Aatmanirbhar Bharat [Self-Reliant India]

Vatsaraj & Co

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Our country is undergoing great difficulties due to the Covid -19 pandamic. People are under lockdown, factories and businesses have been shut down. In short, the economy is in a stand-still. The country being a part of the "global village" has been inter-dependent on other countries for lots of things. The Prime Minister took upon himself to initiate to boost the economy and the spirits of India when he showed his vision to the country. His vision is based on the following five pillars:

a) Economy
b) Infrastructure
c) System
d) Vibrant Demography and
e) Demand

The special economic and comprehensive package of about 20 lakh crores, which is about 10% of the GDP of the country was thus announced by the Finance Minister (FM).It will cater to various sections including cottage industry, MSMEs, labourers, middle class, industries, among others. The intent of such bold reforms across sectors will drive the country's push towards self-reliance and to become vocal for our local products and make them global.

The said measures were announced in 5 phases. We summarise the said them as under:

1. WELFARE OF THE POOR:

- Insurance cover for each health worker of Rs. 50 lakhs
- 5 kgs of wheat or rice per person to 80 crore poor for the next 3 months
- 1 kg pulses for each household free for the next 3 months
- Rs. 500 per month for the next 3 months to 20 crore women Jan Dhan a/c. holders
- Free gas cylinders for the next 3 months to 8 crore poor families
- Increase in MANREGA wages to benefit 13.62 crore poor families
- Ex-gratia of Rs. 1,000 to 3 crore poor handicapped, senior citizen and widows
- Rs. 2,000 to PM-Kisans benefitting 8.7 crore farmers
- Building and Construction Workers Welfare Fund allowed to be used to provide relief to workers

- 24% of monthly wages to be credited into their PF accounts for next three months for wage-earners below Rs 15,000 p.m. in businesses having less than 100 workers.
- Five crore workers registered under Employee Provident Fund EPF to get non-refundable advance of 75% of the amount or three months of the wages, whichever is lower, from their accounts.

- Limit of collateral free lending to be increased from Rs 10 to Rs 20 lakhs for Women Self Help Groups supporting 6.85 crore households.

- District Mineral Fund (DMF)to be used for supplementing and augmenting facilities of medical testing, screening etc.

Our Comments:

Our agrarian economy would have suffered if the farmers are not supported. The package also took care of all sections of poor to minimise the impact that could cause lack of food and employment.

2. RELAXATION OF STATUTORY COMPLIANCES:

- 24*7 custom clearance till 30thJune, 2020
- Relaxation for 3 months for debit cardholders to withdraw cash free from any ATMs.
- Allowing payment before 15 May, 2020 for Motor Vehicle and Health Insurance Policies
- Mandatory Board meetings extended by 60 days till 30 September
- Allowing Extraordinary General Meetings through Video Conference with e-voting/simplified voting facility

3. MEASURES TAKEN BY RESERVE BANK OF INDIA:

- Reduction of Cash Reserve Ratio (CRR) has resulted in liquidity enhancement of Rs1,37,000 Crores
- Targeted Long-Term Repo Operations (TLTROs) of Rs1,00,050Crores for fresh deployment in investment grade corporate bonds,commercial paper, and non-convertible debentures.
- TLTRO of Rs.50,000crore for investing them in investment grade bonds, commercial paper, and non-convertible debentures of NBFCs, and MFIs.

- Increased the banks' limit for borrowing overnight under the marginal standing facility (MSF), allowing the banking system to avail an additional Rs1,37,000Crores of liquidity at the reduced MSF rate.
- Special refinance facilities to NABARD, SIDBI and the NHB for a total amount of Rs50,000 Crores at the policy repo rate
- Announced the opening of a special liquidity facility (SLF) of Rs50,000 Crores for mutual funds to alleviate intensified liquidity pressures
- Moratorium of three months on payment of instalments and payment of Interest on Working Capital Facilities in respect of all Term Loans
- Easing of Working Capital Financing by reducing margins
- For loans by NBFCs to commercial real estate sector, additional time of one year has been given for extension of the date for commencement for commercial operations (DCCO)

Our Comments:

These measures will bring in more money into circulation and help sustain the economy.

