



Government of India's measures
to drive the next phase of India's
economic growth

Commitment to Reform & Simplification

Taxation

Prefiling of IT returns • Reduction in GST returns and simplification of forms • Refund process of GST simplified • Risk based approach in dealing with tax payers

Withdrawal of Angel Tax for Startups: To aid investment in startups, the section 56(2)(viib) of the IT Act shall not be applicable to a startup registered with DPIIT; A dedicated cell under CBDT will resolve IT issues of startups

Relief from enhanced surcharge on Capital Gains: To aid investment in the capital market, the enhanced surcharge levied by the Finance (No. 2) Act, 2019 on long/short term capital gains from transfer of equity shares/units referred to in section 111A and 112 A to be withdrawn

Issue of IT orders: On or after October 1st 2019, all notices, summons, orders by the IT authorities shall be issued through a centralized computer system and will contain a unique Document Identification Number

Commitment to Reform & Simplification



Labour Laws

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



Corporate Affairs

- 1 day** to incorporate a company with Central Registration
- Shifting of **16 offence sections** to monetary penalty only
- Faster & easier approvals for mergers and acquisitions
- Modifications in provisions for Differential Voting Rights
- Withdrawal of **+14,000** prosecutions of Companies Act
- Robust IBC framework supporting MSMEs and home buyers



E-clearances

- Single air and water clearance for **MSMEs**
- Single consent to establish a factory by MSMEs



CSR violations

Not to be treated as a criminal offence and would instead be civil liability; Ministry of Corporate Affairs to review the sections under Companies Act

Measures to Boost Economy

Banks/NBFCs/MSMEs

Banks to launch Repo rate/external benchmark linked loan products

Reduced EMI for housing loans, vehicle and other retail loans by directly linking Repo rate to interest rates. Working capital loans for industry to become cheaper

Support to NBFCs/HFCs

More credit support for purchase of houses, vehicles, consumption goods

Additional support of **US\$2.8 bn** to HFCs by NHB, raising it to **US\$4,2 bn**

Partial Credit Guarantee scheme for purchase of pooled assets of upto **US\$14 bn**

Prepayment notices issued to NBFCs to be monitored by Banks

Additional Credit expansion through PSBs

Upfront release of **US\$9.7 bn** through PSBs

Additional liquidity of **~ US\$69.6 bn** for PSBs

To benefit Corporates, Retail borrowers, MSMEs

Banks to effect timely rate cuts

Banks to pass rate cuts through MCLR reduction to borrowers



Measures to Boost Economy

Banks/NBFCs/MSMEs

Use of Bank KYCs by NBFCs

NBFCs to use Aadhaar authenticated bank KYC to avoid repeated processes

Necessary changes shall be made in PMLA rules and Aadhaar Regulations

Co-origination of loans by PSBs jointly with NBFCs

To take advantage of liquidity with PSBs and last mile customer connect of NBFCs, PSBs to fast track collaboration for loans to MSMEs, small traders Self Help Groups, MFI clients borrowers in coorigination mode with NBFCs

GST Refund to MSME within 30 days

All pending GST refund due to MSMEs shall be paid within 30 days. In future all GST refunds shall be paid within 60 days from the date of application

MSMEs

MSME Bill discounting: TReDS to use GSTN system in the medium term to enhance market for bill discounting for MSMEs

Amendment to MSME Act to move towards single definition to be considered



Measures to Boost Economy

Capital Markets

Deepening of bond markets in India

To aid long term financing, an organisation has been proposed to provide Credit Enhancement for infrastructure and housing projects

The Government would soon take further action on development of **Credit Default Swap markets**, in consultation with RBI and SEBI

To **improve domestic market** in bonds, MoF to work with RBI to help investors and bond issuers, and facilitate trading for price discovery

Government has amended the Companies (Share capital and Debenture rules) 2014 to remove the need for creation of Debenture Redemption Reserve (DRR) of outstanding debentures in respect of listed companies, NBFCs and HFCs

Access of Indian Companies to the Global Markets

The Depository Receipt Scheme 2014 is expected to be operationalised soon by SEBI. This will give Indian companies increased access to foreign funds through ADR/GDR



Measures to Boost Economy

Capital Markets

Easier KYCs for investors

- Aadhaar for opening of Demat account and investment in mutual funds
- Necessary notification for amendments in PMLA Rules to be issued
- Simplified KYC to improve market access for foreign investors including FPIs

Offshore Rupee market

MoF is working with RBI to bring offshore Rupee market to domestic stock exchanges and permit trading of USD -INR derivatives in GIFT IFSC

Delayed Govt Payments

Delayed payments from Government/ CPSEs to be monitored by Department of Expenditure and performance reviewed by Cabinet Secretariat

Payment of 75% of arbitration awards

Decision to pay 75% of the arbitration awards in contractual disputes by Government/ CPSEs to be implemented and monitored by the Cabinet Secretariat



Measures to Boost Economy

Infrastructure

- **US\$1.4 tm** for development of modern infrastructure over coming five years
- An inter-ministerial taskforce set up by the DEA to finalise projects pipeline
- The infrastructure initiative is expected to boost growth and creation of jobs
- Projects to be monitored to accelerate capital expenditure and investments

Automotive

- **BS IV vehicles purchased till March 2020** - To remain operational for entire period of registration
- Revision of one time registration fees - Being deferred till June 2020
- Higher depreciation - Extra **15% depreciation** on all vehicles, raising it to 30% for vehicles acquired till March 2020
- **EVs and ICVs will continue to be registered** - Government to focus on setting up of infrastructure for development of ancillaries /components including batteries for export
- **To boost demand** - Government to lift the ban on purchase of new vehicles for replacing all old vehicles by Departments



FDI Reforms to Aid Investment

FDI policies have been liberalised in many sectors in recent years to make India an attractive investment destination. Some of the sectors are Defence, Construction, Trading, Pharmaceuticals, Power Exchanges, Financial Services, Broadcasting and Civil Aviation.

- In coal sector, for sale of coal, **100% FDI** under automatic route for coal mining, processing and infrastructure to attract foreign players
- FDI now permitted under automatic route in contract manufacturing will be a big boost to the manufacturing under '**Make in India**'
- Easing of local sourcing norms for FDI in Single Brand Retail Trading (SBRT) announced during the Union Budget Speech to boost activity
- Online retail trading has been allowed prior to opening of **brick and mortar stores**, followed by physical stores in two years
- The existing FDI policy provides for **49% FDI** under approval route in up-linking of news and current affairs television channels
- Now **26% FDI** under government route is allowed for streaming of News & Current Affairs on Digital Media, on the lines of print



Reforms have contributed to India attracting record FDI inflows in the last five years. Total FDI in 2018-19 - **US\$64.37 bn** - is the highest ever FDI received for any financial year.

Thank You



Ministry Of External Affairs
Government Of India



ECONOMIC
DIPLOMACY
& STATES
DIVISION