Europe India Chamber of Commerce

Newsletter

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Dear Readers,

The Special Edition of the EICC Newsletter covers the salient features of the Economic Survey of India 2017 and Highlights the Budget presented by India's Finance Minister on 1 February in the Indian Parliament.

Finance minister Arun Jaitley, on 1 February, presented the fourth annual Union Budget for 2017-18 in Lok Sabha. The budget focused on the tax administration, IT implementation, rural population, farming sector, health care, infrastructure and few other sectors. However, a common theme behind the Union budget's highlight was digitization of sectors in one way or another. Arun Jaitley made several references of using data mining to improve the efficiency of various departments with regards to transforming India from a cash driven to a digital economy using new measures such as Aadhaar Pay.

"Aadhaar based merchant payment mechanism, AadharPay will transform digital payments to next level and this is a great boost to all digital enterprises and startups and with cashback benefits announced on Bhim app which has been downloaded by over 125 lakhs, could very well mark the beginning of the end of private payment wallets." says Anuraag Saboo, co-founder & CEO, Gumption Labs.

It's a good Union budget overall and an extremely positive one for the digital industry. The budget also promoted digital infrastructure to support cashless transactions in rural and semi urban areas will encourage more merchants and consumers to transact on non-cash and online platforms. The strong focus on promoting a digital economy through various initiatives on the digital payments front is a step in the right direction which will have a relevant impact in making a positive impact on national growth and development.

The following is from the Ministry of Finance & Press Information Bureau, New Delhi.

India at Glance : Economic Survey 2017

Finance Minister Arun Jaitley presented economic survey 2016-17 in parliament today. After the historic decision of demonetisation, Indian economy took a hit with expected GDP growth of 7.1% in fiscal year 2016-17. Although the impact will be short term and rebound in GDP growth is expected in fiscal year 2017-18. India GDP is expected to recover back to 7.5% in 2017-18. GST Bill received presidential nod and the roll-out is expected in the month of September 2017.

Economic Survey says economic growth to return to normal as new currency notes in required quantities come back into circulation and follow-up action on demonetisation is taken. The CPI based core inflation remained stable in the current fiscal year averaging around 5 per cent. The Economic Survey says that the rupee performed better than most of the other emerging market economies.

The Indian Economy has sustained a macro-economic environment of relatively lower inflation, fiscal discipline and moderate current account deficit coupled with broadly stable rupee-dollar exchange rate. The Economic Survey 2016-17 presented in the Parliament today by the Union Finance Minister Shri Arun Jaitley states that such a sustenance is despite continuing global sluggishness. It says:

- As per the advance estimates released by the Central Statistics Office, the growth rate of GDP at constant market prices for the year 2016-17 is placed at 7.1 per cent, as against 7.6 per cent in 2015-16.This estimate is based mainly on information for the first seven to eight months of the financial year. Government final consumption expenditure is the major driver of GDP growth in the current year.

- Fixed investment (gross fixed capital formation) to GDP ratio (at current prices) is estimated to be 26.6 per cent in 2016-17, vis-à-vis 29.3 per cent in 2015-16.

- For 2017-18, it is expected that the growth would return to normal as the new currency notes in required quantities come back into circulation and as follow-up actions to demonetisation are taken. On balance, there is a likelihood that Indian economy may recover back to 6.75 per cent to 7.5 per cent in 2017-18.

Fiscal

- Indirect taxes grew by 26.9 per cent during April-November 2016.

- The strong growth in revenue expenditure during April-November 2016 was boosted mainly by a 23.2 per cent increase in salaries due to the implementation of the Seventh Pay Commission and a 39.5 per cent increase in the grants for creation of capital assets.

Prices

- The headline inflation as measured by Consumer Price Index (CPI) remained under control for the third successive financial year. The average CPI inflation declined to 4.9 per cent in 2015-16 from 5.9 per cent in 2014-15 and stood at 4.8 per cent during April-December 2015.

- Inflation based on Wholesale Price Index (WPI) declined to (-) 2.5 per cent in 2015-16 from 2.0 per cent in 2014-15 and averaged 2.9 per cent during April-December 2016.

- Inflation is repeatedly being driven by narrow group of food items, of these pulses continued to be the major contributor of food inflation.

- The CPI based core inflation has remained sticky in the current fiscal year averaging around 5 per cent.

Trade

- The trend of negative export growth was reversed somewhat during 2016-17 (April-December), with exports growing at 0.7 per cent to US$ 198.8 billion. During 2016-17 (April-December) imports declined by 7.4 per cent to US$ 275.4 billion.

- Trade deficit declined to US$ 76.5 billion in 2016-17 (April-December) as compared to US$ 100.1 billion in the corresponding period of the previous year.

- The current account deficit (CAD) narrowed in the first half (H1) of 2016-17 to 0.3 per cent of GDP from 1.5 per cent in H1 of 2015-16 and 1.1 per cent in 2015-16 full year.

- Robust inflows of foreign direct investment and net positive inflow of foreign portfolio investment were sufficient to finance CAD leading to an accretion in foreign exchange reserves in H1 of 2016-17.

- In H1 of 2016-17, India's foreign exchange reserves increased by US$ 15.5 billion on BoP basis.

- During 2016-17 so far, the rupee has performed better than most of the other emerging market economies.

