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STATE GOVERNMENT

15 Small Airports Across Karnataka Set To Take Wing

Domestic air connectivity in Karnataka is all set to get a boost with the government fast-tracking projects to develop small airports.

Ten days after the cabinet approved the proposal to develop a greenfield airport in chief minister BS Yediyurappa's home district, Shivamogga, the state on Saturday signed a memorandum of understanding (MoU) with Airports Authority of India (AAI) to operationalise the Rs 181-crore Kalaburagi airport.

Officials said plans are afoot to develop at least 15 small airports with the setting up of a special purpose vehicle (SPV). “Talks have been on for the past two days between the government and AAI to expedite the process of developing small airports. The projects are expected to take off in a couple of months,” said AAI executive director Anand G Joshi.

The AAI and Karnataka State Industrial and Infrastructure Development Corporation (KSSIDC) are setting up an SPV for each airport. The dormant airport projects, which will get a fresh lease of life are Raichur, Hassan, Karwar, Virajpet (Kodagu), Kolar, Yadgir, Ballari, among others.

Kapil Mohan, principle secretary to the infrastructure department, said land acquisition has already been done for most of the projects and the work will be completed in a year. Belagavi and Mysuru airports with 13 and 8 flights, respectively, are going strong, underlining the need for more airports, he claimed.

However, many are questioning the need for so many airports in the state. “When existing assets are being underutilised, we would only end up overdoing by developing more airports and wasting resources,” said urban expert V Ravichandar.

The underused assets include airports in Mysuru (Mandakalli), Belagavi (Sambra) and Hubballi, which are operational, while the state has another commercial airport in Mangaluru. The airports in almost all districts are separated by a distance of less than 100km, he pointed out.

Defending the move, KSIIDC officials said traffic is improving at small airports and there's scope for new ones. “Kalaburagi airport has got two carriers –– Allaince Air and Ghodawat Aviation. Hubballi airport has been the third-busiest in the state, while those in Belagavi and Mysuru are showing steady growth. The new airports are futuristic and air connectivity would be a great enabler of growth,” said an official.

To start with, flights from Kalaburagi will connect Bengaluru with Ghaziabad in Uttar Pradesh and Tirupati.

Source: Times of India, August 26, 2019

Validation Flight Completed On New South Runway at The Bengaluru Airport

The flight was successful, a statement from the Bangalore International Airport Limited said.

BENGALURU: The new South Runway at the Kempegowda International Airport, Bengaluru (BLR Airport) witnessed validation flights on Tuesday, another step closer to operational readiness.

The flight was successful, a statement from the Bangalore International Airport Limited said. "Operations on the new runway are planned to commence on December 5, 2019. The validation flights were conducted to certify aerodrome navigational aids and instrument procedures as determined by Civil Aviation regulations," the statement said.

The Code F and Cat IIIB compliant runway, measuring 4000-metres in length and 45-metres in width, will begin operations – initially – with CAT I standard certification and will progressively evolve to CAT IIIB as operations stabilise.

"Following infrastructure and procedural improvements, the runways will eventually be used for independent mixed-mode operations, allowing flights to take-off and land from either runway," a BIAL spokesperson said.

Source: Indian Express, August 27, 2019

AGRICULTURE AND FOOD PROCESSING

Press Information Bureau
Ministry of Agriculture & Farmers Welfare
Government of India
New Delhi

July 2, 2019

Government is Continuously Increasing Support Price of Grains to Double Income of Farmers By 2022

The Vice President of India, Shri M. Venkaiah Naidu has called for introducing structural reforms in the agricultural sector along with financial assistance schemes like Direct Benefit Transfer to make agriculture profitable and sustainable.

He was addressing the gathering after inaugurating the Mukhya Mantri Krishi Ashirwad Yojna of the Jharkhand Government, in Ranchi, Jharkhand today. Lauding the Jharkhand government for coming up with the scheme, he expressed hope that it would go a long way in addressing agricultural distress in the state.

Under the scheme, all the small and marginal farmers of the state, who have arable land up to a maximum of 5 acres, will be given a grant-in-aid at the rate of Rs. 5000 / - per acre per year, which will also reduce their dependence on loans. This amount would be given in two installments through Direct Benefit Transfer to the beneficiary's bank account. This is in addition to PM Kisan Nidhi Yojana under which each small & marginal farmer's family having combined landholding/ ownership of up to two hectares is paid Rs. 6, 000 per year, said the Vice President.

Shri. Naidu opined that Direct Benefit Transfer would eliminate middlemen and ensure that every penny of the financial assistance given by the government reaches the beneficiaries.

The Vice President said that the Government of India had taken a firm resolve to double the income of farmers by 2022. He added that the government was continuously increasing the minimum support price of food grains to achieve this objective.

He asserted that our development would be meaningless until the benefits of progress reached the rural areas and made the lives of our farmers better.

The Vice President also stressed the need for water conservation and said that “Conservation of natural resources like water is essential. For this, a massive campaign of rainwater conservation should be carried out, which will replenish our ground water”.

He cautioned that groundwater levels are continuously falling due to uncontrolled exploitation of groundwater. Due to which the cost of irrigation is increasing. The Vice President also urged the farmers to adopt traditional techniques to support groundwater conservation.

Ministry of Commerce & Industry
New Delhi

August 23, 2019

Indusfood Aims Business Of USD 1.5 Billion In 2020 Edition

Trade Promotion Council of India (TPCI) will launch two sub shows 'Indusfood-Tech' and 'Indusfood-Chem' in the forthcoming 2020 edition to be held in NCR Delhi next January. This will establish Indusfood as a fully integrated food processing lifecycle event. Over 1500 top distributors, retailers, food processors and importers are expected to participate in Indusfood - 2020.

