UNION BUDGET 2022-23

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UNION BUDGET 2022-23: INTRODUCTION

The Union Budget 2022-23 presented by the Finance Minister on 1st February 2022 is a good attempt to revive the economy from the post pandemic blues and managing fiscal deficit targets. Despite the elections being just around the corner, this budget was anticipated to be a political budget but turned out to a budget to stimulate sustainable growth.

The government has sought to give an impetus on revitalizing blocks of the economy that are lagging through the "PM Gatishakti" driven by seven engines, namely, Roads, Railways, Airports, Ports, Mass Transport, Waterways, and Logistics Infrastructure. In setting out the road map for 2022-23, the Finance Minister highlighted the government's aim to focus strongly on the infrastructure and agriculture development of the country, along with an incentive on prioritizing sustainable development through renewable energy, educational reforms, technological transfer and digital transformation. The government's objective can be summed up in the Finance Minister's opening lines- "Budget 2022 will focus on strengthening macro-economic development through consolidating micro-economic development at a ground level".

Some of the key Budget proposals included the following:

- Adoption of blockchain technology to introduce the digital rupee from fiscal year 2023. Any income arising from transfer of virtual digital assets will be taxed at the rate of 30% with a 1% TDS on the transfer.
- An expert committee to be set up to examine and suggest appropriate measures for scaling up private equity and venture capital investment.
- Restriction of surcharge on long-term capital gains to 15% as against the higher surcharge of 25%/ 37%.
- New provision introduced to allow a person to file an updated return of income at any time within 24 months from the end of the relevant AY along with proof of payment of tax, additional tax, interest and fee.
- Increase in the CAPEX expenditure to 2.9% of the GDP with a large portion earmarked for Infrastructure, railways, agriculture and renewable energy.
- Review of the existing guidelines for IFSC and Gift city to bring out a coherent taxation framework for offshore derivative instruments and PMS services. Along with the proposal for foreign entities to set up educational institutions in the Gift city.
- Amendments were proposed in the Insolvency and Bankruptcy Code (IBC) structure to promote cross border insolvency resolutions.
- Proposal to replace the Special Economic Zone Act, with a holistic legislation that encourages participation of the state in development.
- The date of incorporation of a start-up to be eligible to claim benefits of a ***tax*** holiday was extended from April 1, 2021 to April 1, 2022.

The Budget has, however, failed to provide any relief to the middle-class taxpayers. Though the budget did not deliberate upon the expectations of the taxpayers, this budget can be termed as a growth-oriented budget. Middle-class taxpayers will have to wait for 2023 for their dream budget. The message of the Budget was clear- economic revitalization through inclusive development, sunrise opportunities, energy transition, climate action and financing of investments.

UNION BUDGET 2022-23: ECONOMIC SURVEY

Ms. Nirmala Sitharaman, the Finance Minister, tabled the Economic Survey Prepared by Chief Economic Adviser, Mr. V Anantha Nageswaran, in the Parliament on January 31, 2022, which was preceded by the marginal decline of the Indian rupee by 35 paise to 74.67 against the US dollar in early trade. The Economic Survey 2021-22 aims at establishing a framework that fosters economic stimulation post the COVID-19 pandemic in India by adopting an "Agile" policy approach. Quoting from the Survey itself, "this inquiry is critical in defining the alternative "Agile" approach that informed India's economic response to the Covid-19 shock."

At the first glance the focus of the Survey arises from the art and science of policymaking under conditions of extreme uncertainty. However, the document does offer to strike an equilibrium between economic measures and flexible policy- making. In the words of President, Mr. Ram Nath Kovind, "it is vital to prepare the Health Infrastructure of the country for a health crisis in the future, while also placing emphasis on the MSME Sector which will form the backbone of AatmaNirbhar Bharat in strengthening economic activity." The Finance Minister has picked policy making under uncertain times as the broad theme.

The projected GDP for the year has been pegged around 8.5%, which was followed by renewed optimism in the equity market with a steady appreciation of 800 points in the benchmark indices.

Set out below are the key heads under which the Economic Survey has been presented by the Minister:

- ***Growth in the Credit Market:*** With renewed support from the Government and RBI to boost credit flow to the micro, small and medium enterprises (MSME) sector, the industry has clocked robust credit growth at 10.4% Year on Year (YoY). With the growing liquidity crunch in the pandemic hit fiscal year, personal loans along with housing loans improved to 11.6% and 8% respectively. The Survey continues to indicate renewed support to the industry by infusing a flexible business centric policy approach led by the RBI.
- ***Optimism in the Equity Segments:*** The Indian economy has witnessed a multifold rise in the money raised via 75 initial public offerings (IPO) in 2021, with funding by way of preferential allotment increasing to 67.3%. With a slew of pro-business policies, the Indian markets have outperformed their peers. The Survey points towards the need for a standardized framework for cross-border insolvency for increased access, recognition, co-operation and coordination.
- ***India's progress on Sustainable Development Goals:*** India has jumped in score NITI Aayog SDG India Index & Dashboard to 66 in 2020-21. The Survey placed increased importance in balancing rapid economic growth with conservation, ecological security and environmental sustainability with a specific focus on forests, water and plastic waste management. The Survey reiterates the announcement made by the Prime Minister to phase out single use plastic by 2022. However, an ambitious target has been set to reduce emissions and adopt Nationally Determined Contributor (NCD) under the Paris Agreement by 2030.
- ***Sequential recovery of the Service Sector:*** The Services Sector registered a steady recovery during the first half of the current fiscal year. Overall, the Services Sector grew by 10.8% Year on Year (YoY) in first half (H1) of 2021-22. Even with the current downturn in the Service sector the industry was the largest recipient of FDI inflows in India amounting to $16.73 billion. The Survey further highlighted a step towards the regulatory overhaul of removal of telecom regulations and opening of the space sector to private players.