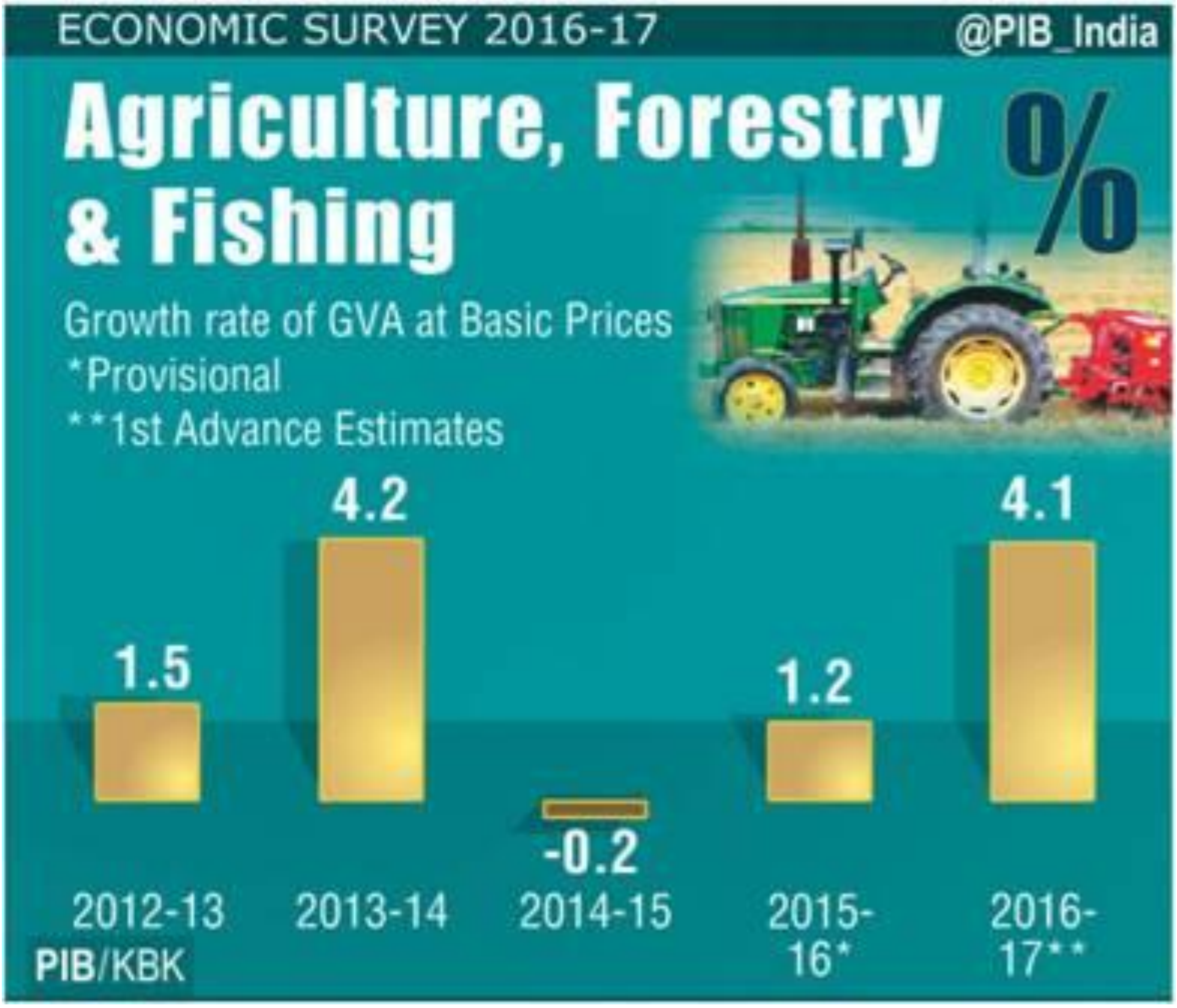
External Debt

- At end-September 2016, India's external debt stock stood at US$ 484.3 billion, recording a decline of US$ 0.8 billion over the level at end-March 2016.

- Most of the key external debt indicators showed an improvement in September 2016 vis-à-vis March 2016. The share of short-term debt in total external debt declined to 16.8 per cent at end-September 2016 and foreign exchange reserves provided a cover of 76.8 per cent to the total external debt stock.

- India's key debt indicators compare well with other indebted developing countries and India continues to be among the less vulnerable countries.

Agriculture



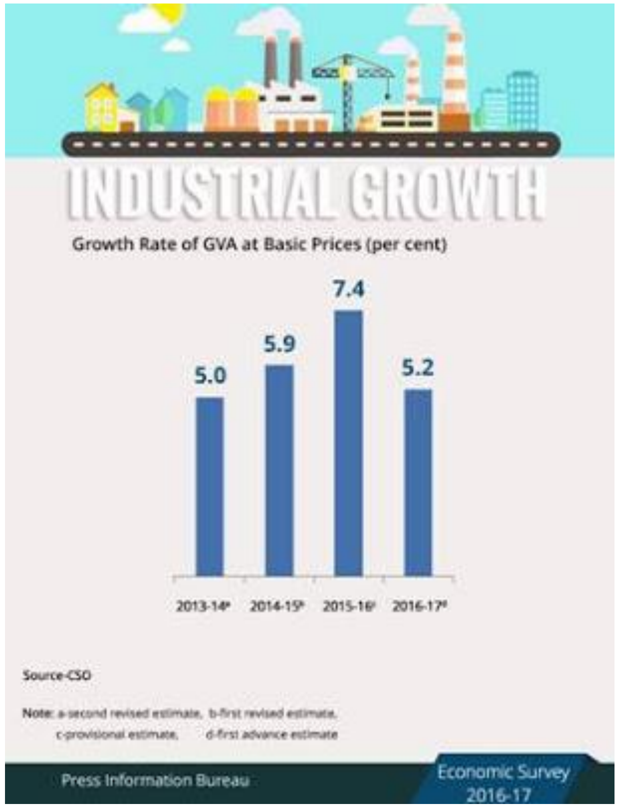
- Agriculture sector is estimated to grow at 4.1 per cent in 2016-17 as opposed to 1.2 per cent in 2015-16; the higher growth in agriculture sector is not surprising as the monsoon rains were much better in the current year than the previous two years.

- The total area coverage under Rabi crops as on 13.01.2017 for 2016-17 is 616.2 lakh hectares which is 5.9 per cent higher than that in the corresponding week of last year.

- The area coverage under wheat as on 13.01.2017 for 2016-17 is 7.1 percent higher than that in the corresponding week of last year. The area coverage under gram as on 13.01.2017 for 2016-17 is 10.6 percent higher than that in the corresponding week of last year.

Industry

Growth rate of the industrial sector is estimated to moderate to 5.2 per cent in 2016-17 from 7.4 per cent in 2015-16. During April-November 2016-17, a modest growth of 0.4 per cent has been observed in the Index of Industrial Production (IIP).