On the proposed launch of new verticals of Indusfood: Indusfood-Tech and Indusfood-Chem, Keshav Chandra, Joint Secretary, Ministry of Commerce said that the launch of the two new verticals is a huge opportunity for India to showcase India's prowess in cost effective F&B processing technologies and robust food ingredients suppliers to the buyers from SAARC, Africa and Eurasian countries. The shows will also allow foreign technology providers to bring the latest food technology developments in the world and integrate it to the growing demands of India's vast F&B processing industry.

Chairman TPCI, Mohit Singla, said that the landscape of Indian food processing sector can be transformed by integrating modern food processing technologies with applications based on big data computing, blockchain technologies, IOT and machine AI along with large scale virtual process management. He further said that the response from leading technology centres like Denmark, Belgium, Singapore, Switzerland and Thailand for Indusfood has been encouraging and is expected to attract business of USD 1.5 billion in the 2020 edition. The last edition, held in 2019, attracted business worth 1.2 billion USD.

The Indusfood-Tech 2020, will showcase technologies for food processing, oil extraction, cold chain and refrigeration, beverage and drink technology, dairy processing, sweets and confectionary, fruits and vegetable processing and will also emphasize on the importance of food packaging, labeling and supply chain gaps. The show has already attracted major Indian companies like SSP, Mectech, Goma Engineering, Nichrome and DVC Process Engineering.

The show will also host over 20 bilateral and multilateral B2B deliberations to discuss the potential and challenges of foreign trade between India and the world. The Ministry of External Affairs has also come forward to support the Fair with a spread of over 80 Missions globally who are advising on hosted buyers for better results.

Indusfood will be held in Greater Noida (NCR Delhi), on January 08-10, 2020 and will showcase India's best line-up of food processing technologies, beverages and agri- products to global buyers.

ECONOMIC AND CORPORATE AFFAIRS

Press Information Bureau
Government of India
Ministry of Corporate Affairs Industry
New Delhi

August 13, 2019

High Level Committee on CSR Recommends CSR Expenditure to be Made Tax Deductible Expenditure

Shri Injeti Srinivas, Secretary (Corporate Affairs), today presented the **Report of the High Level Committee on CSR** to the Union Minister of Finance and Corporate Affairs, Smt. Nirmala Sitharaman. The Committee has made far reaching recommendations. The main recommendations include, making CSR expenditure tax deductible, provision for carry forward of unspent balance for a period of 3 – 5 years, aligning Schedule 7 with the SDGs by adopting a SDG plus framework (which would additionally include sports promotion, Senior Citizens' welfare, welfare of differently abled persons, disaster management and heritage protection), balancing local area preferences with national priorities, introducing impact assessment studies for CSR obligation of 5 crore or more, and registration of implementation agencies on MCA portal. The other recommendations include developing a CSR exchange portal to connect contributors, beneficiaries and agencies, allowing CSR in social benefit bonds, promoting social impact companies, and third party assessment of major CSR projects.

The Committee has emphasized on not treating CSR as a means of resource gap funding for government schemes. The Committee discourages passive contribution of CSR into different funds included in Schedule VII of the Act. It has emphasized on CSR spending as a board driven process to provide innovative technology based solutions for social problems. The Committee has also recommended that companies having CSR prescribed amount below Rs. 50 lakh may be exempted from constituting a CSR Committee. The Committee has also recommended that violation of CSR compliance may be made a civil offence and shifted to the penalty regime.

The High Level Committee on CSR was constituted in October, 2018 under the Chairmanship of Secretary (Corporate Affairs) to review the existing CSR framework and make recommendations on strengthening the CSR ecosystem, including monitoring implementation and evaluation of outcomes. The Members of the Committee included Shri Sameer Sharma, DG & CEO, Indian Institute of Corporate Affairs, Dr. A.K. Mittal, former CMD, NBCC, Shri N. Chandrasekaran, Chairman, Tata Sons, Shri Amit Chandra, MD, Bain Capital Private Equity, Shri B.S. Narasimha, former Addl. Solicitor General of India, Shri Rajeev Luthra, Founder & MD, Luthra and Luthra Law Office, Smt. Shobana Kamineni, Executive Vice Chairperson, Apollo, Prof. Anil Gupta, Founder, Honey Bee Network and Professor, IIM, Ahmedabad, Dr. Narinder Dhruv Batra, President, Indian Olympic Association, Shri S. Santhanakrishnan. Chartered Accountant, and Shri Mathew Cherian, CEO, Helpage India. Shri Gyaneshwar Kumar Singh, Joint Secretary, Ministry of Corporate Affairs, was the Member and Convener.

The full report has been uploaded in the MCA Website.