4. MEASURES FOR MICRO, SMALL AND MEDIUM ENTERPRISES (MSME):

- Emergency Credit Line to Businesses /MSMEs from Banks and NBFCs up to 20% of entire outstanding credit as on 29.2.2020
- Borrowers with up to Rs.25crores outstanding and Rs.100 crore turnover will be eligible
- Loans to have 4-year tenor with a moratorium of 12 months on Principal repayment
- Interest to be capped
- 100%creditguaranteecovertoBanksandNBFCsonprincipalandinterest
- The Schemecanbe availed till31stOctober 2020
- Noguaranteefee,nofreshcollateral will be sought under the scheme
- 45lakhunitscanresumebusinessactivityandsafeguardjobs
- Government will facilitate provision of Rs.20,000 Crores as subordinate debt wherein, Two lakh MSMEs are likely to benefit under the scheme
- Functioning MSMEs which are NPA or are stressed will also be eligible
- The Government will provide a support of Rs. 4,000 Crores to CGTMSE who will provide partial Credit Guarantee support to Banks

- PromotersoftheMSMEwillbegivendebtbybankswhichwillthenbeinfusedbypromoterasequityintheUnit.
- Fund of Funds (FOF) with Corpus of Rs10,000 Crores will be set up which will provide equity funding for MSMEs with growth potential and viability. FoFwill be operated through a Mother Fund and few daughter funds. The Fund structure will help leverage Rs. 50,000 Crores of funds at daughter funds level with a leverage of 1:4
- Global tenders will not be allowed in Government procurement tenders up to Rs 200 Crores.
- E-market linkage for MSMEs will to act as a replacement for trade fairs and exhibitions.
- Financial Technology to be used to enhance transaction-based lending using the data generated by the e-marketplace
- MSME receivables from Government and CPSEs to be released in 45 days.
- The Govt. will encourage MSMEs to get listed on main board of Stock Exchanges.
- The distinction between the manufacturing and service sector to be eliminated
- Definition of MSMEs will be revised as under:

Earlier Definition:

Classification	Manufacturing Enterprises	Service Enterprises
Micro	Investment <Rs. 25 lakhs	Investment <Rs. 10 lakhs
Small	Investment <Rs. 5 cr.	Investment <Rs. 2 cr.
Medium	Investment <Rs.10 cr.	Investment <Rs.5 cr.

Revised Definition:

Classification	Manufacturing Enterprises and Service Enterprises
Micro	Investment <Rs.1 crore and turnover <Rs. crores
Small	Investment <Rs. 10 cr. and turnover <Rs. 50 crores
Medium	Investment <Rs.20 cr. and turnover <Rs. 100 crores

Our Comments:

These will enable MSMEs to meet working capital funding requirements which will not only kick-starting economic activities but also ensure job protection for workers employed in this sector. Provision of equity will revitalise the functioning of stressed MSMEs, facilitating expansion in terms of size and capacity, will paves the way for Public-Private Partnerships in the MSME Sector.

The revision in the definition of MSME will result in many more units being covered within the ambit of MSME with corresponding benefits. These measures will insulate and safeguard the interest of MSMEs and to enhance the ease of doing business, help overcome marketing and liquidity related challenges and creating a protective shield around MSMEs and prevents lenders/creditors from initiating proceedings against MSMEs under IBC in the near future.

It will enhance the marketing capabilities of MSMEs and is in keeping with the "Make in India Initiative", widely promoted by the Government. In short, the measures are aimed at improving the present liquidity constraints, which cater to the supply side of the economy; the measures to revive consumer demand seem to be few and far.

