue of manuals/ circulars on contentious and emerging issues

- CBDT Circulars are often very useful; but many issues not covered. It is recommended that a much more robust system of issuing circulars to be institutionalised with the broad framework recommended to be as follows:
- Facilitate actionability and responsibility – Committee (of say 5 members) having 2 external members with immense integrity and knowledge should issue circulars; majority view should prevail to avoid "freeze".
- Said Committee to also proactively identify issues/ matters that require circulars.
- Manual of all circulars to be issued and update annually (similar to Master Directions issued by RBI).

International Practice – USA

- US taxpayers rely on IRS's Internal Revenue Manual. Contains IRS's own interpretation of tax laws, taking into consideration Court rulings. Other countries that issue manuals for taxpayers include Belgium and Portugal.

4.3 Collaborative effort

- Concurrent monitoring instead of detailed assessments for the entire year could be considered.
- This would help in establishing culture of fairness, honesty and clearer communication and savings in cost for both the taxpayers and revenue authorities.

International practice – Italy, Denmark, Spain, Netherlands, Austria

- System of co-operative working between tax authorities and taxpayers (Tax Control Framework agreement)
- Internal control system verified by tax authorities is adopted in place of conventional tax assessments and regular checking of compliance with
- Framework is done
- Advance discussions before tax return filing

4.4 Other Preventive Measures

- Set up High Powered Redressal Committee – in place of currently non-functional Grievance Committee
- State-wise / zonal committee constituted of 1 revenue member and 2 external members, one of which could be a retired High Court judge
- Taxpayer facing harassment at any time can apply.
- Resolving/managing litigation

4.5 Private Rulings

- There are several countries which have institutionalised the process of private rulings and it is recommended that India should adopt this route. A detailed note on private rulings, which can be considered as a more effective version of AAR, and the manner in which it functions in other countries is given in Annexure D.

4.6 Alternative Dispute Resolution, mediation, arbitration etc.

Alternative Dispute Resolution methods followed by various countries play a vital role in managing litigation and concluding open cases. There are international precedents on this which could be considered. Please see Annexure E.

4.7 Reporting of judicial progress online

As the revenue department moves towards e-assessments, the whole litigation process can also be documented online. With introduction of e-assessments, the proceedings till issue of assessment order are available for review online. Progress of the proceedings before the CIT(A) and ITAT should also be made part of the e-proceeding portal. While these would not include the submissions filed by the tax officer or the representative; it should cover the notices issued, as also the dates when hearings took place or adjournments taken and by which party. This progress report would help CBDT in finding out where and for what reason the appellate proceedings are stuck. It would also help in formulating a proper database of appellate proceedings.

Thanking you,



Raj Nair
President, IMC

Helping You Succeed

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ANNEXURE



IMC Awards to Police Personnel | 11th January, 2019

In acknowledgement to the outstanding services rendered by the Mumbai Police personnel and as a mark of its sincere appreciation and gratitude, IMC Chamber of Commerce and Industry last year established “IMC Awards for Outstanding Public Service” for Police personnel.

Shri Subodh Kumar Jaiswal, Chief Guest for the Awards ceremony said that the Police Force works day and night for the citizens and all they need is acknowledgement. He said it is

extremely glad that IMC has initiated an Award system like this which motivates and inspires the forces to do better. As compared to last year many nominations were received and received good response from the police personnel.

Mr. Raj Nair, President IMC said that as citizens we are completely dependent on the police force for our safety and security. This is a platform where we can convey our gratitude towards the real life heroes.



Twelve awardees along with Mr. Ajit Mangrulkar, Mr. Ram Gandhi, Mr. Subodh Kumar Jaiswal and Mr. Sanjay Mehta

Following are the awardees under that category

Sr. No.	Title	Name of the Awardees
1	Category-1 Best detection of crime	Mr. Arjun Maruti Jagdale , Police Inspector
2	Category-2 Best conviction of crime	Mr. Prakash Bhiva Kadam , Police Sub Inspector
3	Category-3 Best recovery of property	Mr. Lakshmikant Narayanrao Salunkhe , Asst. Police Inspector
4	Category-4 Heroic death while performing duty	Late Ajay Prabhakar Gawand , Police Naik No. 32211
5	Category-5 Utmost courageous act applied to safeguard human lives as well as safeguarding of properties in order to maintain law and order by policemen while he is on duty or otherwise	Mr. Sudarshan Shivaji Shinde , Police Constable No. 04-0611
6	Category-6 Outstanding work done by Traffic Department	Mr. Vilas Govind Bhabal , Asst. Sub Inspector No. 7245
7	Category-6 Outstanding work done by Traffic Department	Mr. Chetan Shivaji Kadam , Police Naik No. 6313
8	Category-7 Outstanding work done to curb menace under NDPS Act	Mr. Santosh Vasant Bhalekar , Police Inspector
9	Category-8 Best investigation conducted in cyber crime	Mr. Pratap Gangaram Bhosle , Police Inspector
10	Category-9 Help provided to victims women & victims juvenile and best investigation done in this regard	Mr. Rais Mohammad Najir Shaikh , Police Inspector
11	Category-11 Innovative plan for better environment or better public service in the police force	Mr. Gajanan Somnath Shelar , Asst. Comm. of Police (Technical)
12	Category-11 Innovative plan for better environment or better public service in the police force	Mr. Rajendra Shrimandhar Kane , Police Inspector

IMC is very proud of this initiative and honours the bravery and valour shown by many police personnel who make us feel indebted to their spirit of duty and sacrifice for providing security, law and order to our city.

Other Initiatives

Jankidevi Bajaj Puraskar 2018 | 8th January, 2019

In an endeavour to honour the contribution and achievements of Women Entrepreneurs across rural India, the coveted 26th IMC Ladies' Wing Jankidevi Bajaj Puraskar 2018 was conferred on Mrs. Pavithra Y. Sundareshan, Founder & Managing Director, Vindhya e-Infomedia Pvt. Ltd. Bengaluru for her outstanding contribution towards rural entrepreneurship in empowering women and differently abled people.

The award was presented by the Chief Guest, Mrs. Safeena Hussain, Founder and Executive Director, Educate Girls.

The book 'My Life's Journey' (English version of 'Meri Jeevan Yatra' an autobiography of Smt. Jankidevi Bajaj) was also



Release of the book "My Life's Journey" (English version of "Meri Jeevan Yatra" an autobiography of Smt. Jankidevi Bajaj)

inaugurated at the event by Guest of Honour Mr. Milind Soman, Super Model, Actor, Ultra Runner & Founder of PINKATHON and Mr. Rahul Bajaj – Chairman, Bajaj Group.

It was an evening filled with inspiration and passion.



Rallis India Ltd. is one of the country's leading agrochemical companies, with more than 160 years of experience of servicing rural markets. With the most comprehensive portfolio of crop protection chemicals and plant growth nutrients for Indian farmers, Rallis is known for its high-quality agrochemicals as a result of its deep understanding of Indian agriculture and sustained association with farmers.

Renowned of its branding & marketing expertise, Rallis has marketing alliances with several multinational agrochemical companies. Owing to its exceptional manufacturing capabilities and the ability to develop new processes as well as formulation, the company is a preferred partner for contract manufacturing by leading MNC's.

Domestic Crop Protection

Rallis wide range of Insecticides, Fungicides and Herbicides has been designed keeping in mind the characteristics of Indian crops, particularly rice, cotton and vegetables. These agrochemicals are spread across 80% of India's district through an extensive distribution network.