Press Information Bureau
Government of India
Ministry of Corporate Affairs Industry
New Delhi

August 14, 2019

Competition Law Review Committee: Key recommendations include Introduction of a 'Green Channel'

Shri Injeti Srinivas, Secretary (Corporate Affairs), today presented the Report of the Competition Law Review Committee to the Union Minister of Finance and Corporate Affairs, Smt. Nirmala Sitharaman. The Committee consulted various stakeholders, including industry chambers, professional institutes, Government Departments/ Ministries, NGOs and experts. The Committee focused on furthering ease of doing business, encouraging start-ups and meeting the challenges of the new economy. The key recommendations of the Competition Law Review Committee are:

a. Introduction of a 'Green Channel' for combination notifications to enable fast-paced regulatory approvals for vast majority of mergers and acquisitions that may have no major concerns regarding appreciable adverse effects on competition. The aim is to move towards disclosure based regime with strict consequences for not providing accurate or complete information.

b. Combinations arising out of the insolvency resolution process under the Insolvency and Bankruptcy Code will also be eligible for "Green Channel" approvals.

c. Introducing a dedicated bench in NCLAT for hearing appeals under the Competition Act.

d. Introduction of express provisions to identify 'hub and spoke' agreements as well as agreements that do not fit within typical horizontal or vertical anti-competitive structures to cover agreements related to business structures and models synonymous with new age markets.

e. Additional enforcement mechanism of 'Settlement & Commitments" in the interests of speedier resolution of cases of anti-competitive conduct.

f. Enabling provisions to prescribe necessary thresholds, inter alia, deal-value threshold for merger notifications.

g. CCI to issue guidelines on imposition of penalty to ensure more transparency and faster decision making which will encourage compliance by businesses.

h. Strengthening the governance structure of CCI with the introduction of a Governing Board to oversee advocacy and quasi-legislative functions, leaving adjudicatory functions to the Whole-time Members.

I. Merging DG's Office with CCI as an 'Investigation Division' as it aids CCI in discharging an inquisitorial rather than adversarial mandate. However, functional autonomy must be protected.

j. Opening of CCI offices at regional level to carry out non-adjudicatory functions such as research, advocacy etc. and interaction with State Governments and State regulators.

The Government constituted a Competition Law Review Committee on 1st October, 2018 to review the existing Competition law framework and make recommendations to further strengthen the framework to inter alia meet new economy challenges. The Committee was chaired by Shri Injeti Srinivas (Secretary, Ministry of Corporate Affairs) and consisted of Members, namely, Shri Ashok Kumar Gupta (Chairperson, CCI), Dr. M.S. Sahoo (Chairperson, IBBI), Shri Haigreve Khaitan (M/s Khaitan & Co.), Ms Pallavi Shardul Shroff (M/S Shardul Amrchand Mangaldas & Co.), Dr. Harshavardhana Singh (IKDHVAJ Advisors LLP), Dr. S. Chakravathy (Retd. IAS), Dr. Aditya Bhattacharya (Professor of Economics, Delhi School of Economics), Shri Anand Pathak (PA Law Offices), Shri KVR Murty (Joint Secretary, MCA & Member Secretary).

The full report has been uploaded in the MCA Website.

Press Information Bureau
Government of India
Ministry of Corporate Affairs Industry
New Delhi

August 16, 2019

MCA Amends Provisions Related to Differential Voting Rights Under Companies Act

The Ministry of Corporate Affairs has amended the provisions relating to issue of shares with Differential Voting Rights (DVRs) provisions under the Companies Act with the objective of enabling promoters of Indian companies to retain control of their companies in their pursuit for growth and creation of long-term value for shareholders, even as they raise equity capital from global investors.

The key change brought about through the amendments to the Companies (Share Capital & Debentures) Rules brings in an enhancement in the previously existing cap of 26% of the total post issue paid up equity share capital to a revised cap of 74% of total voting power in respect of shares with Differential Voting Rights of a company.

Another key change brought about is the removal of the earlier requirement of distributable profits for 3 years for a company to be eligible to issue shares with Differential Voting Rights.

The above two initiatives have been taken by the Government in response to requests from innovative tech companies & startups and to strengthen the hands of Indian companies and their promoters who have lately been identified by deep pocketed investors worldwide for acquisition of controlling stake in them to gain access to the cutting edge innovation and technology development being undertaken by them.

The Government had noted that such Indian promoters have had to cede control of companies which have prospects of becoming Unicorns, due to the requirements of raising capital through issue of equity to foreign investors.

Alongside the above two changes, another major step taken is that the time period within which Employee Stock Options (ESOPs) can be issued by Startups recognized by the Department for Promotion of Industry & Internal Trade (DPIIT) to promoters or Directors holding more than 10% of equity shares, has been enhanced from 5 years to 10 years from the date of their incorporation.

FINANCE

Press Information Bureau
Ministry of Finance
New Delhi

August 8, 2019

Monetary Limits for Filing of Appeals by Income Tax Department Further Enhanced by CBDT

There is a substantial pendency of appeals of the Income Tax Department before various appellate fora. The CBDT is aware of the importance of litigation management and has been continuously working towards achieving the same.

To effectively reduce taxpayer grievances/litigation and help the Department focus on litigation involving complex legal issues and high tax effect, the monetary limits for filing of appeals by the Department were last revised on 11th July,2018 vide CBDT Circular No.3 of 2018. As a step towards further management of litigation by the Government, the monetary limits for filing Departmental appeals before various appellate fora including ITAT, High Court & Supreme Court have been revised as under:

Appellate Forum	Existing Monetary Limit (Rs.)	Revised Monetary Limit (Rs.)
Before Income Tax Appellate Tribunal	20,00,000	50,00,000
Before High Court	50,00,000	1,00,00,000
Before Supreme Court	1,00,00,000	2,00,00,000

This will further reduce time, effort and resources presently deployed in litigation to focus on issues involving litigation of substantial value.

Ministry of Finance
New Delhi

August 14, 2019

CBDT Takes Further Steps to Ensure Transparency In Tax Administration by Bringing in Concept of DIN

With a view to bringing greater transparency in the functioning of the tax-administration and improvement in service delivery, almost all notices and orders of Income Tax Department are being generated electronically on the Income Tax Business Application (ITBA) platform. However, it has been brought to the notice of the Central Board of Direct Taxes (CBDT) that there have been some instances in which the notice, order, summons, letter and any correspondence (hereinafter referred to as "communication") were found to have been issued manually, without maintaining a proper audit trail of such communication.