- ***Reinforcement of the Industrial Sector by initiatives under AatmaNirbhar Bharat:*** Motivated by the introduction of the production linked incentive scheme (PLI), scaling up of industries and improvement in physical as well as digital assets improved the ease of doing business. The government placed buoyant emphasis on the adoption of the National Infrastructure Pipeline (NIP) and National Monetization Pipeline (NMP) to propel infrastructure investment. To further the hope of a stable economic recovery RBI's Business Expectations Index (BEI) which measures demand in the manufacturing sector remained stable through 2021. However, it must be noted that the Capital utilization (CU) has decreased substantially during 2021 which must be improved to continue to justify the heightened valuation of various steel, cement, coal and natural gas companies.
- ***Commitment towards Agriculture and Food Management: India has been the dominant economic power globally with regards to its agricultural capabilities:*** The Government to position India at the forefront of agricultural commodities augmented production and domestic supply of oilseeds and edible oils and provided subsidies to produce ethanol. Anachronistic government policies were amended to remove "market failure", while introducing the Minimum Support Price (MSP) Policy that furthers the governments agenda of economic efficiency.
- ***Fragility of the Banking sector in relation to Non-Performing Assets (NPA's):*** The onset of the pandemic flooded the Banking sector with a large stock of legacy NPAs that are yet to be resolved by the National Asset Reconstruction Company (NARC) Limited and India Debt Resolution Company Limited (IDRCL). The Survey reiterates the setting up of bad banks with government participation in the form of equity along with other regulatory dispensations. In India, the government has provided a guarantee of up to 30,600 crores, which will back Security Receipts (SRs) issued by NARCL for a validity period of 5 years.
- ***Changes in MSCI' EM Index and India's growth:*** The MSCI Emerging Market (EM) index which tracks equity performance capturing large and mid-cap companies across 25 emerging market countries, indicated India's growth in the index to 12.45% with AUM amounting to $2,379 billion. The foreign interest in Indian capital markets has gone up as reflected in the large inflows received through the FPI and FDI route. The Survey indicates the goal of the government to increase participation of India on the Index, while continuously improving the attractiveness of the economy to foreign institutional investors. India's growing reach on the MSCI' EM Index has placed itself to clinch the fastest growing economy title from China with forex reserves touching a surprising $633.6 billion.
- ***Increased capex to promote Railways:*** The Survey indicated the intention of the government to propel the Railways by a capital expenditure outlay of Rs. 2.15 lakh crore in the current financial year. With a view to place railways at the center of national growth, capex is set to increase along with projects.
- ***Agile policy outlook:*** An attempt to relate government policies to feed-back loops, real-time monitoring of actual outcomes, flexible responses and safety-net buffers. The government emphasis that planning matters in this framework but mostly for scenario analysis, identifying vulnerable sections, and understanding policy options rather than as a deterministic prediction of the flow of events.

Significant Highlights of the Survey:

- There are tentative signs of bottoming out of slowdown in consumption activity, with private consumption levels to have improved significantly to recover 97% pre-pandemic levels.
- The startup ecosystem saw an uptick in the overall tally of unicorns, with 14,000 startups being added in 2021-22 in the backdrop of AatmaNirbhar India.
- The economy witnessed a steep rise in digital payments with a heavy reliance on UPI transaction at a transactional value of Rs. 8.26 lakhs crore as on December 2021.

- Rampant oil prices are projected to marginally decrease to $70 per barrel against current prices of $90 which will significantly aid economic activity.
- Post pandemic led inflation has been flagged as the highest concern for economic growth as per pre-survey reports. Globally heightened levels of inflation led by growing imported inflation in India could potentially lead to interest rate fluctuations in the near term.
- The external sector has been well supported by a fundamentally robust forex reserve, low current account deficit and capital inflows.
- Emphasis on climate finance and net reduction in emissions by 2030.
- The Survey supported robust export growth and availability of fiscal space to ramp up capital spending to support growth next fiscal.
- As per the pre- Budget survey, government finances are to witness consolidation in 2021-22, after uptick in deficit and debt indicators during pandemic year FY 21. With private sector investment to take the forefront in providing support for the revival of the economy.
- India transformed from being among the "Fragile Five" nations to the 4th largest forex reserve, enabling additional policy room for maneuvering.