International Business

With export to more than 70 countries around the globe, Rallis continues to expand its international presence through alliance partnerships and direct distribution.

Contract Manufacturing

Rallis offers cost-effective products from its state-of-the-art manufacturing facilities with high emphasis on confidentiality, EHS and quality, to meet current commitments and future aspirations. Rallis has recently created a world class facility at Dahej.

Seeds

Methahelix Life Sciences, which is Bangalore based seeds research company, (and a fully owned subsidiary of Rallis) has a commercialized portfolio of hybrid seeds.

Plant Growth Nutrients

Rallis has commendable range of specialist solutions which provide micro nutrients for healthy plant growth and a flourishing crop.

Rallis Samrudh Krishi

Rallis has a mission to provide agri solutions enhancing value for customers, the company has been working on several crops such as pulses, grapes, chilli, cotton, paddy etc. over last few years adding value to the farmers by improving productivity. During the year the company experimented on Agri Solutions across the country on various crops which gave further learning on deploying this to all our farmers under the name Rallis Samrudh Krishi.

Manufacturing

With factories spread over 4 locations, we have sufficient capacity in the country today.

RICH

The Rallis Innovation Chemistry Hub caters to the global requirements of the company. RICH, with the expertise of chemistry, plays a key role for Contract Manufacturing.

Interim Budget 2019-20

1st February, 2019

Finance Minister, Mr. Piyush Goyal on presenting a “directional” budget with a 10 year horizon, based on the strength of the structural reforms initiated in the past four years. The deft managing of the fiscal deficit will see only a marginal spillover to 3.4% as against the budgeted 3.3% of the GDP, which will keep the excess spending on a tight leash. It being a people’s budget, there were no overtones of a political agenda, which could have been demonstrable in the election year. All sections of the economy have been taken care of.

The budget supports the 12 crore small and marginal farmers with a direct income scheme of Rs. 6000/- per year in their hands, with an aim to boost agriculture production and increase disposal income at their hands. The assured monthly pension of Rs. 3000/- for 10 crore workers and laborers, in the unorganized sector, after the age of 60 is a step to improve the social conditions of the vast population. The income tax relief to the middle class with taxable income up to Rs. 5 lakh, will also help them increase consumption, as in India the consumption to GDP ratio is low, and needs to be increased. The 300 odd point upward jump in sensex reflects the positive market expectation of consumption uptick due to these moves.

The capital gains tax relief increased from one to two residential houses, the TDS relief in rental income up to Rs. 2.40 lakh, the proposed lowering of GST for housing sector, all - will help the unsold inventories come down significantly. The 59 minute loans up to Rs. 1 crore to the MSMEs sector under the Mudra Yojana is a step to provide quick credit. Bank, until now had been wary of extending loans to MSMEs.

IMC welcomes the ease of dealing with the income tax authorities. The proposal to undertake tax assessment only electronically, and scrutiny being done under anonymity of the assessee, would help the cases being completed in a fixed time schedule.

The Chamber however wishes that specific tax recommendation (like that on personal & corporate tax) which were likely to be unveiled for the large industries, could have been announced.



Managing Committee members discussing the Interim Budget 2019-20



The women segment also have been taken care of by extending their maternity leave period to 26 weeks, supply of six crore LPG connections, to the rural women.

IMC supports the women empowerment. In the overall analysis, the Chamber appreciates the government to have treaded a tough path to develop all sectors equally.

Networking

IMC Heritage Walk | 3rd February, 2019

The IMC's Travel Tourism and Hospitality Committee had organized its annual event Heritage Walk on 3rd February 2019. Consul Generals from US, New Zealand, Hungary, Sweden, Argentina, Turkey, Belgium, Malaysia, Turkey and many more participated in this Heritage Walk of IMC.

This time the committee took the diplomatic community through route of several heritage sites located in and around the busy commercial area of South Mumbai.

They visited Videocon Building, Telephone Building, The Bombay Gas Co. Ltd. Building, Deutsche Bank Building, Canada Building, Badri Mahal, Fort House, Commissariat Building, The Shantinath Jain Temple, Manekji Seth Agiary, The Reserve Bank of India Monetary Museum, Marshall's Building, Port Trust, The Mint House, The Prince of Wales Seamen's Club, Asian Building, Thackersey House, Dubash House, WakeField House and The War Memorial.

The Walk gave a rare opportunity to the participants to discover the hidden treasures in South Mumbai. The historical importance of the artistic heritage sites located here was also shared.



Participants at Heritage Walk

It was a rare phenomenon where the 4 guides moved in groups of 15 each and shared the rich history of the heritage sites and the also gave the participants a chance to visit the Shantinath Jain Temple.

Etihad and Candy Wines had supported the event as sponsors.

Delegation from Hainan Province | 10th January, 2019

The International Business Committee of the Chamber organized a meeting with Hainan Province, China led by Dr. Shen Danyang, Vice Governor of Hainan Provincial People's Govt. This delegation comprised of approximately 6-7 delegates.

The purpose of the meeting was to interact with members and to have an exchange of ideas regarding the areas of collaboration and assistance that can be provided to each other and to develop potential business opportunities.

The delegates from Hainan provided information on Hainan Free Trade Zone, trade and investment promotion as well as business environment improvement.

Mr. Ashish Vaid, Vice President, IMC welcomed Dr. Shen Danyang, and the other delegates from Hainan along with the members who attended the meeting. He informed the visiting guests that IMC was very keen to associate with them.

Dr. Danyang introduced Hainan Province to the members.

He informed that there are 3 points which he would like to highlight about Hainan, which are :

1) Hainan is an Open Province for investment – Its potential

sectors for investment are tourism and the Hospitality industry. It has a zero tariff policy for imported goods. It also has the lowest property tax and corporate tax, making it a very lucrative place for investing.

2) It is closest to India by sea distance, making it easily accessible to Indian businessmen.

3) Last year, the imports increased by 30% overall. Imports from India to Hainan increased by 100%.

The advantage they have is that India imports more from China and exports less.

Tourism is their main industry as Hainan is based on an island and is also known as the Oriental Hawaii in Asia. Its main focus therefore is tourism and tourism related industry. Also agriculture related industry, bio and marine industry is also a booming sector in Hainan. Oil and Gas also could be a potential sector to collaborate. Dr. Danyang stressed that in the future, India will be their most important partner .

He informed that the objective of his visit to IMC was as follows :

- IMC to inform its members the advantages to set up offices / branches / services in Hainan
- Trade promotion project to build an International trade centre to bring together business and business related associations to Hainan for trade. Platform to promote India Hainan Trade. Trade will be mutual.
- Key project – Next December, national level trade expo on tourism related focus and they look for co-operation from IMC for the same. IMC can bring in tourism related companies to build up office in Hainan. Can promote Indian culture, food, performances. Also Indian companies can put up stalls at the fair.
- They will be sending information on this expo later to IMC.



Dr. Shen Danyang and the delegation from Hainan along with the invitees to the interaction

- The team from Hainan also informed the members that software park was being developed near the capital city of Hainan.

Although it's a software park, it can also have IT technology or service related businesses also in the park. Currently over 1000 businesses are already registered in the software park. Mostly SMEs doing software development design whose customers are global customers. Partnership agreement has been signed with Hainan and India. India is leading in outsourcing.