In order to prevent such instances and to maintain proper audit trail of all communication, the CBDT has, vide Circular No.19/2019 dated 14.08.2019 laid down parameters specifying the manner in which any communication issued by any income-tax authority relating to assessment, appeals, orders, statutory or otherwise, exemptions, enquiry, investigation, verification of information, penalty, prosecution, rectification, approval etc. to the assessee or any other person will be dealt with. All such communication issued on or after the 1st of October, 2019 shall carry a computer-generated Document Identification Number (DIN) duly quoted in the body of such communication.

CBDT has also specified exceptional circumstances where the communication may be issued manually but only after recording reasons in writing and with the prior written approval of the Chief Commissioner / Director General of Income-Tax concerned. In cases where manual communication is required to be issued, the reason for issue of manual communication without DIN has to be specified along with the date of obtaining written approval of the Chief Commissioner / Director General of Income-Tax in a particular format. Any communication which is not in conformity with the prescribed guidelines shall be treated as invalid and shall be deemed to have never been issued. Further, CBDT has also laid down the timelines and procedure by which such communication issued manually will have to be regularised and intimated to the Principal Director General of Income-tax (Systems).

In addition to the above, in all pending assessment proceedings, where notices were issued manually, prior to issuance of the above referred Circular, all such cases would be identified and the notices so sent would be uploaded on ITBA by 31st October, 2019.

This is another step taken by CBDT towards better delivery of taxpayer services while ensuring accountability in official dealings.

Ministry of Finance
New Delhi

August 10, 2019

CBDT Simplifies the Process of Assessment in Respect of Startups

The Central Board of Direct Taxes (CBDT) has clarified today that small start-ups with turnover upto Rs. 25 crore will continue to get the promised tax holiday as specified in Section 80-IAC of the Income Tax Act, 1961(the 'Act'), which provides deduction for 100 per cent of income of an eligible start-up for 3 years out of 7 years from the year of its incorporation.

CBDT further clarified that all the start-ups recognised by DPIIT which fulfilled the conditions specified in the DPIIT notification did not automatically become eligible for deduction under Section 80-IAC of the Act. A start-up has to fulfil the conditions specified in Section 80-IAC for claiming this deduction. Therefore, the turnover limit for small start-ups claiming deduction is to be determined by the provisions of Section 80-IAC of the Act and not from the DPIIT notification.

CBDT dispelled the confusion created by some media report claiming discrepancy that the I-T law was yet to reflect DPIIT's higher turnover threshold of Rs. 100 crore. CBDT said that there was no contradiction in DPIIT's notification dated 19.02.2019 and Section 80-IAC of the I.T. Act, 1961 because in para 3 of the said notification, it has clearly been mentioned that a start-up shall be eligible to apply for the certificate from the Inter-Ministerial Board of Certification for claiming deduction under Section 80-IAC of the Act, only if the start-up fulfils the conditions specified in sub-clause (i) and sub-clause (ii) of the Explanation of Section 80-IAC. Therefore, the turnover limit for eligibility for deduction under section 80-IAC of the Act, as per the DPIIT's notification is also Rs. 25 crore.

It is further stated that Section 80-IAC contains a detailed definition of the eligible start-up which, interalia, provides that a start-up which is engaged in the eligible business shall be eligible for deduction, if (i) it is incorporated on or after 1st April 2016, (ii) its turnover does not exceed Rs. 25 crore in the year of deduction, and (iii) it holds a certificate from the Inter-Ministerial Board of Certification.

It was explained that this was the major reason as to why there was a wide difference between the number of start-ups recognised by the DPIIT and the start-ups eligible for deduction under section 80-IAC of the Act. It is pertinent to state that Section 80-IAC was inserted vide Finance Act, 2016 as an exception to the Government's stated policy of phasing out profit-linked deduction for promoting small start-ups during their initial year of operation. Since the intention was to support the small start-ups, the turnover limit of Rs. 25 crore was considered reasonable for granting profit linking deduction.

Ministry of Finance
New Delhi

August 24, 2019

Government Withdraws Enhanced Surcharge on Tax Payable on Transfer of Certain Assets

In order to encourage investment in the capital market, it has been decided to withdraw the enhanced surcharge levied by Finance (No. 2) Act, 2019 on tax payable at special rate on income arising from the transfer of equity share/unit referred to in section 111A and section 112A of the Income-tax Act,1961(the 'Act') from the current FY 2019-20. The following capital assets are mentioned in section 111A and section 112A of the Act:

i. Equity shares in a company;
ii. Unit of an equity oriented fund; and
iii. Unit of a Business Trust

The derivatives (Future & options) are not treated as capital asset and the income arising from the transfer of the derivatives is treated as business income and liable for normal rate of tax. However, in the case of Foreign Institutional Investors (FPI), the derivatives are treated as capital assets and the gains arising from the transfer of the same is treated as capital gains and subjected to a special rate of tax as per the provisions of section 115AD of the Act. Therefore, it is also decided that the tax payable on gains arising from the transfer of derivatives (Future & options) by FPI which are liable to special rate of tax under section 115AD of the Act shall also be exempted from the levy of the enhanced surcharge.

Therefore, the enhanced surcharge shall be withdrawn on tax payable at special rate by both domestic as well as foreign investors on long-term & short-term capital gains arising from the transfer of equity share in a company or unit of an equity oriented fund/business trust which are liable for securities transaction tax and also on tax payable at special rate under section 115AD by the FPI on the capital gains arising from the transfer of derivatives. However, the tax payable at normal rate on the business income arising from the transfer of derivatives to a person other than FPI shall be liable for the enhanced surcharge.