5. PROVIDENT FUND SUPPORT FOR BUSINESSES/ORGANIZED WORKERS:

- Extension of Time Limit:
  Government contributions (to the extent of 12% of basic salaries of employer/employee contributions) to Employees' Provident Fund (EPF) accounts is being extended for an additional period of 3 months (i.e. up to August 2020). This will be applicable to those establishments eligible under the Pradhan MantriGaribKalyan Package ('PMGKP').

- Reduction of EPF Contributions:
  Reduction in the Statutory Provident Fund (SPF) contributions for both employee and employer from the existing 12% to 10% for all establishments (except Central/ State Public Sector Units) covered by EPFO for the next 3 months (i.e. up to August 2020). However, for Central and State Public Sector Units, employer's contribution to continue @12%. Workers who are not eligible for 24 EPF support under PMGKP and its extension will be eligible.

Our Comments:

These measures will reduce the financial burden of businesses and will provide support to ramp up production over the next quarter, to increase the take home salary for employees and to give relief to employers in payment of PF dues.

6. Rs. 30,000 CRORE SPECIAL LIQUIDITY SCHEME FOR NBFCS/HFCS/MFIS:

Under this scheme investment will be made in both primary and secondary market transactions in investment grade debt paper of NBFCs/HFCs/MFIs which will supplement RBI/Government measures to augment liquidity. The Securities will be fully guaranteed by the Government which will provide liquidity support for NBFCs/HFC/MFIs and mutual funds and create confidence in the market.

Our Comments:

These measures will help reduce difficulties faced by NBFCs, HFCs and MFIs in raising debt funds and to supplement RBI/Government measures to improve liquidity in the economy.

7. Rs. 45,000 CRORE PARTIAL CREDIT GUARANTEE SCHEME 2.0 FOR NBFCS:

The Government will provide 20% first loss sovereign guarantee. The existing Partial Guarantee Scheme ("PCS") will be extended to cover borrowings, such as primary issuance of bonds/commercial paper (CPs) of suchAA rated or lower rated NBFCs, HFCs and other MFIs, including unrated paper.

Our Comments:

It will enhance liquidity and to enable NBFCs, HFCs and MFIs with lower credit ratings to extend fresh loans to MSMEs/ individuals and to encourage on-lending by these institutions, with a view to improving the overall liquidity position in the economy.

8. LIQUIDITY INJECTION FOR POWER DISTRIBUTION COMPANIES (DISCOMS):

- PFC/REC to infuse liquidity of Rs 90,000 cr to DISCOMs against receivables.
- Loans to be given against State guarantees for exclusive purpose of discharging liabilities of Discoms to Gencos.
- Linkage to specific activities/reforms: Digital payments facility by Discoms for consumers, liquidation of outstanding dues of State Governments, Plan to reduce financial and operational losses.

- Central Public Sector Generation Companies shall give rebate to Discoms which shall be passed on to the final consumers (industries) as relief towards their fixed charges.

Our Comments:

Revenues of Power Distribution Companies (DISCOMs) have plummeted. Unprecedented cash flow problem is accentuated by demand reduction. PFC and REC to infuse liquidity to DISCOMS against receivables in two equal instalments. These amount to be used to pay dues to generation and transmission companies.

9. RELIEF TO CONTRACTORS:

Extension of up to 6 months (without costs to contractor) is to be provided by all Central Agencies (like Railways, Ministry of Road Transport & Highways, Central Public Works Dept, etc. This will coverconstruction/ works and goods and services contracts, obligations like completion of work, intermediate milestones and extension of concession period in PPP contracts.

The Government agencies will partially release bank guarantees to the extent contracts are partially completed to ease cash flows

Our Comments:

This will help ease cash flows and create liquidity for contractors and also gives them more time to fulfil their contractual obligations.