Interactive Session for New Members

25th January, 2019



New members of IMC along with IMC Membership team

On 25th January 2019, the membership department of IMC organised its high tea networking session for its new members to induct the new members into IMC and its personnel and also give them all information they require to leverage their membership to the optimum. Networking high-tea sessions are organised every two months as an induction programme for the new members.

Recognitions for the 2018 Cycle

31st January, 2019

Recognitions for the 2018 cycle of the IMC Ramkrishna Bajaj National Quality Awards & IMC Juran Quality Medal were declared by the Panel of Judges at the meeting held on Thursday, 31st January 2019 at IMC Chamber of Commerce & Industry.

The meeting was chaired by Mr. T. V. Mohandas Pai, Chairman, Manipal Global Education Services Pvt. Ltd. Members of the Jury included Dr. Raju Khubchandani, Sr. Consultant Pediatrics & Sectional Head, Pediatric Rheumatology, SRCC Childrens Hospital; Ms. Bhavna G. Doshi, Partner, Bhavna Doshi Associates LLP; Mr. Shailesh V. Haribhakti, Chairman, Haribhakti & Co LLP; Mr. M. V. Kotwal, Independent Director, Sanghvi Movers Limited; Dr. Lalit S. Kanodia, Chairman, Datamatics Group.

Winners of the IMC Ramkrishna Bajaj National Quality



Panel of Judges. Seated (L-R):- Dr Raju Khubchandani, Ms. Bhavna G Doshi, Mr. Shailesh V Haribhakti, Mr. T V Mohandas Pai, Mr. M V Kotwal & Dr Lalit S Kanodia. Others. Standing (L-R):- Mr. Niraj Bajaj, Mr. Suresh Lulla, Mr. Ashish Vaid & Mr. Ajit Mangrulkar

Award 2018 are:

- Aditya Birla Chemicals (Thailand) Ltd. (Chllor Alkali Division) – Overseas Category
- Castrol India Ltd., Mumbai – Manufacturing Category
- Suzlon Global Services Ltd., Pune – Service Category
- Winner of the IMC Juran Quality Medal 2018
- Rajiv Bajaj, Managing Director, Bajaj Auto Ltd.

Networking

Sahaja Yoga Meditation

8th February, 2019

Meditation is all about training in awareness and getting a healthy sense of perspective of being fully engaged in whatever one is doing at that moment. Wellbeingness of the employees, through such interventions, is being accorded a high priority at IMC, where a session “Sahaja Yoga Meditation” was organized on February 8, 2019.

The session was conducted by Dr. Meenaxi Dhariwal & her team, who have been practicing Sahaja Yoga meditation for the last 25 years.

The session focused on concepts like, Positive Inner Change - What Meditation can do for Individuals, Positive Climate Control - What Meditation can do for the Workplace and High Performance Culture - What Meditation can do for the Company. The team demonstrated in a very simplified way the methods in meditation.



IMC Staff members at Sahaj Yoga Meditation Session

Industry Academia Series

20th January, 2019



Mr. Abhinav Chopra interacting with students of the Maharshi Dayanand College of Arts, Science and Commerce, Mumbai

In an initiative towards strengthening the academic industry linkage, the Chamber organized an interactive session with the students of the Maharshi Dayanand College of Arts, Science and Commerce, Mumbai from the faculties of economics and statistics. 40 students from the college were introduced to the practical aspects for the economics and statistics in the daily businesses, which could help them fine tune their academic performance. Examples of varied concepts of statistics were intertwined into the day-to-day requirements of the economy and finance. Students were also encouraged to cultivate interests in economics by reading the financial newspapers. Various career opportunities in the field of economics and statistics were also informed to the students.

Delegation from Wakayama

11th February, 2019

The International Business Committee of the Chamber organized a meeting with a delegation from Wakayama. This delegation comprised of approximately 10-12 delegates.

The purpose of the meeting was to interact with members and to have an exchange of ideas regarding the areas of collaboration and assistance that can be provided to each other and to develop potential business opportunities.

The Wakayama delegates were very keen to know details on “How to do business in India”.

Mr. Raj Nair, President, IMC welcomed the delegates from



The delegation from Wakayama along with the invitees to the interaction

Wakayama along with the members who attended the meeting. He informed the visiting guests that IMC was very keen to associate with them. The President then showed a presentation to the delegates on “How to do business in India”. He explained to them in brief the do’s and don’ts in doing business in India. The delegation was requested to ask questions to the members and then they too answered the queries raised by the members. The meeting was attended by around 10 members.

Half-yearly Ordinary General Meeting of IMC

8th January, 2019



Mr. Raj Nair presenting memento to Dr. F. C. Kohli. (L-R): Mr. Ashish Vaid, Dr. Lalit Kanodia, Dr. F. C. Kohli, Mr. Raj Nair, Mr. Ajit Mangrulkar and Mr. Sanjay Mehta

IMC Chamber of Commerce and Industry organized a Half-Yearly Ordinary General Meeting (OGM) of the Chamber at IMC on Tuesday, January 8, 2019. The Chief Guest Dr. F. C. Kohli, Former Deputy Chairman of Tata Consultancy Services shared his views on 'Opportunities in the Digital World.'

President Mr. Raj Nair welcomed all present at the meeting and thanked Dr. F. C. Kohli on gracing the occasion by his presence to honour IMC's Immediate Past President Dr. Lalit Kanodia.

The President then gave overview of IMC's initiatives and activities during the past six months. At the outset, he acknowledged that whatever happened in the past 6 months was because the Governors of the Chamber who gave him a mandate that they would want to see a transformed and revitalised IMC making it relevant to all stakeholders. He said that while such a transformation would take some years, it was clear to him that a lot had to happen this year for the transformation to start with the force it needs to be sustained. He congratulated the new DG, Ajit Mangrulkar who took his new role with aplomb, the Dy. DG Sanjay Mehta and the entire IMC Secretariat who responded well. The Chairmen and Co-Chairmen of the 28 Expert Committees have been lending their mite. It is because of all of them that change has begun to happen at IMC. He further stated that he knew that transformation would take a toll on the secretariat. Hence, I cut down the number of Expert Committees to help the Secretariat cope. As a result many Expert Committees which got merged or dropped would have got upset with me, but many appreciated the need for it. The reduction had nothing to do with their past performance

The following is the overview of what President Mr. Raj Nair said about what has happened in the past six months on the transformation agenda.

YLF: It was struggling with a membership of 20 at the end of 2016 and it doubled to 45 under the able leadership of Abhay

Mehta. I took it down from 45 to 40 by promoting 5 of them to the Main Chamber because need for a continuous flow of young people into the Main Chamber. In the last 6 months under the leadership of the very young Vedica Podar, it has shot to 100 now. The YLF has been very active and has organised a number of events for their youthful members.

IMC Journal: The new IMC Journal has transformed from being a photographic record of all the events in the previous 2 months to a business-like Journal with three distinct parts that reflect the three main pillars for IMC to help its members.

- ▲ Knowledge
- ▲ Advocacy
- ▲ Networking

We have got very good feedback from various readers who are very happy with the get up and content in the journal. You will be happy to know that its revenue has quadrupled due to advertisements from very important brands like Mercedes, Leela Hotels, etc., and costs have come down. It has become a profit centre for IMC thanks to the efforts of Chitra Kamath and her team.

IT Infrastructure: This is the very heart of the transformation of IMC. Phase I will be completed by end Jan. I acknowledge efforts of Mr. Sumit Rajwade, co-chair of the Digital Committee and Selby of IMC's IT department.