The eight-core infrastructure supportive industries, viz. coal, crude oil, natural gas, refinery products, fertilizers, steel, cement and electricity registered a cumulative growth of 4.9 per cent during April-November 2016-17 as compared to 2.5 per cent during April-November 2015-16. The production of refinery products, fertilizers, steel, electricity and cement increased substantially, while the production of crude oil, natural gas fell during April-November 2016-17. Coal production attained lower growth during the same period.

The performance of corporate sector (Reserve Bank of India, January 2017) highlighted that the growth of sales grew by 1.9 per cent in Q2 of 2016-17 as compared to near stagnant growth of 0.1 per cent in Q1 of 2016-17. Growth in net profit registered a remarkable growth of 16.0 per cent in Q2 of 2016-17 as compared to 11.2 per cent in Q1 of 2016-17.

Services

Service sector is estimated to grow at 8.9 per cent in 2016-17, almost the same as in 2015-16. It is the significant pick-up in public administration, defence and other services, boosted by the payouts of the Seventh Pay Commission that is estimated to push up the growth in services.

Social Infrastructure, Employment and Human Development

The Parliament has passed the "Rights of Persons with Disabilities Act, 2016". The Act aims at securing and enhancing the rights and entitlements of Persons with Disabilities. The Act has proposed to increase the reservation in vacancies in government establishments from 3 per cent to 4 per cent for those persons with benchmark disability and high support needs.

Source – Ministry of Finance & Press Information Bureau, New Delhi.

Jaitley budgets for growth, offers tax sops for salaried

Presenting the fourth annual budget of the NDA government in Parliament on 1 February, finance minister Arun Jaitley proposed to ramp up spending on rural areas, infrastructure and poverty alleviation, even as he sought to reduce the tax burden on individual taxpayers, especially in the lower tax brackets.

Stating that the impact on growth from the government's cash crackdown would wear off soon, Jaitley said he has budgeted for the poor. Yet, while vowing prudent fiscal management, he also raised the central government's fiscal deficit target for fiscal 2017-18 to 3.2 per cent of gross domestic product to cover the increase in spending.

Jaitley proposed nil tax on incomes up to Rs3 lakh and a halving of tax rate to 5 per cent on incomes up to Rs5 lakh. All other categories of taxpayers in subsequent brackets will get benefit of Rs 12,500. The move will cost the government Rs15,500 crore

Those earning between Rs50 lakh and Rs1 crore will have to pay a surcharge of 10 per cent on their personal income, which will yield the government Rs2,700 crore .

The surcharge of 15 per cent will continue for all taxpayers earning Rs1 crore and above. The increase in surcharge will help the government earn more.

Finance minister further said that the government plans to enforce greater accountability on tax officer.

''I have outlined in the budget an overarching theme to transform, energise and clean India,'' said the finance minister.

In order to facilitate higher investment in affordable housing, the finance minister proposed that affordable housing will now be given infrastructure status, which will enable these projects to avail the associated benefits. In addition to the interest subvention for housing loans announced by the prime minister and the reduced lending rates by banks post-demonetisation, the National Housing Bank will refinance individual housing loans of about Rs20,000 crore in 2017-18.

He also proposed an increase in the allocation for welfare of women and children from Rs1,56,528 crore in Budget Estimates for 2016-17 to Rs1,84,632 crore in 2017-18 in the General Budget 2017-18.

For the welfare of women and children under various schemes across all ministries the union minister for finance and corporate affairs, Arun Jaitley in his budget speech today said that the allocation has been increased from Rs1,56,528 crore in BE 2016-17 to Rs1,84,632 crore in 2017-18.

Jaitley in his speech announced setting up of Mahila Shakti Kendra at village level with an allocation of Rs500 crore in 1.4 million ICDS Anganwadi Centres. He said that these centres will provide one stop convergent support services for empowering rural women with opportunities for skill development, employment, digital literacy, health and nutrition. He also said that under the nationwide scheme for financial assistance to pregnant women announced by Prime Minister on 31 December 2016, Rs6,000 each will be transferred directly to the bank accounts of pregnant women who undergo institutional delivery and vaccinate their children.

In a bid to give a push to digital economy and weed out corruption and black money, Jaitley proposed that no transaction above Rs3 lakh will be permitted in cash. The decision follows suggestion by Special Investigation Team on Black Money to ban cash transactions above Rs3 lakhs.

Jaitley also announced a slew of reliefs in the government's continuing policy towards providing an environment of ''Ease of Doing Business''.

Accordingly, he raised the threshold limit for audit of business entities that opt for presumptive income scheme from Rs1 crore to Rs2 crore. Similarly, the threshold for the maintenance of books for individuals and HUF is proposed to be increased from turnover of Rs10 lakh to Rs25 lakh or income from Rs1.2 lakh to Rs2.5 lakh.

The finance minister further said that the foreign portfolio investor (FPI) Category I & II will be exempt from indirect transfer provision under the I-T Act. Besides, indirect transfer provision will not apply in case of redemption of shares or interests outside India as a result of or arising out of redemption or sale of investment in India which is chargeable to tax in India. This will remove apprehensions over taxation upon transfer of stake of investors of India-based funds located abroad but investing in India-based companies, he added.

Bringing relief to individual insurance agents, Jaitley said they will be exempted from the TDS provision of 5 per cent being deducted from commission payable after filing a self-declaration that their income is below taxable limit. Professionals with receipt up to Rs50 lakh per year can pay advance tax towards presumptive taxation in one installment instead of four.

Strengthening ''Ease of Doing Business''

While presenting the General Budget 2017-18 in Lok Sabha, finance minister, Arun Jaitley announced a slew of reliefs in the government's continuing policy towards providing an environment of ''Ease of Doing Business''.

Jaitley raised the threshold limit for audit of business entities that opt for presumptive income scheme from Rs1 crore to Rs2 crore. Similarly, the threshold for the maintenance of books for individuals and HUF is proposed to be increased from turnover of Rs10 lakh to Rs25 lakh or income from Rs1.2 lakh to Rs2.5 lakh.

He further said that the Foreign Portfolio Investor (FPI) Category I & II will be exempt from indirect transfer provision under the IT Act. Besides, indirect transfer provision shall not apply in case of redemption of shares or interests outside India as a result of or arising out of redemption or sale of investment in India which is chargeable to tax in India. This will remove apprehensions over taxation upon transfer of stake of investors of India-based funds located abroad but investing in India-based companies, he added.