Ministry of Finance
New Delhi

August 22, 2019

CBDT Issues Clarification on Eligibility of Small Start-Ups to Avail Tax Holiday

The Central Board of Direct Taxes (CBDT) has clarified today that small start-ups with turnover upto Rs. 25 crore will continue to get the promised tax holiday as specified in Section 80-IAC of the Income Tax Act, 1961(the 'Act'), which provides deduction for 100 per cent of income of an eligible start-up for 3 years out of 7 years from the year of its incorporation.

CBDT further clarified that all the start-ups recognised by DPIIT which fulfilled the conditions specified in the DPIIT notification did not automatically become eligible for deduction under Section 80-IAC of the Act. A start-up has to fulfil the conditions specified in Section 80-IAC for claiming this deduction. Therefore, the turnover limit for small start-ups claiming deduction is to be determined by the provisions of Section 80-IAC of the Act and not from the DPIIT notification.

CBDT dispelled the confusion created by some media report claiming discrepancy that the I-T law was yet to reflect DPIIT's higher turnover threshold of Rs. 100 crore. CBDT said that there was no contradiction in DPIIT's notification dated 19.02.2019 and Section 80-IAC of the I.T. Act, 1961 because in para 3 of the said notification, it has clearly been mentioned that a start-up shall be eligible to apply for the certificate from the Inter-Ministerial Board of Certification for claiming deduction under Section 80-IAC of the Act, only if the start-up fulfils the conditions specified in sub-clause (i) and sub-clause (ii) of the Explanation of Section 80-IAC. Therefore, the turnover limit for eligibility for deduction under section 80-IAC of the Act, as per the DPIIT's notification is also Rs. 25 crore.

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Ministry of Finance
New Delhi

August 30, 2019

CBDT Constitutes Start-Up Cell for Redressal of Grievances Related to Start-Ups

One of the measures pertaining to taxation announced by the Hon'ble Finance Minister as part of the several measures to boost the economy, was the withdrawal of 'Angel Tax' provisions for Start-ups and their investors. As part of the measures for mitigating the genuine difficulties of Start-ups, it was decided that a dedicated cell would be set up under a Member of CBDT for addressing the specific problems of Start-ups.

In order to redress grievances and address various tax related issues in the cases of Start-ups, a Start-up Cell has been constituted by CBDT on 30.08.2019 with the following ex-officio members:

SN	Portfolio	Designation
1	Member (IT &C)	Chairman
2	JS-TPL-II	Member
3	CIT(ITA)	Member
4	Director (ITA-I)	Member Secretary
5	Under Secretary(ITA-I)	Member

The Cell will work towards redressal of grievances and mitigate tax-related issues in case of Start-up entities with respect to administration of the Income-tax Act, 1961.

Grievances relating to Start-ups may be filed with the O/o Under Secretary, ITA-I, Room No.245A, North Block, New Delhi – 110001 as well as online at startupcell.cbdt@gov.in. The Cell will also be accessible telephonically on 011-23095479 /23093070 (F).

Start-up entities can approach the Cell for speedy resolution of their grievances. This initiative is the latest amongst the recent initiatives taken by CBDT to further ease the compliance issues pertaining to Start-ups.

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LABOUR / COMMERCE AND INDUSTRY / MSME / HRD / TEXTILES / ICT

Press Information Bureau
Ministry of Commerce & Industry
New Delhi

August 1, 2019

Commerce & Industry Minister Holds Discussions With CEOs of Indian IT Companies: Urges Them to Explore New Markets

Union Minister of Commerce & Industry and Railways, Piyush Goyal, held a meeting with senior managers of IT companies in New Delhi yesterday. The meeting was held to discuss opportunities for Indian IT companies to invest and grow their business in new markets like the Nordic countries, Eastern and Central Europe, Canada, Australia and Africa and also explore avenues for greater investments and growth in East Asian markets like China, Japan and Korea.

India's IT industry contributed 7.7% to the country's GDP in FY 2017 and is expected to contribute 10% of India's GDP by 2025. According to NASSCOM, the sector aggregated revenues of USD 160 billion in 2017. The United States account for 2/3rds of India's IT services exports.

India's IT and ITeS industry grew to USD 181 billion in 2018-19. Exports from the industry increased to USD 137 billion in FY 2019 while domestic revenues (including hardware) advanced to USD 44 billion.

During the discussions with Commerce and Industry Ministry, the representatives of the companies informed that although the Chinese IT services market is the third largest in the world India's investments and business have not been able to grow in China due to various non-tariff barriers and challenges faced by Indian companies to set up their entity in China. Market access issues that create hurdles for Indian companies to open their business in China was also discussed.

The top five Indian IT service companies like TCS, WIPRO, Infosys, Tech Mahindra and HCL are doing business in China for more than a decade and are employing 90% of local people in their China operations but returns are very low and therefore Indian IT service companies are not showing much interest to invest and expand their operations in China.

Commerce and Industry Minister during the discussions requested National Association of Software and Services Companies (NASSCOM) and the senior managers of the companies attending the meeting to share specific data regarding non-tariff barriers being faced by them in China and other East Asian markets. Government of India will give all support for the global growth of India's flagship industry and will make all efforts to facilitate the IT service industry and for that it is ready to engage with China and also Japan and Korea, informed Piyush Goyal.