Digital Transformation: Lectures have been happening regularly. Leaders from cutting edge Digital companies like Cisco, Jio, Amazon, Google, Germin8, etc., have come to IMC to deliver amazing lectures. We invited leaders so that they can talk about business issues and applications of digital technologies which their companies offer.

Expert Committees: There has been emphasis on a blend of youth & experience whilst constituting Expert Committees. The 5 promoted from YLF were brought into various committees. About 20% of each committee had to be new so that new ideas could come while the 80% would provide continuity. All the Chairmen and Co-Chairmen are in a WhatsApp group to enable them to share ideas, get each other's help and to prevent duplication of events and dates.

The Expert Committees have been doing a commendable job of

Networking

organising relevant events, writing white papers and drafting important documents for advocacy on behalf of members of different sectors.

An important MoU was signed between MCX and IMC for training by ERTF on Commodities, etc. Others with Karlsruhe Chamber, the Vietnam Chamber of Commerce and Industry, etc. This is part of a larger plan to revive MoUs signed in the past with 20 specific countries. The objective is to get their members and our members on to IMC's proposed digital platform to do business with each other.

VVIP Delegations: For the first time, IMC was included in the VVIP delegations list along with the 3 national chambers: CII, FICCI and Assocham. This is thanks to the brilliant efforts of our DG and DDG along with our representative in Delhi. Ours was the biggest group in the President of India's delegation to Vietnam. Our contribution to the success of the Business Delegation was officially acknowledged. I thank all the members of IMC who were part of the delegation because they displayed what IMC is and spent those three days as one family.

Government of Maharashtra MoU: IMC has been working with the Government of Maharashtra for some months to create a platform for resolving the grievances of members, especially the MSME. I am happy to inform you that we signed an MoU last week with the Government in the presence of the Minister for Industries and Mining.

Maharashtra State Innovation Council: We are helping them by being part of their Board, by being on the jury to select startups to be supported, etc. They even come to IMC regularly to seek advice on investment proposals, etc.

Education & Training of Secretariat Staff: This is important because we didn't want anyone in the Secretariat to be left behind when we become digitally enabled modern Chamber. So, we had a session on leadership by McGuire University. We are working on a structured programme with a couple of management institutions and will revert once the details are ready.

Value for Members: As if this is not enough, the secretariat has put together a deal for members which will allow them to get back more than what they pay as membership fees. Members can get discounts at various leading hotels, restaurants, spas, diagnostic centres, hotel chains, etc. A normal person should be able to get a discount value of about Rs. 65,000 pa.

Major Events Planned

Digital Awards to recognise the best companies amongst the many who are taking India forward in the digital field. Their outreach this year using Social Media has been a phenomenal success.

India Calling is going to be held in Mumbai and not in some foreign country. It will be an outstanding event which will showcase to the World the opportunities in India to do business with local companies. The emphasis will be on Artificial Intelligence which can be used across a wide range of sectors and on retail especially e-commerce.

Making Mittelstand in India which got a huge response last year will happen again this year with emphasis on Industry 4.0. It is very important because manufacturing in countries that rely mainly on low labour cost will soon be made unviable because Germany and other western countries are working on an integrated manufacturing concept using various digital technologies which will completely offset the labour cost advantage that MSME in India have today. This serious threat can be countered if we show our manufacturing companies how to adopt such a concept.

Water Exhibition: We have a plan to do an ambitious Water exhibition in June. Water is a very big issue and will become a major issue for everyone in India within 2 years. It is a big problem and a big business opportunity. We want to bring together the best in class solution providers from India and other countries and potential buyers and JV partners from India. There will be a conference but what will be different is that the exhibition will have no physical stalls. It will be a virtual exhibition which will run for 30 days instead of 2 and which will enable us to provide various services like matching, setting up meetings, etc., at half the cost of a conventional exhibition. We will get more visitors to the virtual exhibition because they can sit in Kashmir or Kanyakumari and visit our exhibition. It will be cheaper for exhibitors too.

Banking Conference: Our annual Banking Conference is being revived and will happen on 26th February. It used to be IMC pride and we will try to get it back to where it used to be.

The President concluded saying that there were many more events on the anvil from various committees like Corp Governance, CSR, Ports, Infrastructure and Urban Planning, Direct Taxation, etc.

President Raj Nair then felicitated Dr. Lalit Kanodia, Immediate Past President by presenting him with a digital album of activities during his tenure. Dr. Kanodia said that it was an honour to contribute to the Chamber and thanked Governors of the Chamber, members of managing committee and experts committees for all the support they gave during his time as president of the Chamber. The President Mr. Raj Nair then invited Dr. F. C. Kohli to address the members. Speaking on opportunities in the digital world Dr. Kohli said that while there were tremendous opportunities in the evolving digital world, the internet penetration in India needs to increase and software and hardware should be made available in Indian local languages for larger section of the population to get benefit of it.

Interactive Meeting with Mr. Kishan Devani, FRSA

11th January, 2019



(L-R): Ms. Ujwal D'Souza, Mr. Ajit Mangrulkar, Mr. Rajiv Podar, Mr. Kishan Devani, Mr. Raj Nair, Ms. Vedica Podar, Mr. Atul Joshi and Mr. Nitin Goel

IMC's International Business Committee had organized an interactive meeting with Mr. Kishan Devani, FRSA who is the Treasurer's Envoy of Liberal Democrats UK, Vice-President Liberal Democrats Campaign for Race Equality, Racial Equality Working Group & Liberal Democratic Friends of India on 11th January 2019 at 4:00 p.m. at H. T. Parekh, Hall IMC.

Mr. Devani shared his views on Brexit and its effects on other economies. During his conversation he mentioned that the

Indo-United Kingdom ties have been very strong.

He was of the view that with Brexit, Britain will face new challenges in trade and its impact on other sectors of the economy will be tremendous.

The President of IMC Mr. Raj Nair mentioned that UK is among India's major trading partners, UK ranked 15th in the list of India's top 25 trading partners.

Training Programme on Smart Business Negotiating

20th February, 2019



Participants at training session

The Chamber organised one full day interactive training programme on "Smart Business Negotiating" on 20th February 2019 at IMC. Ability to negotiate requires a collection of interpersonal and communication skills to bring desired results. Negotiating, though is part of everyday life, assumes greater significance when being done for business and is absolutely

critical for the success. Research has shown that business people who take upon themselves this additional role, are better equipped to handle unexpected issues. Negotiations is not always about pricing. It is also about the delivery quality and standards, timelines, reach of the product, customers' expectations. The programme, conducted on case studies basis, dealt with problem analysis which analysed the interest of the each party in the negotiation. It also associated the importance of active listening, emotional control, collaboration, team work and ethics and reliability as

effective strategies.

The training was imparted by the management advisor, coach & trainer Dr. Wilfred Monteiro, who has over 35 years of managerial & consulting experience in the areas of business strategy, marketing & organization development.

IMC signed an MoU with the Industries Department of the Government of Maharashtra

2nd January, 2019

IMC Chamber of Commerce and Industry signed an MoU with the Industries Department of the Government of Maharashtra, on January 2, 2019 whereby IMC will provide a platform for Small and Medium Enterprises in Maharashtra to resolve problems faced by them.