An Agile policy outlook coupled with supply-side reforms and avoidance of the waterfall strategy of introducing front loaded stimulus packages has placed India on a stable footing to achieve faster economic growth than its peers in FY 2022-23.

UNION BUDGET 2022-23: DIRECT & INDIRECT TAX

Impact Analysis: *The Union Budget 2022-23 has clearly prioritized long term sustainable growth over fiscal consolidation. Though the budget has failed to provide any respite to middle-class taxpayers who have undergone enormous plight due to COVID-19, but the ability of taxpayers to file an updated return of income at any time within 24 months from the end of relevant assessment year, voluntary tax compliances, better litigation management in case of pending appeals and tax relief to person with disability are welcome amendment. One announcement which is certainly going to raise eyebrows and have a far-reaching implication is the retrospective implication to disallow deduction for cess and surcharges annulling the well-established and reasoned ruling of the courts and tribunals.*

INCOME TAX SLABS

There have been no changes to the income tax slabs except for changes with respect to co-operative societies i.e., (i) *MAT rate for co-operative societies has been reduced from 18.5% to 15% with effect from April 1, 2023; and (ii) Surcharge on Co-operative Society has been reduced to 7% (from 12%) in case the total income of a co-operative society exceeds INR.1,00,00,000 but does not exceed INR 10,00,00,000.*

The income tax slabs and other tax rates have been appropriately captured in Annexure 1.

KEY BUDGET PROPOSALS

Direct Tax updates: Individuals/ HUFs

- ***Surcharge on long term capital gain capped at 15%:*** Surcharge on long term capital gains on transfer of any asset for an individual is capped at 15% as against current surcharge rate of 25% and 37%.
- ***Condition of releasing of annuity to a disabled person:*** The parent/guardian of a differently abled person can get a tax deduction on payment of the annuity or lump sum during the lifetime of parent or guardian upon attaining age of sixty years or more.
- ***Set off of loss in search cases:*** Brought forward loss cannot be set off against undisclosed income detected during any survey or search.
- ***Clarifications on allowability of expenditure under Section 37****:* It is proposed to insert an explanation to section 37 to clarify that the expression "expenditure incurred by an assessee for any purpose which is an offence or which is prohibited by law", shall include the expenditure incurred by an assessee, — (i) for any purpose which is an offence under, or which is prohibited by, any law for the time being in force, in India or outside India; or (ii) to provide any benefit or perquisite, in whatever form, to a person, whether or not carrying on a business or exercising a profession, and acceptance of such benefit or perquisite by such person is in violation of any law or rule or regulation or guidelines, as the case may be, for the time being in force, governing the conduct of such person; or (iii) to compound an offence under any law for the time being in force, in India or outside India.

Direct Tax updates: Non-Individuals

- ***Reduction of Minimum Alternate Tax (MAT) for Co-operative Societies****: In order to provide parity between co-operative societies and companies, MAT rate for co-operative societies has been reduced from 18.5% to 15% with effect from April 1, 2023.*

- ***Reduction in Surcharge on Co-operative Society between INR 1 crore to INR 10 Crores from 12% to 7%:*** Surcharge on Co-operative Society has been reduced to 7% (from 12%) in case the total income of a co-operative society exceeds INR.1,00,00,000 but does not exceed INR 10,00,00,000. Surcharge at the rate of 12% shall continue to be levied in case of a co-operative society having a total income exceeding INR 10,00,00,000.
- ***Surcharge on AOP:*** Surcharge on Association of Persons consisting of only companies as its members is capped at 15%.
- ***Incentives for newly incorporated manufacturing entities under concessional tax regime:*** A concessional base tax rate of 15 per cent was introduced earlier for newly incorporated domestic manufacturing companies that have been incorporated on or after 1st October 2019 and have commenced manufacturing or production on or before 31st March 2023. The government now proposes to extend the last date for commencement of manufacturing or production to 31st March 2024.
- ***Incentives to National Pension System (NPS) subscribers for state government employees:*** For ensuring that the State Government employees get full deduction of the enhances contribution by the State Government, it is proposed to increase the limit of deduction under the Act from the existing 10% to 14% in respect of contribution made by the State Government to the account of its employees. This proposal brings State Government employees on par with central government employees.
- ***Clarification regarding treatment of cess and surcharge:*** Section 40 of the Act specifies the amounts which shall not be deducted in computing the income chargeable under the head 'profits and gains of business or profession'. Further sub-section (a) (ii) to Section 40 provides that any sum paid on account of any rate or tax levied on the profits or gains of any business or profession or assessed on the basis of any such profits or gains shall not be deducted in computing the income chargeable under the head 'profits and gains of business or profession'. This has led certain taxpayers claiming deduction on account of 'cess' or 'surcharge' claiming that the same have not been specifically mentioned under Section 40 and hence are allowable expenditures. Therefore, it is proposed to retrospectively amend the Act to clarify that surcharge, and cess levied on income are not allowed as business expenditure.
- ***Clarification in respect of disallowance under Section 14A in absence of any exempt income during an assessment year:*** Section 14A of the Act provides that no deduction shall be allowed in respect of expenditure incurred by the assessee in relation to income that does not form part of the total income as per the provisions of the Act. In order to make the intention of the legislation clear and to make it free from any misrepresentation it is proposed to insert an explanation to Section 14A of the Act to state that the provisions of this section shall apply in a case where exempt income has not accrued or arisen or has not been received during the previous year relevant to an assessment year and the expenditure has been incurred during the said previous year in relation to such exempt income.
- ***Facilitating strategic disinvestment of public sector companies:*** It order to facilitate the strategic disinvestment of public sector companies, it is proposed to amend section 79 of the Act to provide that the said section on carry forward and set-off of losses shall not apply to an erstwhile public sector company subject to the condition that the ultimate holding company of such erstwhile public sector company, immediately after the completion of strategic disinvestment, continues to hold, directly or through its subsidiary or subsidiaries, at least fifty one per cent of the voting power of the erstwhile public sector company in aggregate.
- ***Consequences for failure to deduct/collect or payment of tax:*** Section 201 of the Act deals with consequences of persons who fail to deduct tax or after deducting tax fail to deposit the same to the credit of the Central Government and the consequences of such non-deduction i.e., payment