In order to allow the people to claim the refund expeditiously, the Jaitley said that the time period for revising a tax return is being reduced to 12 months from completion of financial year, at par with the time period for filing of return. Also, the time for completion of scrutiny assessments is being compressed further from 21 months to 18 months for Assessment Year 2018-19 and further to 12 months for Assessment Year 2019-20 and thereafter, he added.

The finance minister proposed to restrict the scope of domestic transfer pricing only if one of the entities involved in related party transaction enjoys specified profit-linked deduction. Shri Jaitley said this will reduce the compliance burden for domestic companies since the number of entities being covered under domestic pricing had gone up substantially resulting in longer scrutiny.

Individual insurance agents below taxable limit exempt from TDS

Bringing relief to individual insurance agents, The finance minister said they will be exempted from the TDS provision of 5 being deducted from commission payable after filing a self-declaration that their income is below taxable limit.

Professionals with receipt upto Rs50 lakh annually can pay advance tax towards presumptive taxation in one installment instead of four.

Jaitley proposes to make gains in India tax-free for foreign funds

Presenting the Union Budget 2017-18 in Parliament on Wednesday, finance minister Arun Jaitley proposed to exempt foreign portfolio investors (FPIs) who thrive on the Indian secondary market investments, from the tax provisions governing indirect transfer of assets, setting aside a December circular that had sought to bring such transactions by overseas funds within the ambit of Indian taxes.

Foreign funds welcomed the proposal, which is aimed at giving a boost to overseas investments as foreign players have been the backbone of Indian stock markets and have big stakes here.

The government has now proposed to amend the I-T Act to exempt category I and II FPIs from taxation on indirect transfers, with retrospective effect from 2012, when the Income Tax Act was amended to provide for taxation of those transactions of transfer of shares or interest in a foreign entity deriving its value substantially from Indian assets.

The move allays apprehensions of foreign fund managers over the difficulties that arise in the case of transfer of stake of investors of India-focused funds located abroad, but investing in India-based companies.

Overseas fund managers had sought clarity on the Central Board of Direct Taxes (CBDT) circular that said FPIs would be subject to tax on indirect transfer of shares, a move the market sees as a repeat of the Vodafone story, which could lead to protracted litigation and international arbitration.

According to the tax authorities, all income arising from Indian assets or through the transfer of a capital asset situated in India was to be deemed to accrue or arise in India and taxed here. The budget announcement has now removed FPIs from the ambit of such taxation.

FPIs, which include large pension and endowment funds, allocate their capital in lieu of redeemable units to step-down offshore investment vehicles, such as emerging market (EM) funds. These funds further invest in Singapore or Mauritius-based India-focused funds, which finally deploy the money in India. Since Indian funds are subject to securities transaction and short-term capital gains taxes, experts argued that taxing ultimate beneficiaries too, on redemption of their units was double taxation.

The finance minister has clarified that indirect transfer provisions will not apply in case of redemption of shares or interests outside India as a result of, or arising out of redemption, or sale of investment in India -transactions that are chargeable to tax in India.

Union Budget 2017: Highlights

1. India stands out as a bright spot amid world economic gloom .

2. Our focus will be on energising youth to reap benefits of growth and employment.

3. IMF estimates world GDP will grow by 3.4 per cent in 2017 .

4. Oil prices, rising dollar and volatile commodity prices seen as risks to Indian economy.

5. India is seen as engine of global growth, have witnessed historic reform in last one year.

6. Demonetisation is a bold and decisive measure, for many decades tax evasion was a way of life for many.

7. Note ban is expected to have only a transient impact on economy .

8. I am reminded of what our father of the nation Mahatma Gandhi said: "A right cause never fails".

9. The pace of remonetisation has picked up.

10. Effects of demonetisation not expected to spill over to next year.

11. Budget preponement to February 1 will give sufficient time to departments to implement government schemes.

12. Our Budget agenda is - transform, energise and clean India - TEC India.

13. Our approach in preparing the Budget is to spend more on rural areas, infrastructure and poverty alleviation with fiscal prudence .

14. Agriculture sector is expected to grow at 4.6%, agriculture expenditure targeted at Rs 10 lakh crore.

15. 36% increase in FDI flow; forex reserves at $361 billion in January, which is enough to cover 12 months needs.

16. Allocation under MNREGA increased to 48,000 crore from Rs 38,500 crore. This is highest ever allocation

17. Total allocation for rural, agricultural and allied sectors for 2017-18 is Rs 187223 crore, which is 24% higher than last year .

18. One crore houses for poor by 2019.

19. Safe drinking water to cover 28,000 arsenic and Fluoride-affected habitations in the next four years.

20. 133-km road per day constructed under Pradhan Mantri Gram Sadak Yojana as against 73-km in 2011-14 .

21. For senior citizens, Aadhar cards giving their health condition will be introduced .

22. Two new All India Institute of Medical Sciences(AIIMS) to be set up in Jharkhand and Gujarat .

23. 3500km railway lines to be put up.

24. Service charge on rail tickets booked through IRCTC to be withdrawn.

25. Rail safety fund with corpus of Rs 100,000 crore will be created over a period of five years.

26. 500 rail stations to be made differently abled-friendly by providing lifts and escalators .

27. A new metro rail policy will be announced, this will open up new jobs for our youth.

28. Foreign investment promotion board (FIPB) to be abolished .

29. Allocation for infrastructure stands at a record Rs 3,96,135 crore .

30. Government to set up strategic crude oil reserves in Odisha and Rajasthan.

31. 1.25 crore people have already adopted Bhim App for digital payments .

32. Aadhaar Pay- an app for merchants- to be launched' 20 lakh aadhaar-based POS by September 2017 .

33. Government is considering introduction of new law to confiscate assets of offenders who escape the country.

34. Defence expenditure excluding pension at Rs 2.74 lakh crore .

35. Fiscal deficit for 2017-18 pegged at 3.2 percent of GDP .

36. Fiscal deficit target for next three years pegged at 3 percent.

37. India's tax-to GDP ratio is very low. We are largely a tax non compliance society, when too many people evade taxes burden falls on those who are honest.