Speaking on the occasion, Mr Subhash Desai, Hon. Minister for Industries and Mining, said that Maharashtra has been rated at the top amongst the various States for manufacturing according to a recent survey, but he does not want to stop at that. The Government would like to ensure that startups and businesses facing challenges that could lead to eventual sickness, be helped in as many ways as possible be it Government policy, timely access to finance, skills, etc. to help them succeed. IMC with its vast membership base and very experienced leadership team which has experts from various fields such as manufacturing, finance and banking, marketing, HR, Taxation, Law, etc., will provide the enabling interface for this important initiative. Mr Raj Nair, President of IMC Chamber of Commerce and Industry, who is himself a leading management consultant and Chairman of



(L-R): Mr. Sanjay Ingle, Mr. Satish Gavai, Mr. Subhash Desai, Mr. Raj Nair, Mr. Ashish Vaid, Mr. Rajiv Podar, Mr. Manoj Patodia & Mr. Dinesh Joshi

Avalon Consulting, said that “85% of start-ups around the world fail to complete 3 years because of various unanticipated problems, many of which could have been solved if there was a timely helping hand. IMC is in a very good position to work with the Government to be the enabler that MSME badly need”. The Government on its part has a good initiative, ‘MAITRI’ to help businesses in Maharashtra, which according to Mr. S. M. Gavai, Additional Chief Secretary in charge of Industries, Energy and Labour, would be further strengthened through this initiative with the IMC Chamber of Commerce and Industry. By virtue of the MoU, MSMEs across Maharashtra will now have a platform to get timely and effective help.

Meeting with Governor of New South Wales, Australia

17th January, 2019

The International Business Committee of the Chamber together with Trade & Investment Commissioners office, of New South Wales Govt. Australia, organized a private and interactive breakfast discussion, on Thursday, 17th January, 2019 from 8.00 am – 9.30 am at the Golden Room, Taj Mahal Hotel, with His Excellency General The Honourable David Hurley AC DSC (Ret’d.), Governor of New South Wales, Australia. (His Excellency General, Mr. Hurley will be the next Governor General (President) of Australia from June 2019).

Mr. Raj Nair, President, IMC welcomed H.E. Mr. Hurley, along with the members who attended the meeting. He informed the visiting guests that IMC was very keen to associate with them. He introduced IMC to H.E. Mr. Hurley and informed how a collaboration between the two can be achieved. **H.E. Mr. Hurley introduced his country to the members and mentioned the 3 key purposes for his visit to India :**

- To represent New South Wales at the Vibrant Gujarat Global Summit in Ahmedabad.



(L-R): Dr. Niranjan Hiranandani, Mr. Ashish Vaid, H.E. Mr. David Hurley, Mr. Raj Nair and Mr. Rajiv Podar

- To promote the importance of the relationship between India and New South Wales, especially the Sister State relationships with Maharashtra and Gujarat.
- To reinforce the mutual trade and investment opportunities in the areas of business, skills, education, innovation and food and beverage.

Meeting with Former Vice President of Zambia

14th January, 2019

The International Business Committee organized a meeting with Dr. Nevers Mumba, Former Vice President of Zambia and is currently the President of the largest party in his country. He was accompanied by Mr. Clement Chendela Siame, Special Asst. to the President, and Mr. Robert William, Founder and President/CEO of Pennsylvania Center for International Exchange and Partnership (PCIEP), USA.



Dr. Nevers Mumba along with the invitees to the interaction

The discussion was largely based on ties between India and Zambia and to have an exchange of ideas regarding the areas of collaboration and assistance that can be provided to each other and to develop potential business opportunities. Mr. Raj Nair, President, IMC, Mr. Gul Kripalani and Mr. Rajiv Podar Chairman, International Business Committee welcomed Dr. Mumba, Mr. Siame and Mr. William from Zambia along with the members who attended the meeting.

Dr. Mumba informed the members that Zambia has shared cordial relations with India for the past 50 years and he strongly believes in the legend and work of Gandhiji. They have instituted the Gandhi King award for Peace in Pennsylvania State in honour of Mahatma Gandhi.

Zambia is one of the few countries in the entire continent which

has a liberal economy, can withdraw investment and also invests in other countries. One can register a company within 12 hours online. The country also welcomes Indian businesses to invest in their country in potential sectors like energy (traditional and green energy), agriculture, healthcare, tourism, infrastructure, games parks, mining oil and gas and hospitality. Mining industry is their strength and it is competing for 2nd position with Chile & US and is the largest producer of copper, cobalt and have untapped gold reserve. Zambia has huge growth potentials in medical assistance, treatment facility and wellness industry.

IMC will collaborate with Zambia Development Agency for data exchange programme. Due to recent economic developments, they need Indian textile industries to redevelop the Zambian textile industry. There can be a possible agreement in the Cotton sector as well.

7th Innovation Summit and International Research Conference

23rd February, 2019

IMC participated in the 7th Innovation Summit and International Research Conference, organized by Aditya Institute of Management.

The summit focused on the need of the businesses to be flexible in adapting to contemporary technology driven disruptions, as is evident from the growing concepts of AI, IoT, Data Analytics, Machine learning and such other. Coinage of new concept GAMA (Google, Apple, Microsoft and Amazon) is demonstrating a shift from rationality paradigm to creativity and imagination paradigms in business, govt and society.

In the panel discussion that followed, IMC was represented by Mr. Ajinkya Bawase, a young entrepreneur member of the Chamber.



(L-R): Mr. Ajinkya Bawase, Mr. Sambit Patnaik, Mr. Manpreet Singh, Shri Nori Prabhakar & Dr. Manoj Bhatia

Other panellists included senior professional personnel from the education, IT, energy and corporate world and from the foreign Consulate.

SME IPOs – Raising Capital and Corporate Governance | 27th February, 2019

The Corporate Governance and Sustainability Committee organised a seminar on SME IPOs- Raising Capital and Governance Expectations on 27th February 2019.

National Stock Exchange was the event support. The seminar had two speakers and one panel discussion, the speakers from organisations such as NSE, E&Y, Batliboi and Affiliates, Total Transports to name a few.

Topics broadly covered in this event was as follows:

- Understanding the IPO Process
- Overcoming Governance and Other challenges to move up the board
- Navigating IPO process



Mr. Sudhir Soni, Mr. Makarand Pradhan, Ms. Rachana Bhusari, Mr. Swaminathan, Mr. Raj Nair, Mr. Deepak Sharma, Mr. Sanjay Israni & Mr. Veenit Surana

World Customs Organization's 80th Anniversary | 3rd to 5th December 2018



Mr. Mark Fernandes, Mr. Alex Fernandes, Mr. Claver Fernandes with Senior Customs Officers from WCO, Belgium

The IMC Chamber of Commerce and Industry (IMC) plays a vital role in being a part of the World Customs Organization's 80th Anniversary, which was held 1st time in Mumbai and celebrated from 3rd to 5th of December 2018.

150 Foreign Delegates from 49 Nations participated in a 3 Day Conference, which was held at the Taj Palace Hotel, Mumbai.

The said Conference was held in order to discuss the difficulties faced at the different borders and in order to build support to prevent illegal trade and secure their country's resources.

The Chairman of CBIC, Member Customs of CBIC and senior most Custom Officers from 49 Nations attended the Conference, which was for the 1st time held in Mumbai, to which IMC Shipping and Logistics Committee Chairman, Mr. Mark Fernandes was a Special Invitee, at a closed door conference.