of simple interest at the specified rates. In order to make the intention of the legislation clear it is proposed to amend the said section to state that the interest shall be paid by the person in case of such non-deduction in accordance with the order made by the Assessing Officer.

Taxability of "Start-ups"

- ***Extension of Date of Incorporation of Start-Ups***: *Deduction of an amount equal to one hundred percent of the profits and gains derived from an eligible business by an eligible start-up for three consecutive assessment years out of ten years, beginning from the year of incorporation, at the option of the assessee was permitted, subject to the condition that the start-up is incorporated on or after 1st day of April, 2016 but before 1st day of April 2022. In order to take care of COVID related delays and to promote eligible start-ups it is proposed to extend the period of incorporation of eligible start-ups to March 31, 2023.*

Taxation of Non-Resident Indians (NRIs)

- ***Due-Date for filing Form GSTR-5:*** *The due date to file Form GSTR-5 (a return form to be filed by a non-resident taxpayer who is registered under GST for the period during which they carry out business transactions in India) is revised from 20th of next month to 13th of next month.*

International Perspective

- ***Tax on Dividend from foreign companies:*** *Benefit of concessional rate of tax of 15% on the dividend income received by an Indian company from its foreign subsidiary is withdrawn and tax treatment for dividend received from foreign subsidiary will now be at par with domestic subsidiary.*
- ***Tax Exemptions in IFSC:*** *With effect from April 1, 2023, following exemptions from tax have been offered to units operating in IFSC:*
  - *Income arising to non-resident as a result of transfer of offshore derivative instruments or over-the-counter derivative entered into with an offshore banking unit of an IFSC;*
  - *Income arising to non-resident by way of royalty or interest, on account of lease of a ship in IFSC;*
  - *Income arising to non-resident from portfolio of securities or financial products or funds, managed or administered by portfolio manager on behalf of non-resident, in an account maintained with offshore banking units in IFSC outside India.*
- ***Tax Holiday in IFSC:*** *Income arising from transfer of ship, leased by a unit of IFSC to any person shall be eligible for deduction of certain income for 10 years out of the 15 years.*
- ***Exemption from tax extended to AIFs in IFSC:*** *Category I and Category II AIF established in IFSC are exempted from deemed gift rules provided in Section 56(2) (viib) of the Income Tax Act, 1961.*

COVID Related Tax Exemptions

- ***Exemption of amount received for medical treatment on account of COVID-19 related death***: *It is proposed to amend the proviso to Clause (x) of sub-section (2) of section 56 and insert two new clauses in the proviso so as to provide that-*
  - *any sum of money received by an individual, from any person, in respect of any expenditure actually incurred by him on his medical treatment or treatment of any member of his family, in respect of any illness related to COVID-19, shall not be the income of such person;*
  - *any sum of money received by a member of the family of a deceased person, from the employer of the deceased person (without limit), or from any other person or persons to the extent that such sum or aggregate of such sums does not exceed ten lakh rupees, where the cause of death of such person is illness relating to COVID-19 and the payment is, received within twelve months from the date of death of such person, shall not be the income of such person.*

Taxation of Virtual Digital Assets

- ***Virtual Digital Assets:*** *The definition of 'virtual digital asset' has been inserted and included within the term 'property' for deemed gift taxation. Further, it has been proposed that income from transfer of any virtual digital asset will be taxable at 30%. TDS will be deducted at the rate of 1% on payment to a resident towards purchase consideration for transfer of virtual digital asset, subject to monetary limited which have been specified. Loss from transfer of virtual digital asset cannot be set off against any other income. Gift of virtual digital asset also to be taxed in the hands of the recipient.*

Indirect Tax update: GST

- ***Cancellation on non-filing of GST returns:*** *Registration of a person liable to be cancelled if the said person has not furnished GST returns for such continuous periods as may be prescribed.*
- ***Two-way communication process for filing GST returns is scrapped.***