10.RELIEF TO REAL ESTATE PROJECTS:

Due to the adverse impact of COVID and projects stand the risk of defaulting on RERA timelines. Timelines need to be extended. The Government ministries will advise States/UTs and their Regulatory Authorities to treat COVID-19 as an event of 'Force Majeure' under RERA, also to extend the registration and completion dates suo-moto by 6 months for all registered projects expiring on or after 25th March, 2020 without individual applications, which may be extended for another period of upto 3 months, if needed. The Regulators shall issue fresh 'Project Registration Certificates' automatically with revised timelines and also extend timelines for various statutory compliances under RERA concurrently.

Our Comments:

Thesemeasureswill distress realestatedevelopersandensurecompletionofprojectssothathomebuyersareabletogetdeliveryoftheirbookedhouseswithnewtimelines.

11.RELIEF FOR MIGRANT WORKERS:

- The measures allow expansion of ESIC coverage on a Pan-India basis to cover all establishments employing 10 or more employees.
- ESIC coverage also being extended to cover establishments with less than 10 employees on a voluntary basis. However, EPC coverage for establishments with less than 10 employees and operating in notified hazardous industries, would be mandatory.
- For fixed term employment, gratuity to be paid on completion of one year of service as against the current five years period.

Our Comments:

The measures will enhance welfare benefits for workers including migrant workers.

12.LIQUIDITY THROUGH TDS/TCS RATE REDUCTION:

Inordertoprovidemorefundsatthedisposalofthetaxpayers,theratesofTaxDeductionatSource(TDS)fornon-salariedspecifiedpaymentsmadetoresidentsandratesofTaxCollectionatSource(TCS)forthespecifiedreceiptsshallbereducedby25%oftheexistingrates with effect from 14-05-2020.

The revised rates applicable to assessment year 2021-22 shall be as under:

TDS rates applicable for Financial Year 2020-21

Section	Nature of Income	Rate of TDS applicable for the period		Threshold Limit
		01-04-2020 to 13-05-2020	14-05-2020 to 31-03-2021	
193	Interest on Securities	10%	7.50%	-
194	Dividend	10%	7.50%	Rs. 5,000 in case of Individual
194A	Interest other than interest on securities	10%	7.50%	Rs. 5,000 to Rs. 50,000
194C	Payment to Contractors	1% (if deductee is an individual or HUF)	0.75% (if deductee is an individual or HUF)	Single payment: Rs. 30,000 Aggregate payment: Rs.

		2% (in any other case)	1.5% (in any other case)	100,000
194D	Insurance Commission	10% (if deductee is domestic company) 5% (in any other case)	7.5% (if deductee is domestic company) 3.75% (in any other case)	Rs. 15,000
194DA	Payment in respect of life insurance policy	5%	3.75%	Rs. 1,00,000
194EE	Deposit under National Savings Scheme	10%	7.5%	Rs. 2,500
194F	Re-purchase of units of mutual funds or UTI	20%	15%	-
194G	Commission & Other payments on sale of lottery tickets	5%	3.75%	Rs. 15,000
194H	Commission & Brokerage	5%	3.75%	Rs. 15,000
194-I(a)	Rent for plant and machinery	2%	1.5%	Rs. 2,40,000
194-I(b)	Rent for immovable property	10%	7.5%	Rs. 2,40,000
194-IA	Payment for acquisition of immovable property	1%	0.75%	Rs. 50 lakhs
194-IB	Payment of rent by certain individuals or HUF	5%	3.75%	Rs. 50,000
194-IC	Payment for Joint Development Agreements	10%	7.5%	-
194J	Royalty and Fees for Professional or Technical Services	2% (if royalty is payable towards sale, distribution or exhibition of cinematographic films 2% (if recipient is engaged in business of operation of call centre) 2% [If sum is payable	1.5% (if royalty is payable towards sale, distribution or exhibition of cinematographic films 1.5% (if recipient is engaged in business of operation of call centre) 1.5%	Director's fees: Nil Others: Rs. 30,000