Courtesy Meeting with Ambassador of Israel to India | 7th February, 2019



H.E. Dr. Ron Malka, Mr. Raj Nair along with the invitees

Meeting with Consul Generals to promote IMC's India Calling Conference

14th January, 2019



Consul Generals along with the invitees to the interaction

The International Business Committee of the Chamber organized a High Tea with Consul Generals to promote India Calling Conference which will be held on 25th March, 2019 at Taj Lands End, Bandra West.

Mr. Ajit Mangrulkar, Director General IMC welcomed the members. Mr. Raj Nair, President IMC welcomed the guests and members. He presented IMC to the guests and also informed them about the forthcoming events of IMC.

Mr. Gul Kripalani, Advisor, Consular Relations, IMC welcomed the Consul Generals and highlighted the relation that IMC shares with Consulates and Embassies of all countries.

Mr. Rajiv Podar, Chairman, International Business Committee, IMC informed the guests about the forthcoming India Calling Conference informing them about the focus sectors, the expected participants and speakers and other relevant information.

Mr. Shailesh Haribhakti, introduced the Retail session to the invitees and presented a synopsis of what to expect at the session, the topics that would be covered as well as the tentative speakers.

Dr. Ranjit Nair introduced the AI session to the invitees and again presented a brief of the AI session and the topics that would be covered in the session.

Unveiling of 'The Made in India Manager' book

24th January, 2019



(L-R): Mr. Ashish Vaid, Mr. Sanjiv Mehta, Mr. Raj Nair, Mr. R. Gopalakrishnan & Dr. Ranjan Banerjee

IMC Chamber of Commerce and Industry in association with the IIM Ahmedabad Alumni Association - Mumbai and publishers Hachette India organized a panel discussion on 'What does it take for Indian management thought/practice to increase global impact?'

With Mr. Raj Nair, President, IMC Chamber of Commerce and Industry as the lead speaker and moderator, there were four panellists Mr. R. Gopalakrishnan, Former Executive Director, Tata Sons Ltd., Mindworks; Dr. Ranjan Banerjee, Dean, S. P. Jain Institute of Management & Research (SPJIMR); Mr. Harish Bhat, Brand Custodian, Tata Sons Ltd. and Mr. Prakash Iyer, Author, Speaker, Coach. The expert panellists focused on: Who are Made-in-India Managers? What do they do differently? Over the last fifty years, several Indians have occupied top positions in

multinationals across the globe, whether Indian management practitioners and academics are successful abroad and articulate what it will take to make them even more impactful in the future.

Chief Guest Shri Sanjiv Mehta, CMD, Hindustan Unilever Limited, applauded the unique traits that make Indian managers successful across the world. He shared his experiences and talked about

the strengths of Indian Managers because of which they are different from others i.e., English language, culture they come from, ambitious and modest approach, holistic view about the situations and many more. Mr. Mehta firmly believes that the age of Indian managers has arrived. In a subtle way, Indian managers are spreading across the world; he sees the impact of it as being recognized, and studied in a far more granular fashion than ever before.

Lastly, the book "The Made in India Manager" co-authored by R. Gopalakrishnan, Corporate Advisor, The Mindworks (Former Director, Tata Sons) and Dr. Ranjan Banerjee, Dean, S. P. Jain Institute of Management and Research (SPJIMR) was unveiled by the Chief Guest.

Impact of Current Economic Factors on Investments and Business Finance

10th January, 2019

The US Economy is the largest in the world; its GDP contributes to 25% of the World's GDP. Any action taken by the US Government and US Federal Reserve impacts the global economy substantially.



Meeting at WTC-IMC alongwith Mr. R. K. Jain



CA. Vishal Mangal

The Financial Crisis in 2008 resulted in liquidity crunch, negative growth rate and deflation in the US leading to a sluggish global economy. The US Federal Reserve took certain strong decisions i.e., to lower interest rates close to 0 and launched Quantitative Easing (QE) Programme.

This resulted in the Fed's balance sheet (total assets) ballooned from USD 900 billion in 2008 to USD 4.5 trillion in 2015, increased liquidity in US market flowing to other economies (especially EMs), growth revived in the US from negative to positive 2%.

What is Fed doing now? Started increasing its interest rate which has reached to 2.5%, downsizing its balance sheet by not reinvesting the matured securities, etc.

Global Scenario

Other global factors Trade Wars between China and US and India and US; BREXIT.

Is Indian economy and financial markets strong enough to sustain such issues in Global Economy?

Indian Scenario

Particulars	Present Scenario	Particulars	Present Scenario
Growth	Fastest growing economy	Credit Rating	Improved
Inflation	Low and stable	Foreign Investments	Declining
Interest Rates	Low and stable	Domestic Investments	Increased
Fiscal Deficit	Declining	Credit Growth	Declined
Current Account Deficit	Started expanding	Income tax Collection Growth	Increased
Rupee	Stabilized	GST Collection Growth	Increased

Impact on Investment and Credit: Future Outlook

Opportunities

- Indian economy is the fastest growing economy in the world.
- The per capita investment in India is still below average depicting high potential for investments in India.
- Higher tax collections and a robust domestic financial market will continue to give support to fund Government's expenditure programmes.
- Also, this leads to lesser reliance on foreign debt.
- Sufficient forex reserves gives cushion to the Government in resisting capital outflows.

Threats

- Global events like actions taken by US Fed, BREXIT and continuing trade wars might impact the financial markets in India.
- Expanding current account deficit is not a good sign for the economy.
- Any weakening in domestic institutions could lead to sharp corrections in equity markets and rising yield in debt markets.
- Upcoming central elections could play an important role in capital market.

Presentation on Insolvency & Bankruptcy Code 2016

10th January, 2019



CA. Subrata Maity

Indian Banks are neck deep in bad loans. As on 31-12-2017 Gross NPA is to the tune of Rs. 8.41 Lakh Crore & Stressed Assets @ 14% of Gross Lending and Corporate Bad Loans @ 77% of Gross NPA. Bad Loans have grown from 3.49% (2013) to 20.41% (Dec. 2017).

Government proposes to create 'bad bank/ ARC' to takeover 'troubled loans' of public sector banks.

The National Company Law Tribunal (NCLT) has been established for adjudication of disputes with respect to corporate civil disputes arising under the Companies Act 2013 and Insolvency and Bankruptcy Code, 2016. It decides cases in accordance with the principles of natural effective justice in a speedy and cost effective manner in the area of commercial/ corporate law.

Insolvency is a state of financial distress in which someone is unable to pay their bills. It can lead to insolvency proceedings, in which legal action will be taken against the insolvent entity, and assets may be liquidated to pay off outstanding debts.

Insolvency & Bankruptcy Code 2016 (IBC 2016)

IBC 2016 is a Code to consolidate and amend the laws relating to reorganisation and insolvency resolution of corporate persons, partnership firms and individuals in a time bound manner for maximisation of value of assets to promote entrepreneurship, availability of credit and to balance the interests of all the stakeholders. It also aims that the Govt. dues are prioritised for payment and to establish an Insolvency and Bankruptcy Board of India (IBBI).

IBC 2016 (the Code) prescribes tight timelines for resolution of Companies/ LLPs to be completed within 180 days, which is

extendable, in certain cases, up to 90 days during which they will be equated as a going concern and thereafter liquidation will be the last resort.

MSME & Large Companies can claim their dues defaulted by Private/Public Ltd. companies or LLP under IBC and they are referred as operational creditors subject to the following conditions.