Indirect Tax update: Customs Duty

- *Concessional customs duty on import of capital goods to be phased out, the initial rate of 7.5% to be imposed.*
- *Customs duty on imitation jewelry raised to discourage their imports.*
- *Customs duty on cut and polished diamonds and gems to be reduced to 5%.*
- *Customs duty exemption on steep scrap is being extended by a year to help MSMEs.*
- *Customs duty on methanol to be reduced.*

Indirect Tax update: Excise Duty

- *Levying additional excise duty at INR 2 per litre on unblended fuel to encourage the blending of fuel.*

Indirect Tax: Anti-Dumping

- ***Anti-dumping Safeguard Measures***: *Anti-dumping duty permanently revoked on import of straight length bars and rods of alloy steel from China, High Speed Steel of Non-Cobalt Grade from Brazil, China and Germany and flat rolled product of steel, plated or coated with allow of Aluminium or Zinc from China, Vietnam and Korea.*

Simplification: Process Rationalization and Ease of living

- ***Voluntary Tax Compliance by Updated Income Tax Return:*** *New provisions under Section 139 of the Income Tax Act, 1961 ("**Act**") is proposed to be introduced for filing an **updated return of income** by any person for the previous year relevant to such assessment year within twenty-four months from the end of the assessment year. It is proposed that an amount equal to 25% or 50% as additional tax on the tax and income due on the additional income would be required to be paid. This move will facilitate ease of compliance to the taxpayer in a litigation free environment.*
- ***Litigation Management when an identical question of law is pending before jurisdictional High Court or Supreme Court in a pending appeal:*** *Proposed to insert a new section 158AB in the Act, to provide that where any question of law arising in the case of an assessee for the relevant assessment year is identical with a question of law already raised and pending before the jurisdictional High Court or the Supreme Court in an appeal, the Commissioner or Principal Commissioner may be intimated to not file any appeal with the Appellate Tribunal till the question of law becomes final in the before the High Court or the Supreme Court.*

- ***Faceless Schemes under the Act:*** *Timeline for notification of faceless assessment scheme for transfer pricing assessments and dispute resolution panel extended from March 31, 2022 to March 31, 2024.*
- ***Benefits distributed to agents as part of a business promotion campaign will be taxable in the agent's hands.***
- ***Rationalization of provisions of Section 206AB and 206CCA to widen and deepen tax-base:*** *In order to ensure that all persons in whose case significant amount of tax has been deducted do furnish their return of income, it is proposed to reduce two years requirement to one year by amending sections 206AB and 206CCA of the Act to provide that "specified person" to mean a person who has not filed its return of income for the assessment year relevant to the previous year immediately preceding the financial year in which tax is to be deducted or collected, as the case may be, and the amount of tax collected and deducted at source is Rs. 50,000 or more in the said previous year. The provisions of these sections will not apply to individuals and HUF to whom simplified tax deduction system applies.*
- ***Rationalization of TDS on sale of immovable property:*** *It is proposed to amend section 194-IA of the Act to provide that in case of transfer of an immovable property (other than agricultural land), TDS is to be deducted at the rate of one per cent. of such sum paid or credited to the resident or the stamp duty value of such property, whichever is higher. In case the consideration paid for the transfer of immovable property and the stamp duty value of such property are both less than fifty lakh rupees, then no tax is to be deducted under section 194-IA.*
- ***TDS Benefit or perquisite of a business or profession:*** *In order to widen and deepen the tax base, it is proposed to insert a new section 194R to the Act to provide that the person responsible for providing to a resident, any benefit or perquisite, whether convertible into money or not, arising from carrying out of a business or exercising of a profession by such resident, shall, before providing such benefit or perquisite, to such resident, ensure that tax has been deducted in respect of such benefit or perquisite at the rate of ten per cent of the value or aggregate of value of such benefit or perquisite.*
- ***Insertion of new section to enable Assessing Officer to pass an order giving effect to the resolution of dispute of Dispute Resolution Committee (DRC)-*** *The existing provisions of the Act do not contain any provision which will enable the Assessing Officer to pass an order giving effect to the order or directions of the Dispute Resolution Committee (constituted for specified persons who may opt for dispute resolution under the said section and who fulfil specified conditions). Therefore, it is proposed to introduce a new sub-section to section 245MA of the Act to enable the Assessing Officer to pass an order giving effect to the resolution of dispute by the DRC.*

UNION BUDGET 2022-23: PE-VC/ START-UPS AND M&A

Impact Analysis: *The year 2021-22 has been a momentous year known for innovative start-ups leading to a spate of venture capital investments. The Union Budget 2022 aspires to establish an Amrit Kaal, wherein the government is taking steps to promote scaling up of the start-up funding. Bearing this in mind, this budget proposes to establish an expert committee to evaluate the regulatory problems encountered by PE/VC, which is a step in the right direction. In addition, a special blended fund under the co-investment model is proposed to be set up through NABARD for financial start-ups in the agriculture and rural enterprises. These are welcome measures to boost the industry, increase job creation, and make India a more attractive investment destination. However, as usual, the implementation of these measures will be key to their success.*

As far as M&A is concerned, the budget did not provide any real impetus to encourage M&As in India and there were no real announcements that would have a direct (or even an indirect impact) on the sector.