Commerce and Industry Minister urged India's IT services companies to explore other markets and not be inhibited in operating in countries that are non-English speaking. He urged the top five Indian IT firms to create a corpus that will be spent on training manpower in languages like Mandarin, Japanese and Korean for accessing the markets in these countries.

The meeting was attended by senior managers of TCS, Satyam Venture engineering, HCL, NIIT Tech, Infosys, Invento Robotics, Tech Mahindra and WIPRO. Sangeeta Godbole, DG of Services Export Promotion Council (SEPC) and President of NASSCOM, Debjani Ghosh, were also present during the discussions with Commerce and Industry Minister.

India is the largest exporter of IT services in the world and exports dominate the Indian IT industry and constitutes about 79% of the total revenue of the industry. India's IT service sector is now gearing up to be the digital partner of intelligent automation like smart algorithms, bots and AI tools, which are fast becoming a part of every industry and an increasingly digital world.

Press Information Bureau
Ministry of Commerce & Industry
New Delhi

August 28, 2019

Cabinet Approves Proposal for Review of FDI Policy on Various Sectors

The Union Cabinet chaired by the Prime Minister Shri Narendra Modi has approved the proposal for Review of Foreign Direct Investment on various sectors.

Major Impact and Benefits from FDI Policy Reform

i. The changes in FDI policy will result in making India a more attractive FDI destination, leading to benefits of increased investments, employment and growth.

ii. In the coal sector, for sale of coal, 100% FDI under automatic route for coal mining, activities including associated processing infrastructure will attract international players to create an efficient and competitive coal market.

iii. Further, manufacturing through contract contributes equally to the objective of Make in India. FDI now being permitted under automatic route in contract manufacturing will be a big boost to Manufacturing sector in India.

iv. Easing local sourcing norms for FDI in Single Brand Retail Trading (SBRT) was announced in Union Budget Speech of Finance Minister. This will lead to greater flexibility and ease of operations for SBRT entities, besides creating a level playing field for companies with higher exports in a base year. In addition, permitting online sales prior to opening of brick and mortar stores brings policy in sync with current market practices. Online sales will also lead to creation of jobs in logistics, digital payments, customer care, training and product skilling.

v. The above amendments to the FDI Policy are meant to liberalize and simplify the FDI policy to provide ease of doing business in the country, leading to larger FDI inflows and thereby contributing to growth of investment, income and employment.

Background

FDI is a major driver of economic growth and a source of non-debt finance for the economic development of the country. Government has put in place an investor friendly policy on FDI, under which FDI up to 100% is permitted on the automatic route in most sectors/ activities. FDI policy provisions have been progressively liberalized across various sectors in recent years to make India an attractive investment destination. Some of the sectors include Defence, Construction Development, Trading, Pharmaceuticals, Power Exchanges, Insurance, Pension, Other Financial Services, Asset reconstruction Companies, Broadcasting and Civil Aviation.

These reforms have contributed to India attracting record FDI inflows in the last 5 years. Total FDI into India from 2014-15 to 2018-19 has been US $ 286 billion as compared to US $ 189 billion in the 5-

year period prior to that (2009-10 to 2013-14). In fact, total FDI in 2018-19 i.e. US $ 64.37 billion (provisional figure) is the highest ever FDI received for any financial year.

Global FDI inflows have been facing headwinds for the last few years. As per UNCTAD's World Investment Report 2019, global foreign direct investment (FDI) flows slid by 13% in 2018, to US $1.3 trillion from US $1.5 trillion the previous year - the third consecutive annual decline. Despite the dim global picture, India continues to remain a preferred and attractive destination for global FDI flows. However, it is felt that the country has the potential to attract far more foreign investment which can be achieved inter-alia by further liberalizing and simplifying the FDI policy regime.

In Union Budget 2019-20, Finance Minister proposed to further consolidate the gains under FDI in order to make India a more attractive FDI destination. Accordingly, the Government has decided to introduce a number of amendments in the FDI Policy. Details of these changes are given in the following paragraphs.

Coal Mining

As per the present FDI policy, 100% FDI under automatic route is allowed for coal & lignite mining for captive consumption by power projects, iron & steel and cement units and other eligible activities permitted under and subject to applicable laws and regulations. Further, 100% FDI under automatic route is also permitted for setting up coal processing plants like washeries subject to the condition that the company shall not do coal mining and shall not sell washed coal or sized coal from its coal processing plants in the open market and shall supply the washed or sized coal to those parties who are supplying raw coal to coal processing plants for washing or sizing.

It has been decided to permit 100% FDI under automatic route for sale of coal, for coal mining activities including associated processing infrastructure subject to provisions of Coal Mines (special provisions) Act, 2015 and the Mines and Minerals (development and regulation) Act, 1957 as amended from time to time, and other relevant acts on the subject. "Associated Processing Infrastructure" would include coal washery, crushing, coal handling, and separation (magnetic and non-magnetic)

Contract Manufacturing

- The extant FDI policy provides for 100% FDI under automatic route in manufacturing sector. There is no specific provision for Contract Manufacturing in the Policy. In order to provide clarity on contract manufacturing, it has been decided to allow 100% FDI under automatic route in contract manufacturing in India as well.
- Subject to the provisions of the FDI policy, foreign investment in 'manufacturing' sector is under automatic route. Manufacturing activities may be conducted either by the investee entity or through contract manufacturing in India under a legally tenable contract, whether on Principal to Principal or Principal to Agent basis.