- The dues must be greater than Rs One Lakh and there must be no dispute in invoices claimed till issuing notice in Form 3 under IBC.
- Law of Limitation is applicable.
- Home buyers who have not been given possession or money not refunded by can take action against Builders (Ltd /Pvt Ltd Companies or LLP) under IBC. Home buyers will be treated as creditors in the class of financial creditors and will have preference like the bankers.

In case a company default of principal/interest or both due to financial distress they are referred as Corporator debtors and they can go on their own and opt for insolvency proceedings under IBC even before their account turns NPA and seek suitable resolution.

There is a fast track insolvency resolution process for corporate persons under IBC when their income or assets fall below specified threshold; or having a notified class of creditors or amount of debt; or when they fall under the category notified by the Central Government. Non-compliance of order passed by NCLT calls for harsh fines and penalties ranging from Rs. 1 lakh to Rs. 1 crore or imprisonment from six months to five years or both. IBC 2016 Act is an Act of cultivating habit of paying one's creditors on time.

Networking

In Conversation with Ms. Sudha Menon & Ms. Renuka Ramnath

15th January, 2019

Writer and former journalist Ms. Sudha Menon's spoke about her book- Feisty at Fifty, which is a collection of letters that show a whole new side of India's who's who, including bankers industrialists, painters, sportspersons and chefs.

Financial whiz Ms. Renuka Ramnath who has also shared her excerpt in the book, spoke about relationships, memories; about hard work, struggles and triumphs.

The session was moderated by Ms. Saumya Roy.



Ms. Saumya Roy in conversation with Ms. Sudha Menon & Ms. Renuka Ramnath

Business Etiquette | 23rd January, 2019

Ladies' Wing



(L-R): Mrs. Shylaja Nair, Mrs. Sharmishtha Tampi, Mrs. Neela Parikh, Ms. Sabira Merchant, Mrs. Mohana Nair, Mrs. Gayatri Nair Lobo and Mrs. Anuja Mitttal

IMC Ladies' Wing in a bid to encourage the necessary skill sets for the right etiquette in business situations invited India's top etiquette trainer Ms. Sabira Merchant

The objective of this workshop was to apprise members with the various aspects of accent which included speed, volume, clarity, enunciation, pronunciation, and use of articles among many others.

Ms. Merchant also asked few members to come on dais and speak about themselves, their likes, dislikes, and their ambitions. She also shared feedback with different attendees on how further they can improve their communication skills.

This session was designed to teach participants to apply the unique tool of image to enhance their own as well as the company's image and branding. The session was an exploration of the self and realization of one's personality and potential which will give the necessary skill set for behaving with right etiquette.

Screening of the movie - Julie & Julia | 28th January, 2019

IMC Ladies' Wing hosted the screening of the movie - Julie & Julia for members. The film contrasted the life of Chef Julia Child in the early years of her culinary career with the life of young New Yorker Julie Powell, who aspires to cook all

524 recipes in Child's cookbook in 365 days, a challenge she described on her popular blog that made her a published author.

The intertwined life stories of both the protagonists was much appreciated by the members.

Special Screening of the movie The Speaking Hand

6th February, 2019



IMC Ladies' Wing hosted the special screening of the documentary Film "The Speaking Hand", the only full-length documentary that charts the incredible journey of the Tabla Maestro

Ustad Zakir Hussain.

The Speaking Hand charts Zakir's growth from the by-lanes of Bombay to his current fame as a world musician.

In the course of this exciting history members experienced first-hand the unforgettable magic of his fingers.

The screening was graced by the Director of the documentary – Mr. Sumantra Ghosal, who shared his experiences and insights relating to the making of the film.

Mr. Sumantra Ghosal with Mrs. Mohana Nair

Saris — Splendour in Threads

13th February, 2019

Ms. Soha Parekh the author of the book 'Saris – Splendour in Threads' describes the journey of saris from ancient times through successive lines of royals to modern India. She dwells into the unparalleled skills of master weavers and craftsmen and the unmatched beauty of various saris across the length and the breadth of India.

She acquainted members with the various saris across the major states of India.

Highlight of the event was members adorning themselves with their beautiful woven saris to resonate with theme of the event. Ms. Soha Parikh invited few members on stage and apprised all about the weaves worn by them. The best three weaves chosen by Ms. Parikh were awarded prizes.



Ms. Soha Parekh addressing the audience

Ladies' Wing

Reinventing your business in the Digital Age

20th February, 2019



(L-R): Ms. Saumya Roy, Mr. Amit Sheth, Mr. Nilesh Vikamsey, Ms. Sudha Bhusan & Mr. Shakar Jadhav

IMC Ladies' Wing hosted a panel discussion on - Reinventing your business in digital age to highlight the issue on how businesses can scale up with technology and how they need to

change/adapt themselves in the new Digital Age.

Panel of renowned professionals and industry experts graced the event and discussed the topic of the changing landscape of regulatory framework in digital economy, making friends with alien concepts like artificial intelligence, Blockchain, FinTech and

putting them to use and more. The guest speakers further enlightened the audience about the importance and necessity of digital transformation to survive and flourish in their respective businesses.

Men of service: IMC confers bravery awards on 12 city police officers

Shreshth Ghosh
TheFreePressJournal.com

Acknowledging the Mumbai police's endless service to the public, the Indian Merchant Chamber (IMC) on Friday bestowed 12 police officers for extraordinary work in the line of duty. The award ceremony was attended by the Commissioner of Police (CP), Subhash Desai, Jaiswal, and Joint Commissioner of Police (Law and Order), Devan Bhat, along with other top rank police officers.

The Mumbai police in the year 2017 has many outstanding achievements. But the three awards were given to Subhash Desai, Jaiswal, CP Jaiswal said, "I am proud that 12 police officers have their police force and are growing that of their own team are being recognized. The award and the city have lost some of the finest men to the law and order and better citizen. Each award was given to a deserving and meritorious officer. We all owe our job and we will definitely continue to work with some difference and effort."

Award categories
The awards were given to 12 employees, which included best detective of crime, best conviction of crimes, best recovery of property, best performance, etc.

RECOGNISING VALOR
12 police officers of the Mumbai Police were conferred with awards under 12 categories. The ceremony was attended by the Commissioner of Police (CP), Subhash Desai, Jaiswal, and Joint Commissioner of Police (Law and Order), Devan Bhat along with other top rank police officers.

अचूक दिशादर्शक, उद्योजकांना प्रोत्साहन

विद्युत वितरण क्षेत्रात उद्योजकांना प्रोत्साहन देण्यासाठी दिशादर्शक ठरवण्यात येईल. अचूक दिशादर्शक, उद्योजकांना प्रोत्साहन देण्यासाठी दिशादर्शक ठरवण्यात येईल. अचूक दिशादर्शक, उद्योजकांना प्रोत्साहन देण्यासाठी दिशादर्शक ठरवण्यात येईल.

Sakal

निवडणुका डोळ्यांसमोर ठेवून अर्थसंकल्पाचे सादरीकरण

मंत्री सरकारने त्यांच्या कार्यविधीस तैयारता अर्थसंकल्प प्रकाशित करावा. हा अर्थसंकल्प निवडणुका डोळ्यांसमोर ठेवून सादरीकरण करण्यात येईल. अर्थसंकल्प सादरीकरण करण्यात येईल.