38. Out of 3.7 crore who filed tax returns in 2015-16, only 24 lakh persons showed income above Rs 10 lakh.

39. Of 76 lakh individuals who reported income of over Rs 5 lakh, 56 lakh are salaried.

40. Small firms with turnover up to Rs 50 crore to pay 25% tax now, instead of 30%.

41. Black money SIT has suggested no cash transaction above Rs 3 lakh. The government has accepted this recommendation .

42. Maximum cash donation any party can receive will be Rs 2000 from one source.

43. Political parties will be entitled to receive donations by cheques or digital modes .

44. An amendment being proposed to RBI Act to enable the issuance of electoral bonds for political funding.

45. Jaitley reduces income tax rate from 10% to 5% for tax slab of Rs 250,000 to Rs 500,000 .

46. Surcharge of 10% for those whose annual income is Rs 50 lakh to 1 crore .

47. 15% surcharge on incomes above Rs 1 crore to continue.

48. Food subsidy estimated at Rs 1.45 trillion in 2017/18 versus Rs 1.35 trillion revised estimate for 2016/17

Highlights of Union Budget 2017-18

The Budget broadly focussed on 10 themes viz. farming sector, rural population, the youth, the poor to name a few.

The 2017 Union Budget, presented by Finance Minister Arun Jaitley, was broadly focused on 10 themes — the farming sector, the rural population, the youth, the poor and underprivileged health care, infrastructure, the financial sector for stronger institutions, speedy accountability, public services, prudent fiscal management and tax administration for the honest.

Highlights of Mr. Jaitley's Budget speech:

Demonetisation

1.Demonetisation is expected to have a transient impact on the economy.

2.It will have a great impact on the economy and lives of people .

3.Demonetisation is a bold and decisive measure that will lead to higher GDP growth.

4.The effects of demonetisation will not spillover to the next fiscal.

Agriculture sector

1.Sowing farmers should feel secure against natural calamities.

2.A sum of Rs. 10 lakh crore is allocated as credit to farmers, with 60 days interest waiver.

3.NABARD fund will be increased to Rs. 40,000 crore.

4.Government will set up mini labs in Krishi Vigyan Kendras for soil testing.

5.A dedicated micro irrigation fund will be set up for NABARD with Rs 5,000 crore initial corpus.

6.Irrigation corpus increased from Rs 20,000 crore to Rs 40,000 crore.

7.Dairy processing infrastructure fund wlll be initially created with a corpus of Rs. 2000 crore.

8.Issuance of soil cards has gained momentum.

9.A model law on contract farming will be prepared and shared with the States.

Rural population

1.The government targets to bring 1 crore households out of poverty by 2019.

2.During 2017-18, five lakh farm ponds will be be taken up under the MGNREGA.

3.Over Rs 3 lakh crore will be spent for rural India. MGNREGA to double farmers' income.

4.Will take steps to ensure participation of women in MGNREGA up to 55%.

5.Space technology will be used in a big way to ensure MGNREGA works.

6.The government proposes to complete 1 crore houses for those without homes.

7.Will allocate Rs. 19,000 crore for Pradhan Mantri Gram Sadak Yojana in 2017-18.

8.The country well on way to achieve 100% rural electrification by March 2018.

9.Swachh Bharat mission has made tremendous progress; sanitation coverage has gone up from 42% in Oct 13 to 60% now.

For youth

1.Will introduce a system of measuring annual learning outcomes and come out with an innovation fund for secondary education.

2.Focus will be on 3,479 educationally-backward blocks.

3.Colleges will be identified based on accreditation.

4.Skill India mission was launched to maximise potential. Will set up 100 India International centres across the country.

5.Courses on foreign languages will be introduced.

6.Will take steps to create 5000 PG seats per annum.

For the poor and underprivilege health care

1.Rs. 500 crore allocated for Mahila Shakthi Kendras.

2.Under a nationwide scheme for pregnant women, Rs. 6000 will be transferred to each person.

3.A sum of Rs. 1,84,632 crore allocated for women and children.

4.Affordable housing will be given infrastructure status.

5.Owing to surplus liquidity, banks have started reducing lending rates for housing.

6.Elimination of tuberculosis by 2025 targeted.

7.Health sub centres, numbering 1.5 lakh, willl be transformed into health wellness centres.

8.Two AIIMS will be set up in Jharkhand and Gujarat.

9.Will undertake structural transformation of the regulator framework for medical education.

10.Allocation for Scheduled Castes is Rs. 52,393 crore

11.Aadhaar-based smartcards will be issued to senior citizens to monitor health.

Infrastructure and railways

1.A total allocation of Rs. 39,61,354 crore has been made for infrastructure.

2.Total allocation for Railways is Rs. 1,31,000 crore.

3.No service charge on tickets booked through IRCTC.

4.Raksha coach with a corpus of Rs. 1 lakh crore for five years (for passenger safety).

5.Unmanned level crossings will be eliminated by 2020.

6.3,500 km of railway lines to be commissioned this year up from 2,800 km last year.

7.SMS-based ''clean my coach service'' is put in place.

8.Coach mitra facility will be introduced to register all coach related complaints.

9.By 2019 all trains will have bio-toilets.

10.Five-hundred stations will be made differently-abled friendly.

11.Railways to partner with logistics players for front-end and back-end solutions for select commodities.

12.Railways will offer competitive ticket booking facility.

13.Rs. 64,000 crore allocated for highways.

14.High speed Internet to be allocated to 1,50,000 gram panchayats.

15.New Metro rail policy will be announced with new modes of financing.

Energy sector

1.A strategic policy for crude reserves will be set up.

2.Rs. 1.26,000 crore received as energy production based investments.

3.Trade infra export scheme will be launched 2017-18.

Financial sector

1.FDI policy reforms - more than 90% of FDI inflows are now automated.

2.Shares of Railway PSE like IRCTC will be listed on stock exchanges.

3.Bill on resolution of financial firms will be introduced in this session of Parliament.

4.Foreign Investment Promotion Board will be abolished.

5.Revised mechanism to ensure time-bound listing of CPSEs.

6.Computer emergency response team for financial sector will be formed.