		towards fees for technical services (other than professional services)] 10% (in all other cases)	[If sum is payable towards fees for technical services (other than professional services)] 7.5% (in all other cases)	
194K	Payment of dividend by Mutual Funds	10%	7.5%	Rs. 5,000
194LA	Compensation on Acquisition of Immovable property	10%	7.5%	Rs. 2,50,000
194LBA (1)	Payment of income by Business trust	10%	7.5%	-
194LBB	Payment of income by Investment Fund	10%	7.5%	-
194LBC	Payment of income by Securitisation Trust	25% (if deductee is an individual or HUF) 30% (in all other cases)	18.75% (if deductee is an individual or HUF) 22.5% (in all other cases)	-
194M	Payment to contractor, commission agent, broker or professional by certain Individuals or HUF	5%	3.75%	Rs. 50 lakhs
194O	TDS on e-commerce Participants	1% (w.e.f. 1 Oct. 2020)	0.75%	Rs. 5 lakhs subject to conditions

TCS rates applicable for Financial Year 2020-21

Section	**Goods & Services liable to TCS**	**Rates of TCS applicable for the period**		**Threshold Limit**
		01-04-2020 to 13-05-2020	**14-05-2020 to 31-03-2021**	
206C(1)	- Timber obtained under Forest lease - Timber obtained by any mode other than under a forest lease - Any other forest produce not being	2.50%	1.875%	

	timber or tendu leaves			
206C(1)	Tendu leaves	5%	3.75%	
206C(1)	Minerals, being coal or ignite or iron ore	1%	0.75%	
206C(1)	Scrap	1%	0.75%	
206C(1C)	Grant of license, lease, etc. of: - parking lot - toll plaza - mining & quarrying	2%	1.50%	
206C(1F)	Sale of Motor Car of the value above Rs. 10 lakhs	1%	0.75%	
206C(1H)	Sale of goods in excess of Rs. 50 lakh	0.10% (w.e.f. 1 Oct. 2020)	0.075%	

Note :

1) Above relaxation in TDS rates do not apply to salary payment.
2) Above relaxation would not apply if TDS is required to be deducted at higher rate due to non-furnishing of PAN or AADHAR.
3) Payment to non-residents would be subjected to withholding tax at the applicable rates in force

Our Comments:

This reduction in TDS and TCS is expected to improve liquidity by Rs. 50,000 Crore

13.OTHER TAX MEASURES:

- All pending refunds to Charitable Trusts and non-corporate businesses & professions including proprietorship, partnership, LLP and Co-operatives to be issued immediately.

Our Comments:

This will enable speedy disposal of Income Tax refunds.

- Due date of filing of Income Tax Return:

  Due date to file all ITR to be extended from 31st July 2020 & 31st October 2020 to 30th November 2020.

  Time limit to file the Tax Audit Report due date to be extended to October 31, 2020 from existing September 30, 2020

Our Comments:

The extension of due dates will allow assessees to file their Returns timely

- Vivad se Vishwas Scheme:
  Due date to make payment without additional amount under Vivad se Vishwas Scheme to be extended to 31st December 2020

Our Comments:

The extension of time to make payment without additional amount under the scheme will encourage the assessees to for the same by due date.

14.AGRICULTURAL GOVERNANCE AND ADMINISTRATIVE REFORMS:

Amendments sought to be made to essential commodities, marketing reforms and price and quality assurance.

- Prices to be deregulated for agriculture food stuffs including cereals, edible oils, oilseeds, pulses, onions and potato
- Only in exceptional circumstances stock limit to be imposed like national calamities, famine with surge in prices.
- There will be no stock limit to processors or value chain participant, subject to their installed capacity or to any exporter subject to the export demand.
- A Central law to be formulated for adequate choices to farmers to sell product at attractive prices, barrier free inter-state trade and framework for e-trading of agricultural produce.
- Agricultural produce price and Quality Assurance by:
- Legal framework to be created for famers to engage with processors, aggregators, large retailers, exporters, risk mitigation for farmers, assured returns and quality standardization

Our Comments:

The farmers will get better procurement benefit, lifting of stock limits except under exceptional circumstances will allow more circulation of agricultural produce, thereby, more availability to meet the demands, ease of trading for farmers due to e-trading, free inter-state trading and legal protection, risk mitigation with assured returns and quality standardisation.