Lokmat

Daily News and Analysis

BRAVEST OF THE BRAVEHEARTS

Helping female & juvenile victims & best probe in case
The Mumbai Police (MP) conferred bravery awards on 12 police officers for their meritorious services in the line of duty. The awards were given to 12 employees, which included best detective of crime, best conviction of crimes, best recovery of property, best performance, etc.

Most courageous act applied to safeguard human lives
Constable Sudarshan Shinde paid his life to save those who were trapped in the building fire. He was awarded the award for his heroic act.

Heroic death while performing duty
Ajay Prabhakar Gawand, a 45-year-old police officer, received a call from the night register station about a fire at a building at P D Road in Dombivli. He rushed to the spot along with other officers. The flames licked the door of the terrace and started pouring flames at the officers. When Gawand rushed to terrace, the flames hit him mercilessly on the head with a wooden plank. Gawand was rushed to AI Hospital where he succumbed to his injuries. He was awarded the award for his heroic act.

12 cops given meritorious duty awards

Mumbai: Twelve city cops were given awards for outstanding public service by Indian Merchant Chamber (IMC) on Friday. Inspector Pratap Bhosle was given best cyber crime probe for nabbing two foreigners involved in cheating many ATM users of Rs 32 lakh by cloning debit cards. Assistant traffic sub-inspector Vilas Bhabal was honoured for standing for hours in heavy rain to guide traffic in Bandra (east). Sub-inspector Prakash Kadam was awarded for getting a conviction in a prostitution case. He traced a minor victim of prostitution to Bangladesh and got her to depose via video-conferencing from her country. IMC also conferred a posthumous award on constable Ajay Gawand who paid with his life when he went after a man holed up on a building terrace. He was hit on the head with a plank. Police chief Subodh Jaiswal said the awards will motivate the force.

—Padmesh Bagrecha

The Times of India

IMC In News

The New Year brings new hope for MSMEs in Maharashtra: Desai



IMC Chamber of Commerce and Industry signed an MoU with the Industries Department of the Government of Maharashtra, recently whereby IMC will provide a platform for Small and Medium enterprises in Maharashtra to resolve problems faced by them. Speaking on the occasion, Subhash Desai, Minister for Industries and Mining said that Maharashtra has been rated at the top amongst the various states for manufacturing according to a recent survey, but he does not want to stop at that. Raj Nair, President of IMC Chamber of Commerce and Industry, who is himself a leading management consultant and Chairman of Avalon Consulting, said that "85 per cent of start-ups around the world fail to complete three years because of various unanticipated problems, many of which could have been solved if there was a timely helping hand. IMC is in a very good position to work with the Government to be the enabler that MSME badly need".

The Free Press Journal

CORPORATE GALLERY

IMC lauds RBI's rate cut move
The MPC cut the repo rate to 5.75 per cent from 6.25 per cent. The move, which is based on the fact that the headline inflation is dropping below the central bank's projections.

The MPC cut the repo rate to 5.75 per cent from 6.25 per cent. The move, which is based on the fact that the headline inflation is dropping below the central bank's projections.

Laborista Ghosh
The Free Press Journal

IMC's MoU with Govt
The MoU signed between IMC and the Government of Maharashtra aims to resolve the problems faced by MSMEs. The MoU includes provisions for the creation of a MSME helpline, a MSME training center, a MSME incubator, a MSME market place, etc.

Mumbai Mirror

A VOTEBANK BUDGET

The budget is a votebank for the government. It is a list of promises made by the government to the voters. The budget is a votebank for the government. It is a list of promises made by the government to the voters.

Mumbai Mirror

Free Press Journal

Mumbai Mirror

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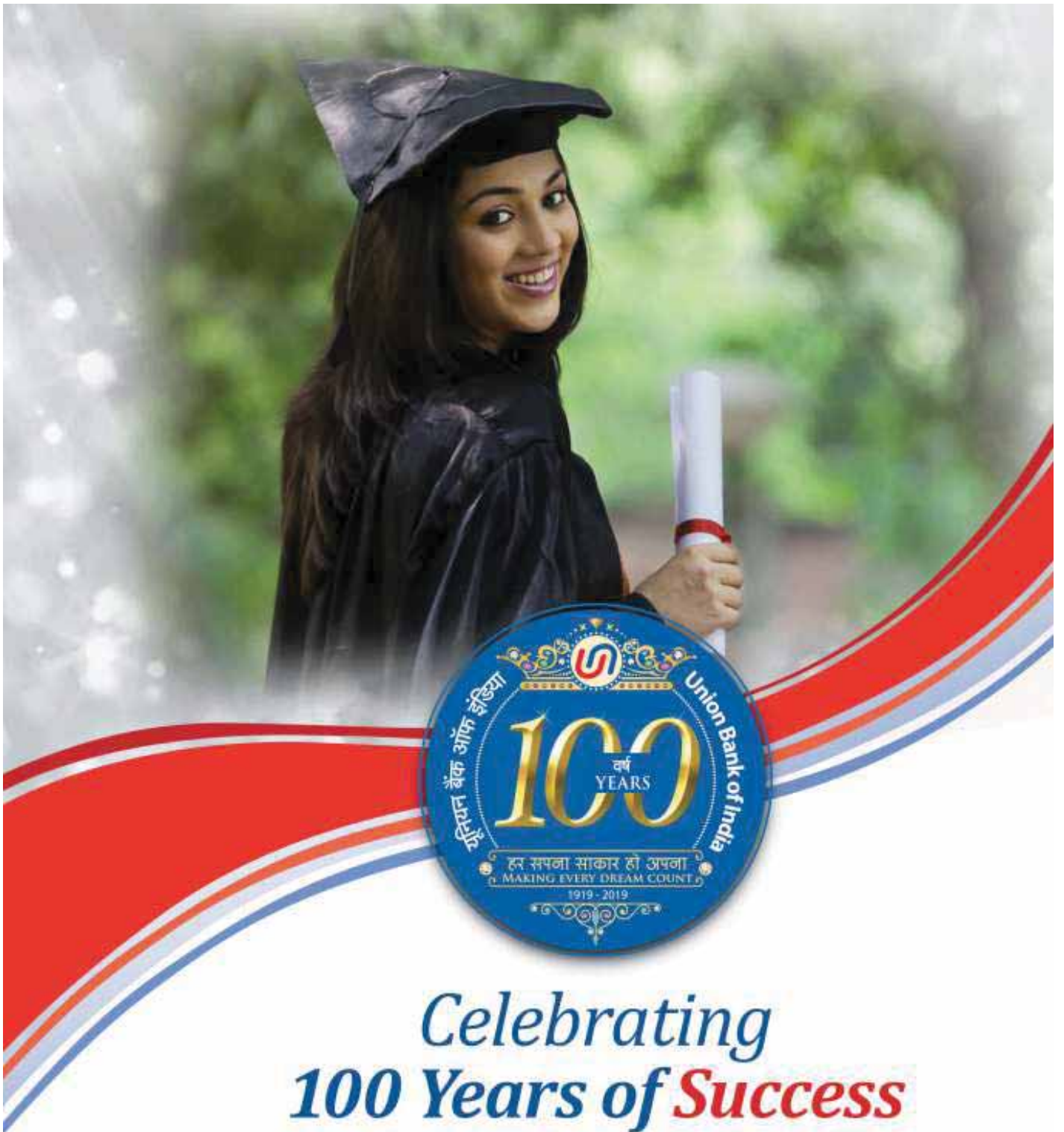
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