7.Pradhan Mantri Mudra Yojana lending target fixed at Rs 2.44 lakh crore for 2017-18.

8.Digital India - BHIM app will unleash mobile phone revolution. The government will introduce two schemes to promote BHIM App - referral bonus for the users and cash back for the traders.

9.Negotiable Instruments Act might be amended.

10.DBT to LPG consumers , Chandigarh is kerosene-free, 84 government schemes are on the DBT platform.

11.Head post office as the central office for rendering passport service.

12.Easy online booking system for Army and other defence personnel.

13.For big-time offences - including economic offenders fleeing India, the government will introduce legislative change or introduce law to confiscate the assets of these people within the country.

Fiscal situation

1.Total expenditure is Rs. 21, 47,000 crore.

2.Plan, non-plan expenditure to be abolished; focus will be on capital expenditure, which will be 25.4 %.

3.Rs. 3,000 crore under the Department of Economic Affairs for implementing the Budget announcements.

4.Expenditure for science and technology is Rs. 37,435 crore.

5.Total resources transferred to States and Union Territories is Rs 4.11 lakh crore.

6.Recommended 3% fiscal deficit for three years with a deviation of 0.5% of the GDP.

7.Revenue deficit is 1.9 %

8.Fiscal deficit of 2017-18 pegged at 3.2% of the GDP. Will remain committed to achieving 3% in the next year.

Funding of political parties

1.The maximum amount of cash donation for a political party will be Rs. 2,000 from any one source.

2.Political parties will be entitled to receive donations by cheque or digital mode from donors.

3.An amendment is being proposed to the RBI Act to enable issuance of electoral bonds .A donor can purchase these bonds from banks or post offices through cheque or digital transactions. They can be redeemed only by registered political parties.

Defence sector

The defence sector gets an allocation of Rs. 2.74,114 crore.

Tax proposals

1.India's tax to GDP ratio is not favourable.

2.Out of 13.14 lakh registered companies, only 5.97 lakh firms have filed returns for 2016-17.

3.Proportion of direct tax to indirect tax is not optimal.

4.Individuals numbering 1.95 crore showed an income between Rs. 2.5 lakh to Rs. 5 lakh.

5.Out of 76 lakh individual assessees declaring income more than Rs. 5 lakh, 56 lakh are salaried.

6.Only 1.72 lakh people showed income of more than Rs. 50 lakh a year.

7.Between November 8 to December 30, deposits ranging from Rs. 2 lakh and Rs. 80 lakh were made in 1.09 crore accounts.

8.Net tax revenue of 2013-14 was Rs. 11.38 lakh crore.

9.Out of 76 lakh individual assessees declaring income more than Rs 5 lakh, 56 lakh are salaried.

10.1.95 crore individuals showed income between Rs. 2.5 lakh to Rs. 5 lakh.

11.Rate of growth of advance tax in Personal I-T is 34.8% in the last three quarters of this financial year.

12.Holding period for long term capital gain lowered to two years

13.Proposal to have a carry-forward of MAT for 15 years.

14.Capital gains tax to be exempted for persons holding land from which land was pooled for creation of the state capital of Andhra Pradesh.

15.Under the corporate tax, in order to make MSME companies more viable, there is a proposal to reduce tax for small companies with a turnover of up to Rs 50 crore to 25%. About 67 lakh companies fall in this category. Ninety-six % of companies to get this benefit.

16.The government proposes to reduce basic customs duty for LNG to 2.5% from 5%.

17.The Income Tax Act to be amended to ensure that no transaction above Rs 3 lakh is permitted in cash.

18.The limit of cash donation by charitable trusts is reduced to Rs 2,000 from Rs 10,000.

19.Net revenue loss in direct tax could be Rs. 20,000 crore.

Personal income tax

1.Existing rate of tax for individuals between Rs. 2.5- Rs 5 lakh is reduced to 5% from 10%.

2.All other categories of tax payers in subsequent brackets will get a benefit of Rs 12,500.

3.Simple one page return for people with an annual income of Rs. 5 lakh other than business income.

4.People filing I-T returns for the first time will not come under any government scrutiny

5.Ten % surcharge on individual income above Rs. 50 lakh and up to Rs 1 crore to make up for Rs 15,000 crore loss due to cut in personal I-T rate. 15 surcharge on individual income above Rs. 1 crore to remain.

TCS appointed Strategic Partner of the European Business Summit

- 2017 edition of the forum to outline a new strategy for Europe
- Leading platform for public-private dialogue between industry and government leaders in Europe
- TCS will serve as the Summit's exclusive Strategic Partner in an agreement concluded at the World Economic Forum in Davos
- Marks TCS' continued commitment to Europe and the growth of its Digital Economy

Tata Consultancy Services, a leading global IT services, consulting and business solutions organization, on 25 January announced a strategic partnership with the European Business Summit (EBS). Held annually in Brussels, the EBS is recognized as the foremost platform for dialogue between business and government leaders. Its 2016 edition attracted 2,400 delegates, including eight European Commissioners and the Presidents of the European Commission, European Parliament and European Council.

With representation from over 250 companies, the Summit is designed to provide an engaging exchange of ideas and perspectives. In recent years, Europe has navigated unprecedented challenges posed by the financial crisis, regional conflicts, refugee crises, a changing political landscape and more recently, Brexit. Questions have been raised about the design of EU institutions and their capacity to adapt to disruptive forces in business, technology and politics. The 2017 Summit will address these challenges and find pragmatic solutions for business and policy leaders through open dialogue.

Themed around "A new Narrative for Europe", the event will discuss industrial and trade strategy, employment and skills, sustainability and smart cities, amongst a wide range of topics, underpinned by the role of digital transformation in finding new opportunities and addressing existing challenges. This strategic partnership with the EBS is a further component of TCS' long term commitment to the region and will help propel greater dialogue on key issues facing the business and policy circles in the region.

Amit Bajaj, CEO Europe at TCS, commented: "This year Europe will celebrate the 60th anniversary of the Treaty of Rome where the European Economic Community was first established. In recent decades the region has seen tremendous growth and prosperity, driven in large part by a progressive and innovative business community. As we look forward there are undoubted challenges ahead but also many opportunities. Probably the single largest opportunity is digital economy where the European Commission estimates growth of €415 billion a year if steps can be taken to support digital business.