Single Brand Retail Trading (SBRT)

i. The extant FDI Policy provides that 30% of value of goods has to be procured from India if SBRT entity has FDI more than 51%. Further, as regards local sourcing requirement, the same can be met as an average during the first 5 years, and thereafter annually towards its India operations. With a view to provide greater flexibility and ease of operations to SBRT entities, it has been decided that all procurements made from India by the SBRT entity for that single brand shall be counted towards local sourcing, irrespective of whether the goods procured are sold in India or exported. Further, the current cap of considering exports for 5 years only is proposed to be removed, to give an impetus to exports.

ii. The extant Policy provides that as regards local sourcing requirement, incremental sourcing for global operations by the non-resident entities undertaking single brand retail trading, either directly or through their group companies, will also be counted towards local sourcing requirement for the first 5 years. However, prevalent business models involve not only sourcing from India for global operations by the entity or its group companies, but also through an unrelated third Party, done at the behest of the entity undertaking single brand retail trading or its group companies. In order to cover such business practices, it has been decided that 'sourcing of goods from India for global operations' can be done directly by the entity undertaking SBRT or its group companies (resident or non-resident}, or indirectly by them through a third party under a legally tenable agreement.

iii. The extant policy provides that only that part of the global sourcing shall be counted towards local sourcing requirement which is over and above the previous year's value. Such requirement of year-on-year incremental increase in exports induces aberrations in the system as companies with lower exports in a base year or any of ' the subsequent years can meet the current requirements, while a company with consistently high exports gets unduly discriminated against. It has been now decided that entire sourcing from India for global operations shall be considered towards local sourcing requirement. (And no incremental value)

iv. The present policy requires that SBRT entities have to operate through brick and mortar stores before starting retail trading of that brand through e-commerce. This creates an artificial restriction and is out of sync with current market practices. It has therefore been decided that retail trading through online trade can also be undertaken prior to opening of brick and mortar stores, subject to the condition that the entity opens brick and mortar stores within 2 years from date of start of online retail. Online sales will lead to creation of jobs in logistics, digital payments, customer care, training and product skilling.

Digital Media

The extant FDI policy provides for 49% FDI under approval route in Up-linking of 'News &Current Affairs' TV Channels. It has been decided to permit 26% FDI under government route for uploading/ streaming of News & Current Affairs through Digital Media, on the lines of print media.

Press Information Bureau
Ministry of Commerce & Industry
New Delhi

August 30, 2019

GeM and SIDBI Sign MoU to Enable Growth of MSMEs, Start-ups and Women Entrepreneurs

Government e Marketplace (GeM), Department of Commerce, Ministry of Commerce and Industry has signed an MoU with Small Industries Development Bank of India [SIDBI] to benefit MSMEs, women entrepreneurs, Self Help Groups (SHGs), Women Self Help Groups and various loan beneficiaries under MUDRA and Stand-up India scheme. The MoU was signed in New Delhi yesterday. This MoU will enable promotion of special initiatives of GeM like Womaniya and Start-up Runway with SIDBI stakeholders. GeM and SIDBI will take steps to ensure payments within a guaranteed timeframe to sellers, enhance working capital availability through bill discounting and control NPAs through control of end use.

Speaking on the occasion, CEO GeM, Talleen Kumar, highlighted that partnership with financial institutions like SIDBI is necessary in GeM's journey towards outreach to MSMEs, Micro Enterprises, Start-ups, Artisans, who can now also sell to Government on an open, transparent and technology-driven platform. The Government eMarket place wants to empower these sellers through the payments within a guaranteed time frame by auto-debiting GeM Pool Account, provide working capital by giving the choice of Bill Discounting to MSMEs – with only PSU banks initially, by linking cost of working capital to the performance and rating of the seller, and by providing creditors better visibility on end use of working capital loans. This will contribute tremendously to the growth of MSMEs and Start-ups.

Chairman and MD, SIDBI, Mohammad Mustafa, hailed GeM for its efforts to align SHGs, women entrepreneurs, artisans, NGOs, Start-ups and other sectors with public procurement and strengthen the existing MSME ecosystem. While highlighting various efforts of SIDBI to ensure access to finance for MSMEs in the country, he mentioned that, the MoU would strengthen capacity building through GeM-specific training programmes of personnel from partner agencies, value-added services through networking, workshops, marketing events, awards and recognition of MSMEs with special focus on SHGs, women entrepreneurs, artisans, NGOs, Start-ups and micro enterprises.

The MoU of GeM with SIDBI is yet another step towards its growing partnership with financial institutions to enable growth of MSMEs and Start-ups in the country.

Press Information Bureau
Ministry of Commerce & Industry
New Delhi

August 2, 2019

Union HRD Minister Holds a Series of meetings with South MPs on draft NEP

The Union Human Resource Development Minister Shri Ramesh Pokhriyal 'Nishank' held a series of meetings with Members of Parliament (MPs) from Karnataka, Kerala, Andhra Pradesh, Tamil Nadu, Odisha and Puducherry in the Parliament over the last few days in connection with the draft New Education Policy (NEP). The members discussed the Draft NEP in detail, covering wide range of subjects relating to education. Some of the members also gave their written representation reflecting the educational needs of their respective state/UT to the HRD Minister.

Speaking on the occasion, the Minister said that the collective effort and wide-ranging consultations will further enrich the policy. He said that the Ministry will examine the suggestions/ recommendations received from all the members and with these suggestions/ recommendations; we will be able to formulate a policy that will transform the education system of the country and pave way for a New India. The Minister also informed that till date we have received over one lakh fifty thousand suggestions from the public.