KEY BUDGET PROPOSALS

- ***NABARD facilitated fund to finance startups*:** The government, facilitated by NABARD, proposes to set up a fund with blended capital, raised under the co-investment model, to finance start-ups for agriculture & rural enterprise. The activities for these start-ups will include, *inter alia*, support for Follow on Public Offers (FPOs), machinery for farmers on rental basis at farm level, and technology including IT-based support.
- ***Emergency Credit Line Guarantee Scheme (ECLGS)***: The ECLGS for MSME's will be extended up to March 2023 and its guarantee cover will be expanded by INR 50,000 crores to a total cover of INR 5,00,000 crores, with the additional amount being earmarked exclusively for the hospitality and related enterprises.
- ***Revamping of Credit Guarantee Trust for Micro and Small Enterprises (CGTMSE) scheme:*** The CGTMSE scheme will be revamped with required infusion of funds to facilitate additional credit of INR 2,00,000 crores for MSMEs and expand employment opportunities**.**
- ***Roll-out of Raising and Accelerating MSME Performance (RAMP) programme*:** The RAMP programme will be rolled out with an outlay of INR 6,000 crores over 5 years to help the MSME sector become more resilient, competitive and efficient.
- ***Drone Shakti and Startups:*** Start-ups will be promoted to facilitate 'Drone Shakti' through varied applications and for Drone-As-A-Service (DrAAS). In select ITIs, in all states, the required courses for skilling, will be started.
- ***Ease of Doing Business 2.0 & Ease of Living*:** The government plans to launch Ease of Doing Business 2.0 and Ease of Living which will involve an active involvement of the states, digitisation of manual processes and interventions, integration of the central and state-level systems through IT bridges, a single point access for all citizen-centric services, and a standardization and removal of overlapping compliances.
- ***Proposed amendments to Insolvency and Bankruptcy Code ("IBC")*:** Necessary amendments will be carried out to the IBC to enhance the efficacy of the resolution process and facilitate cross border insolvency resolution.
- ***Accelerated Corporate Exits*:** The government will establish the Centre for Processing Accelerated Corporate Exit (C-PACE) to facilitate and speed up the voluntary winding-up of these companies from 2 years to less than 6 months.
- ***Increase in public capital investment*:** The outlay for capital expenditure is being increased by 35.4 per cent from INR 5,54,000 crores in the current year to INR 7,50,000 crores in FY 2022-23.

- ***Global capital for sustainable and climate finance**:* Services for global capital for sustainable & climate finance in the country will be facilitated in the GIFT City.
- ***VC & PE Investment**:* The government plans to help scale up VC & PE investment by undertaking a holistic examination of regulatory and other frictions. An expert committee will be set up to examine and suggest appropriate measures.
- ***Tax incentives for start-ups**:* In view of the Covid-19 pandemic, eligible start-ups incorporated before 31.3.2023 (previously this was 31.03.2022) have been provided a tax incentive for any three consecutive years out of the first ten years from the date of incorporation (at the option of the assessee).
- ***Incentives for newly incorporated manufacturing entities under concessional tax regime*:** a concessional base tax rate of 15 per cent was introduced earlier for newly incorporated domestic manufacturing companies that have been incorporated on or after 1st October 2019 and have commenced manufacturing or production on or before 31st March 2023. The government now proposes to extend the last date for commencement of manufacturing or production to 31st March 2024.
- ***Tax Incentives to IFSC:*** The government proposes to provide that income of a non-resident from offshore derivative instruments, or over the counter derivatives issued by an offshore banking unit, income from royalty and interest on account of lease of ship and income received from portfolio management services, in IFSC, shall be exempt from tax, subject to specified conditions.

UNION BUDGET 2022-23: INFRASTRUCTURE

Impact Analysis: *Capital expenditures in infrastructure was a top priority in this budget. Through the PM GatiShakti initiative, the budget aims to establish a roadmap for the Indian economy for the next 25 years, with infrastructure being a cornerstone. The government proposes to increase public investment in infrastructure, which is supplemented by private capital, on a large scale, with a focus on the PPP model.*

The Union Budget aims to enhance the involvement of States as a partner for the development of entrepreneurship through the PPP model. The development in the infrastructure sector does not only aim at generating maximum revenue but has focused on improving connectivity and tourism as well. Infrastructure has gained the maximum attraction of all the proposals made in the Union budget and should pave the way for significant growth and development in the area.