He emphasized; “With the fourth industrial revolution bringing forth rapid change across all industries, and digital disruption reshaping entire sectors, it is essential that business and policy leaders come together to find the most inclusive way forward. We are honored to be playing an even bigger part in driving that debate through the European Business Summit.”

With a growing footprint in 16 European countries, TCS works with over 350 leading companies and across the region, helping them evolve to the needs of the digital economy. In addition, TCS supports 220 European universities and schools to build vital digital skills, through training, scholarship programmes and internships. These investments are just one part of the company’s commitment to help foster a vibrant digital economy that helps economies and communities thrive across the region.

Jean de Gheldere, CEO, European Business Summit, commented: “We are delighted to have Tata Consultancy Services as our Official Strategic Partner. Having a partner with a deep understanding of the importance of digital technology and how it can power Europe, will bring huge benefits to our endeavor EBS and, more importantly, help us serve the interests of Europe as a whole.”

The European Business Summit (EBS) promotes the largest networking and debating events in Brussels. EBS is a key player in bringing business and politics together and aims to stimulate thinking on European issues that span politi¬cal, social and environmental challenges. Through its events and publications, EBS delivers an inspired and informed contribution to policy-making in Europe. EBS, under the provision of the Belgian Ministry of Foreign Affairs, is sup¬ported by the FEB (Federation of Enterprises in Belgium) and BUSINESSEUROPE. First established in 2000, the annual European Business Summit (EBS) attracts a representative audience evenly distributed across policy makers, businesses, trade and industry associations, consultancies, civil society and other groups.

Tata Consultancy Services is an IT services, consulting and business solutions organization that delivers real results to global business, ensuring a level of certainty no other firm can match. TCS offers a consulting-led, integrated portfolio of IT, BPS, infrastructure, engineering and assurance services. This is delivered through its unique Global Network Delivery Model™, recognized as the benchmark of excellence in software development. A part of the Tata group, India’s largest industrial conglomerate, TCS has over 378,000 of the world’s best-trained consultants in 45 countries. The company generated consolidated revenues of US $16.5 billion for year ended March 31, 2016 and is listed on the BSE (formerly Bombay Stock Exchange) and the NSE (National Stock Exchange) in India.

Rule amended on January 3: New Year GIFT for MNC law and audit firms

The new amendment allows not only Indian law or accountancy firms to set up a base in GIFT, but even multinationals can directly advise upon international disputes or arbitration by setting up a base there. Economic Times published a news on 14 January that foreign law and accountancy firms now have a chance to operate in India on their own. On January 3, the ministry of commerce and industry amended a rule allowing such foreign firms to set up offices and advise clients from SEZs. The move will initially benefit Gujarat International Finance Tec-City (GIFT).

Current regulations so far do not permit multinational law firms to operate in the country. Indian law and accountancy firms were also not allowed to operate from any of the SEZs. That rule has now been amended which would benefit financial centres.

The notification, dated January 6 but issued on January 3, by the department of commerce allows foreign law and accountancy firms to be established in SEZs. The earlier version of the rule, prior to the amendment, had excluded legal services and accounting.

"This will be the big enabler for the legal and accounting firms to expand their services in multi-services SEZ with IFSC (International Finance Service Centre) and thereby export their services to various global players," said Nitin Potdar, partner, J Sagar, a law firm. As of now, only GIFT is a multi-services SEZ with an IFSC in India.

"Until now, no foreign law firm could operate in India and not even Indian firms were allowed to provide their services in any of the SEZs. The new amendment allows not only Indian law or accountancy firms to set up a base in GIFT, but even multinationals can directly advise upon international disputes or arbitration by setting up a base there," Dipesh Shah, head, IFSC at GIFT, told ET.

While many foreign professional services firms such as Deloitte, PwC, KPMG and EY are present in India, they cannot directly operate as auditors and require an Indian affiliate. This amendment does away with that requirement at least in the case of GIFT.

'CATALYST FOR ECO ACTIVITIES'

Many Indian law firms have been opposing the entry of multinational law firms in India for some time. Going ahead, many multinationals could set up base in India but they will only be able to advise on cross-border transactions or disputes. Some are also looking to quickly take advantage of this and set up base in GIFT.

"Allowing law firms in GIFT for arbitration or other work would work as a catalyst for economic activities in the country. We ourselves are in discussions to set up an office in GIFT," said Nishith Desai, founder of law firm Nishith Desai Associates.

But the amendment does not permit foreign law firms to advise Indian clients on local businesses and regulations. Their advice and help would be strictly restricted to arbitrations fought in GIFT, international mergers and acquisitions, international taxation or any other advice for operations outside India.

Industry experts say some foreign law firms may consider partnerships with Indian firms under the arrangement. There could also be stiff competition as both Indian and foreign firms would compete for the same clients in GIFT.

"Many law firms may set up their base in GIFT but that would take some time. And I am a firm believer that it would only lead to betterment of all law firms," said Desai.

India rejects attempts by EU, Canada for global investment agreement

India had asked all nations, with which it has BITs, to re-negotiate those agreements on the basis of the new draft text of BIT.

India, along with Brazil, Argentina and some other nations, has rejected an informal attempt by the European Union (EU) and Canada to work towards a global investment agreement at the World Trade Organisation (WTO)-level that would incorporate a contentious Investor-State Dispute Settlement (ISDS) mechanism.

The ISDS mechanism has become contentious as it permits companies to drag governments to international arbitration without exhausting the local remedies and claim huge amounts as compensation citing losses they suffered due to reasons, including policy changes.

“The EU and Canada have inked an investment pact that has incorporated the contentious ISDS. At the meeting (of trade ministers of select countries held on the side lines of the recently held World Economic Forum in Switzerland), they wanted the investment pact to be the template for a similar multilateral agreement. India summarily rejected such an idea,” Commerce and Industry Minister Nirmala Sitharaman told reporters. Japan also opposed the idea on the grounds of the costs involved in international arbitration, she said.