Some main features of New Education Policy are given below:
See the link for English:
See the link for Hindi:

Ministry of Consumer Affairs,
Food & Public Distribution
New Delhi

August 13, 2019

Consumer Protection Act, 2019 to be More Holistic and Stringent to Protect Interest of Consumers

The Consumer Protection Act 2019 will be more holistic and stringent once the rules are framed to protect the interest of the Consumer, stating this at a press conference today Union Minister for Consumer Affairs ,Food and Public distribution Shri Ram Vilas Paswan informed that a meeting of former Secretaries of the Consumer Affairs Department and Members of Parliament will be called this month for consultation before framing and finalising the rules under this Act . He informed that 41 Members of Parliament participated in the debate when the Consumer Protection Bill was passed. Citing the number of pending cases before the consumer courts the Minister said that one of the reasons for this is that a number of posts are lying vacant and the effort will be to fill these up soon. He said that the idea of the Central Consumer Protection Authority (CCPA) is new and revolutionary and it will give more teeth to the provide relief for consumers.

Union Minister for Consumer Affairs, Food and Public Distribution, Shri Ramvilas Paswan further said that through the new Act, the examination of manufactured products can be done on multiple levels such as before, during or after the purchase and if the product is found to be faulty at any level then the entire batch of the product will be withdrawn from the market. The Act, among other things, proposes setting up of a Central Consumer Protection Authority (CCPA) to promote, protect and enforce the rights of consumers as a class. The CCPA would make interventions to prevent consumer detriment arising from unfair trade practices. The agency can also initiate class action, including enforcing recall, refund and return of products.

The Act also envisages simplified dispute resolution process, has provision for Mediation and e-filing of cases. The Consumer will be able to file cases in the nearest commission under the jurisdiction of which he resides.

For the first time there will be an exclusive law dealing with Product Liability. A manufacturer or product service provider or product seller will now be responsible to compensate for injury or damage caused by defective product or deficiency in services.

Presently the Consumer has only a single point of access to justice, which is time consuming. Additional swift executive remedies are proposed in the Act through CCPA. There are provisions for deterrent punishment to check misleading advertisements and adulteration of products; Product liability provision to deter manufacturers and service providers from delivering defective products or deficient services. The Act also enables regulations to be notified on E-commerce and direct selling with focus on protection of interest of consumers.

Ministry of Consumer Affairs,
Ministry of Textiles
New Delhi

August 14, 2019

16 State Governments Sign MoU with Textiles Ministry to Impart Skill Training to Workers

Sixteen State Governments signed MoU with Ministry of Textiles at a function in New Delhi today to take Samarth - Scheme for Capacity Building in Textile Sector (SCBTS) forward.

Eighteen States have agreed to partner with the Ministry under the scheme out of which Jammu & Kashmir and Odisha were not present during today's function. Initially, the Ministry has allocated over 3.5 lakh targets to the agencies nominated by State Governments to implement this scheme. After the training employment will be provided to all these beneficiaries in various textiles related activities. The programme covers the entire value chain of the textiles sector except spinning and weaving.

The training programme involves advanced technology oriented features like Aadhaar Based Biometric Attendance System (AEBAS), CCTV recording, dedicated Call Centre, Mobile App based Management Information System and on-line monitoring.

Speaking on the occasion, Union Minister of Textiles and Women and Child Development, Smriti Zubin Irani, said that the signing of MoUs with State Governments shows the commitment of the Ministry to extend its support to the state agency and make them equal partners for building the spirit of national development to boost the textiles sector.

Smriti Zubin Irani further said that the targets set out by some of the States like Tamil Nadu and Jharkhand are much below the requirement of skilled workers in textiles industry in those states and urged them to relook at the targets. She said that the Ministry will try to ensure that those who are not employed by the industry may get additional benefits provided by financial services under Mudra scheme. She said that the resolve to skill over 4 lakh people is a big step and every effort must be made to achieve it. The Minister said that she will be visiting the training facilities in different states to take stock of the situation.

Smriti Zubin Irani also said that 75% of the workers engaged in the textiles sector and 70% of the beneficiaries of the Mudra loan are women. She further added that North Eastern States must focus on silk and jute sector and review the targets of skilling under Samarth scheme.

Secretary Textiles, Ravi Capoor, in his address said that India is a very small player in the global market and there is huge potential of employment generation in the textiles sector. Secretary Textiles informed that there is a gap of 16 lakh trained skilled workers in textiles industry. He further added that high standards have been set out in the Samarth scheme for the skilling of the workers so that they are readily employable by the industry. He said that the level of training has to be very good so that the objective of providing meaningful employment to the skilled workers is fulfilled.

Prime Minister Narendra Modi's message on skill development under Samarth scheme was read out during the function. A short video film on the scheme was screened on the occasion. A souvenir was also released during the function.

The Ministry of Textiles, as part of the Government's broad focus on skill development, implemented the flagship scheme (2010 to 2017) of skilling in textiles sector, Integrated Skill Development Scheme with a target to provide 15 lakh additional skilled workers to the textiles sector by 2017. Under the scheme 11.14 lakh persons were trained by March, 2018 and 8.41 lakh persons were provided placement.

With a view to leverage the institutional capability created by the Ministry and the synergy / collaboration achieved with the industry and the state governments, the Cabinet Committee on Economic Affairs gave its approval for a new skill development scheme, titled “Samarth” -Scheme for Capacity Building in Textile Sector (SCBTS)" from 2017-18 to 2019-20. It is a placement oriented programme for meeting the skill requirements of textiles industry. The scheme aims at skill development of 10 lakh youth upto 2020 in the entire value chain of textiles, excluding spinning and weaving in the organized sector, with a projected outlay of Rs. 1300 crore.