KEY BUDGET PROPOSALS

- ***PM GatiShakti:*** PM GatiShakti is proposed to be a massive infrastructure development undertaking between the Central government, state governments, and private sector to encompass the seven engines of growth - Roads, Railways, Airports, Ports, Mass Transport, Waterways, and Logistics Infrastructure supported by the complementary roles of Energy Transmission, IT Communication, Bulk Water & Sewerage, and Social Infrastructure and powered by clean energy. The aim of the PM Gati Shakti National Master Plan is to make logistics connectivity seamless across the length and breadth of the country.
- ***Seamless Multimodal Movement of Goods and People***: The data exchange among all mode operators will be brought on Unified Logistics Interface Platform (ULIP), designed for Application Programming Interface (API) to provide for efficient movement of goods through different modes. This will reduce logistics cost and time, assist just-in-time inventory management, and eliminate tedious documentation.
- ***Multimodal Logistics Parks****:* Contracts for implementation of Multimodal Logistics Parks at four locations through PPP mode will be awarded in 2022-23.
- ***Railways****:* (a) Railways will develop new products and efficient logistics services for small farmers and Small and Medium Enterprises; (b) 'One Station-One Product' concept will be popularized to help local businesses & supply chains; (c) 2,000 km of railways will be brought under Kavach, the indigenous world-class technology for safety and capacity augmentation in 2022-23; and (d) 400 Vande Bharat Trains with better energy efficiency and passenger riding experience will be developed and manufactured in the next three years; and (r) 100 PM GatiShakti Cargo Terminals for multimodal logistics facilities will be developed during the next three years
- ***Mass Urban Transport****:* The government plans to encourage innovative ways of financing and faster implementation for building metro systems. Multimodal connectivity between mass urban transport and railway stations will be facilitated on priority. Design of metro systems, including civil structures, will be re-oriented and standardized for Indian conditions.
- ***National Ropeways Development Programme****:* The National Ropeways Development Programme will be taken up on PPP mode to improve connectivity and convenience for commuters, besides promoting tourism. Contracts for 8 ropeway projects for a length of 60 km will be awarded in 2022-23.
- ***Capacity building for infrastructure projects****:* The government aims to ramp up capacity in planning, design, financing (including innovative ways), and implementation management of the

PM GatiShakti infrastructure projects by upgrading the skills of the central ministries, state governments, and their infra-agencies (with the aid of the Capacity Building Commission.

- ***River linking projects****:* (a) The government will take up the implementation of the Ken-Betwa Link Project aimed at providing irrigation benefits to 9,08,000 hectare of farmers' lands, drinking water supply for 62,00,00 people, 103 MW of Hydro, and 27 MW of solar power; and (b) Draft Detailed Project Reports of five river links, namely Damanganga-Pinjal, Par-Tapi- Narmada, Godavari-Krishna, Krishna-Pennar and Pennar-Cauvery have been finalized and will be implemented once a consensus is reached among the beneficiary states.
- ***Prime Minister's Development Initiative for the Northeast region (PM-DevINE)****:* The PM-DevINE will be implemented through the North-Eastern Council to fund infrastructure and social development projects in the North-East to enable livelihood activities for youth and women, filling the gaps in various sectors. An initial allocation of INR 1,500 crores will be made.
- ***Clean and Sustainable Mobility***: The government plans to promote a shift to use of public transport in urban areas complemented by clean tech and governance solutions, special mobility zones with zero fossil-fuel policy, and EV vehicles.
- ***Battery swapping policy****:* With the aim of improving efficiency in the electric vehicle eco-system, a battery swapping policy will be brought out and inter-operability standards will be formulated. The private sector will be encouraged to develop sustainable and innovative business models for 'Battery or Energy as a Service'.
- ***Telecom Sector****:* (a) 5G spectrum auctions shall be undertaken in 2022 to facilitate rollout of 5G by private players in 2022-23; (b) scheme for design-led manufacturing will be launched to build a strong ecosystem for 5G as part of the Production Linked Incentive Scheme; (c) 5% of annual collections under the Universal Service Obligation Fund will be allocated to help promote R&D and commercialization of technologies and solutions; (d) contracts for laying optical fibre in all villages, including remote areas, will be awarded under the Bharatnet project through PPP in 2022-23.
- ***Solar power****:* To facilitate domestic manufacturing for the ambitious goal of 280 GW of installed solar capacity by 2030, an additional allocation of INR 19,500 crores for Production Linked Incentive for manufacture of high efficiency modules, with priority to fully integrated manufacturing units from polysilicon to solar PV modules, will be made.
- ***Transition to Carbon Neutral Economy****:* (a) 5% to 7% biomass pellets will be co-fired in thermal power plants resulting in CO2 savings of 38 MMT annually. This will also provide extra income to farmers and job opportunities to locals and help avoid stubble burning in agriculture fields; (b) energy efficiency and savings measures will be promoted in large commercial buildings through the Energy Service Company (ESCO) business model; (c) Four pilot projects for coal gasification and conversion of coal into chemicals required for the industry will be set-up to evolve technical and financial viability; and (d)The policies and required legislative changes to promote agro-forestry and private forestry will be brought in and financial support will be provided to farmers belonging to SC and ST community that want to take up agro-forestry.
- ***Green Bonds:*** Sovereign green bonds shall be launched to fund the green infrastructure, this will be the part of the government's borrowing programme in FY 2022-23. Green Bonds are debt instruments that differ from the conventional fixed-income securities wherein the issue pledges to use the proceeds to finance projects which aim to have a positive impact on the environment. It is proposed that the money shall be used for the projects that will help reduce the carbon intensity of the economy.
- ***National Highways:*** The government has proposed that the Master Plan for expressway shall be formulated in FY 2022-23, for expansion of 25000 kilometers of the national highways.