“Only after all local options have been exhausted for settling disputes between a corporate and a government, do we want to permit issues to be taken up in international arbitration tribunals. Such provisions could be a part of bilateral agreements but they can’t be allowed in a multilateral agreement,” Ms.Sitharaman said.

She said at the recent trade ministers’ meeting held in Switzerland, India pushed for discussions on its proposal for a Trade Facilitation in Services (TFS) Agreement at the WTO-level. The pact, among other things, aims to facilitate easier movement of skilled workers and professionals across borders for short-term work.

“The TFS proposal was something which the WTO director-general himself welcomed. The TFS has never been a bargaining chip for India and it will never be one,” Ms.Sitharaman said when asked if India will dilute its position on the proposed investment pact if the developed world agreed to India’s demands for a TFS pact. Meanwhile, the EU has indicated to India that it wants to first conclude talks on a new Bilateral Investment Treaty (BIT) with India and then restart negotiations on the proposed bilateral free trade agreement. “I asked the EU Trade Commissioner when the free trade negotiations could re-start. She said they are interested in getting the investment agreement negotiated,” Ms. Sitharaman said. A year ago, India had asked all nations, with which it has BITs, to re-negotiate those agreements on the basis of the new draft text of BIT.

India Inc seals $52-bn M&As in 2016; eyes bigger deals in '17

Corporate boardrooms remained abuzz with deal activities in 2016 with mergers and acquisitions worth over USD 52-billion and the tally may get even bigger in the new year on growing interest of global investors in the Indian businesses.

The surge in deal value this year was largely driven by big-ticket transactions and consolidation in many sectors, experts said, while adding that similar trends may continue going forward in 2017.

They said the new year looks promising in terms of domestic, inbound as well as outbound deals, but this outlook is dependent on macro-economic trends and reforms in sectors like infrastructure and power among others.

According to consultancy major EY, the total quantum of announced deal value for 2016 is estimated at USD 52.6 billion, sharply higher than USD 31.3 billion in 2015, though the deal count declined to 756 deals (from 886 deals in 2015).

"The M&A activity in 2017 is expected to stay positive owing to continued interest of financial and strategic investors in the Indian economy. Sectors like technology, life sciences and financial services are expected to attract significant investor attention in 2017," said Ajay Arora, Partner, Transaction Advisory Services, EY. In the near term, experts believe, there could be some slowdown in M&A activity but in the medium to long term, demonetisation and GST will act as a catalyst to fuel increased deal activity over the coming years.

While experts are unanimous in M&As getting a further boost in the new year, some other major consultancies such as PwC and Grant Thornton pegged the 2016 deal tally lower at USD 44.6 billion and USD 35 billion respectively.

"GST could result in improved bottom line for most of the corporates which could improve valuations and it also removes bottlenecks in tax structure and makes it more efficient which would mean more savings for corporates and the benefits of which would be passed on to consumers as well," Mergermarket India Bureau Chief Savitha Kraman said.

Moreover, both the reforms are expected to shift the focus from unorganised sector to the organised sector and this in turn would add to the attractiveness of India as an investment destination.

Since the economic environment may be a bit volatile in 2017 owing to various domestic and global factors — this could actually spur further consolidation in the domestic markets. This would include infrastructure and the core sectors, financial services as well as e-commerce businesses.

Pavan Kumar Vijay, Founder of Corporate Professionals, believes the government's digital push would certainly help the internet start-up companies. Paytm and similar companies playing on technology and helping India survive the cashless economy would be the biggest beneficiaries.

Regarding GST, he said "It would help in ease of business also but it is not likely to come before September 2017 and the first year of implementation would have its own challenges. So its benefits would be seen only after 12-18 months from now".

India's Contribution To World GDP To Reach 17% this Year

India grew fastest among major economies worldwide at over 7.5 pct in 2016 and will continue to drive global growth in 2017 with its share in the world GDP expected to rise to 17 pct, a study said recently.

"Asia will remain the fastest-growing region of the world, but the spotlight will shift away from China to India and Indonesia," PwC's global economy watch (GEW) said, adding that Indonesia is set to become the world's 16th trillion dollar economy.

According to the projections Chinese growth to remain at around the 6 pct mark, while India's contribution to world GDP growth could reach almost 17 pct this year.

The study noted that China will feel the costs of higher private sector debt burden.

"China's non-financial sector debt stands at more than 250 pct of GDP. If non-financial debt grows at the same average rate as it has since 2010, China could add over $650 billion to its total debt pile by the end of 2017," the study said.

Economists predict that globalisation will take a backseat this year and world trade is expected to see slow growth.

"The resurgence of economic nationalism in some parts of the world means World Trade Organisation (WTO) rules will be put to the test. The world's biggest bilateral trade route (US-China) is likely to come under pressure," it said.

Besides this, the other major global economic themes that could prevail in 2017, are that the US monetary policy is expected to move back towards normalcy and politics would drive uncertainty and economics.

Other key predictions for this year include that the US would drive growth in the G7; Core euro zone employment to hit all-time high but 'peripheral' economies will create more jobs; while population growth is likely to put pressure on Gulf countries to reform public finances.

Aurobindo Pharma to buy Portugal's Generis for 135 million euros

Aurobindo Pharma has announced that it has inked a pact to acquire Portugal's Generis Farmaceutica SA from Magnum Capital Partners for a consideration of 135 million euros (around Rs 969 crore).

The company has inked a binding agreement through its wholly-owned subsidiary Agile Pharma BV Netherlands to acquire Generis Farmaceutica for a total consideration of 135 million euros, Aurobindo Pharma said in a statement.

"The acquisition of Generis, by leveraging its strong portfolio and unrivalled brand recognition will allow us to establish ourselves as the top generics player in the Portuguese market," Aurobindo SVP European Operations V Muralidharan said.

The combined entity will benefit from a robust pipeline covering all major molecules coming off patent in the next five years, he added.

"This acquisition coupled with our past acquisition activity underlines our commitment to focus on growth initiatives in European markets and will be a a key driver of growth for the future," Muralidharan said.

Closing of the transaction, however, is conditional on obtaining necessary approvals from the Portuguese authorities.

The acquisition deal includes the Generis's manufacturing facility in Amadora, Portugal which has a capacity to produce 1.2 billion tablets/capsules/sachets annually.