15.INDUSTRIAL INFRASTRUCTURE REFORMS:

A scheme is to be formulated for industrial cluster upgradation of common infrastructure facilities and connectivity in the states.Industrial land and land bank are to be formed to promote new investment and making information available in Industrial Information System (IIS) with GIS mapping. 3,376 industrial parks/estates/SEZ in 5 lakh hectares have been mapped on IIS.

Our Comments:

Industrial clustering will provide better facilities and shall promote new investment.

16.REFORMS IN COAL SECTOR:

- Private sector participation in exploration cum production for partially explored blocks.
- Entry norms to be liberalized. Nearly 50 blocks to be offered immediately. No eligibility condition, only upfront payment with a ceiling
- Revenue sharing model instead of regime of fixed rupee / tonne. Any party can bid for a coal blocks and sell in open market
- Incentivizing rebate in revenue share will help complete production earlier than scheduled.
- Incentives to be given for Coal Gasification / Liquefaction through rebate in revenue share.
- To enhance own production and coal production from private blocks, infrastructure development worth Rs. 50,000Crores shall be provided.Allocations to develop mechanized transfer of coal from mines to railway sidings.
- Coal Bed Methane extraction rights to be auctioned from Coal India Limited's (CIL) mines.
- Mining Plan shortened, amenable for loading online.
- Reserve price in auctions for non-power consumers reduced, easing of credit terms and enhancement of lifting period to CIL customers.

Our Comments:

It will promote competition, transparency and private sector participation in the coal sector. Measures will help complete production before schedule.

17.REFORMS IN DEFENCE SECTOR:

The PM's aim is to become self-reliant in this sector. Following measures are initiated;

- Placed ban on imports of certain weapons/platforms. Encourage indigenisation of imported spares.
- A separate budget provisioning to be made for domestic capital procurement
- Corporatisation of Ordnance Factory Board to improve autonomy, accountability and efficiency in Ordnance Supplies. The FM clarified that corporatisation shall not mean privatisation.
- FDI limit in the defense manufacturing under automatic route to be raised from 49% to 74%
- Time-bound defense procurement process by considering:
  a. setting up a Project Management Unit to support contract management
  b. realistic setting of General Staff Qualitative Requirements of weapons
  c. overhauling trial and testing procedures

Our Comments:

The measures intend to make the country self-reliant in defence sector, ban certain imports and encourage indigenisation of weaponry, better management through corporatisation and get better funding due to raise in FDI limits in this sector.

18.REFORMS IN AVIATION SECTOR:

- More world class Airports to be built through Public Private Partnership (PPP). 12 airports have been identified for operation and maintenance on a PPP basis.
- Around INR 13,000 Crore. Another 6 airports to be put out for 3rdround of bidding.
- Easing of restrictions on utilisation of the Indian Air Space for optimal utilisation of airspace, reduction in use of fuel and time.
- Major engine manufacturers from the world would come to set up engine repair facilities in India.
- Convergence between defence sector and the civil MROs to be established to create economies of scale.
- Tax regime for Maintenance, Repairs and Overhaul ecosystem to be rationalized.

Our Comments:

PPP will bring in more funds and will help develop more and better airports. India can become a hub for aviation engine repairs when facilities are to be

provided. There will be a lot of savings when there is a workable participation between the defence and the civil aviation sectors. There will be efficient air space management in civil sector, there will be more airports built and have better services for aircraft maintenance and services.

19.REFORMS IN SPACE ACTIVITIES:

At the moment, space activities are controlled by the Government. However, it is contemplating a level playing field in satellites, launches and space-based services for private companies. There will be a predictable policy and regulatory environment to private players. The Private sector shall be allowed to use ISRO facilities to improve capabilities. Future projects for planetary exploration, outer space travel shall be opened for private sector. A liberal geo spatial data policy for providing remote sensing data to tech entrepreneurs will be formulated.

Our Comments:

More money and talent shall flow into this sector in future. More competition in this important sector would increase the quality of the products and can become a world leader in this filed.

20.REFORMS IN PRIVATE SECTOR INVESTMENT IN SOCIAL INFRASTRUCTURE:

The main constraint in India's infrastructure sector is the lack of source for finance. More than the overall difficulty of securing funds, some projects may not be financially viable though they are economically justified and necessary. This is the nature of several infrastructural projects which are long term and development oriented.

For the successful completion of such projects, the government has designed Viability Gap Funding (VGF). Viability Gap Finance means a grant to support projects that are economically justified but not financially viable.The scheme is designed as a Plan Scheme to be administered by the Ministry of Finance and amount in the budget are made on a year-to-year basis.

Such a grant under VGF is provided as a capital subsidy to attract the private sector players to participate in PPP projects that are otherwise financially unviable. Projects may not be commercially viable because of long gestation period and small revenue flows in future.

The Government now wants to enhance the quantum of Viability Gap Funding up to 30% of Total Project Cost as VGF by Centre and State / Statutory Bodies. For other sectors, VGF existing support of 20% from Centre and State / Statutory Bodies shall continue. Such projects shall be proposed by Central ministries/ State Governments/ Statutory entities.

Our Comments:

The revamped Viability Gap Funding (VGF) Scheme will be worth Rs. 8,100 Crores. The measure will make the designated projects more viable.

21.REFORMS IN ATOMIC ENERGYSECTOR:

- The intention of the Govt. is to establish research reactor in PPP mode for production of medical isotopes.
- Government proposes to establish facilities in PPP mode to use irradiation technology for food preservation.
- It is linking India’s robust start-up ecosystem to nuclear sector. Technology development cum incubation centres to be setup

Our Comments:

Introducing PPP in this sector will promote welfare by affordable cancer treatment and also use the technology in food preservation.

22.REFORMS IN THE CORPORATE SECTOR:

A lot of steps are intended to be taken by the Government in this sector. Some are listed below:

- Direct listing of securities by Indian public companies in permissible foreign jurisdiction will be allowed.
- Private companies which list NCDs on stock exchange will not to be regarded as listed companies.
- Provisions relating Producer Company of Companies Act 1956 to be included in Companies Act, 2013
- Power to create additional / specialised benches for National Company Law Appellate Tribunal (NCLAT)
- Lower penalties to be levied for all defaults for all Small Companies, One Person Companies, Producer Companies and Start-ups
- Minor technical and procedural defaults such as shortcomings in CSR reporting, inadequacies in board report, filing defaults and delay in holding AGM will not to be deemed to be criminal offences under the Companies Act 2013

- Majority of compoundable offences section to be shifted to Internal Adjudication Mechanism (IAM) and powers of RD for compounding being enhanced.
- The amendments will de-clog the criminal courts and NCLT
- 7 compoundable offences altogether dropped and 5 to be dealt with under alternative framework
- List of strategic sectors requiring presence of PSEs in public interest will be notified
- In strategic sector, at least one enterprise will remain in public sector but private sector will also be allowed
- In other sectors, PSEs will be privatised
- To minimize wasteful administrative costs, number of enterprises in strategic sector will ordinarily be only one to four, others will be privatized / merged / brought under holding companies

Our Comments:

Steps taken for this sector will give ease of doing business in India as well as abroad. Cluttering of cases should decrease as more benches of NCLT will be available to settle the matters. The efforts are in the direction of decriminalisation of defaults under Companies Act. Besides, by privatising / amalgamating etc. of Companies in the strategic sector will lead to better management of companies leading to reduction in wasteful costs.

DISCLAIMER

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