- ***Infrastructure Status****:* Data Centres and Energy Storage Systems including dense charging infrastructure and grid-scale battery systems will be included in the list of infrastructure to facilitate credit availability for digital infrastructure and clean energy storage.
- ***Financial viability of Infrastructure Projects****:* Measures will be taken to enhance financial viability of projects including PPP, with technical and knowledge assistance from multi-lateral agencies. In addition, global best practices best practices, innovative ways of financing, and balanced risk allocation shall be adopted.

UNION BUDGET 2022-23: BANKING & FINANCE

Impact Analysis: *The focus of the Union Budget 2022-23 while dealing with Banking sector has been on digitalization. Though digitalization of post offices will allow additional flow of money in saving schemes and mutual funds and digitalization of currency notes will inculcate transparency and reduce cost of printing and maintenance, the Budget has failed to deliberate on privatization of public sector banks including proposing banking amendment bills to substantiate its proposal for privatization of public sector banks in the previous budget. Coming in during the harsh times of a global pandemic, it boldly spells the government's growth agenda and a march towards building a new and prosperous India.*

KEY BUDGET PROPOSALS

- ***Introduction of Digital Currency:*** RBI will introduce Central Bank Digital Currency (CBDC) as a step towards digitalizing economy and for an efficient and cheaper currency management. It is proposed to introduce the said Digital Rupee, using block chain management in the FY 2022-23. Corresponding changes has been made in the Reserve Bank of India Act, 1934 to introduce issuance of bank note in digital form.
- ***Extension of ECLGS:*** In order to mitigate the adverse impact of pandemic, banks/ NBFCs extending emergency credit line guarantee scheme (ECLGS) to business enterprises/ MSMEs in view of COVID-19 crisis has been extended up to March 2023 with an additional cover of INR 50,000 crores earmarked exclusively for hospitality and related sector.
- ***Revamped CGTMSE:*** In order to help MSMEs impacted by the pandemic, Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) offering credit guarantees to financial institutions that offer loans to MSMEs has been revamped with an additional credit of INR 2 crores to expand employment opportunities.
- ***Digitalization of Post Offices:*** Acting towards digital and financial inclusion, all the post offices in India will be digitalized to provide access to accounts through net banking, mobile banking, ATMs including online transfer of funds between post office accounts and bank accounts.
- ***Launch of 75 Digital Banking Units:*** To promote digital banking to every corner of the country, 75 new Digital Banking Units (DBUs) will be setup by Scheduled Commercial Banks in 75 districts of the country.
- ***Launch of fund with blended capital:*** A fund with blended capital, raised under a co-investment model, will be facilitated through NABARD to finance startups in agriculture and rural enterprises, engaged in supporting FPOs, technological and IT based support, providing machinery to farmers on rental basis etc.
- ***Interest free loans to States:*** The Central Government has allocated a sum if INR 1 lakh crores towards fifty-years interest free loans to state government. This proceed will be utilized towards PM GatiShakti and other productive capital investment in the states, including digitalization of economy, reforming building byelaws, town planning schemes and transferable development rights etc.
- ***Promotion of thematic funds:*** Government to promote thematic funds (NIF and SIDBI funds of funds) for blended finance in the organization working in sustainable development sectors such as Climate Action, Deep Tech, Digital Economy, Pharma and Agri-Tech. This fund will be managed by private fund managers while the government will hold up to 20% in this fund structure.
- ***Issuance of green bonds:*** As a part of government borrowing program, the Government will launch sovereign green bonds to be issued to fund public sector green infrastructure projects with the goal to reduce carbon emission and India's carbon footprint.

UNION BUDGET 2022-23: INVESTMENT FUNDS

Impact Analysis: *The Union Budget 2022-23 has only focused on promoting the growth of IFSC. The proposals are intended to accelerate the momentum of units' setup in IFSC by incentivizing transaction in OBUs and ship leasing activities. Establishment of International Arbitration Centre and word-class foreign universities will add to the list of incentives promoting ease of doing business and develop requisite skills and capacities.*

KEY BUDGET PROPOSALS

- ***World-class universities proposed to be setup in Gift City*****:** World-class foreign universities and institutions will be allowed to offer courses in financial management, fintech, engineering and mathematics etc., in GIFT City to generation of high-end human resources. Such universities shall be government by regulations imposed by IFSCA but shall be exempted from domestic regulations.
- ***Setup of International Arbitration Centre in Gift City:*** An International Arbitration Centre is proposed to be established in Gift City for timely settlement of disputes that occur in Gift City under international jurisprudence.
- ***Tax Exemptions in IFSC:*** With effect from April 1, 2023, following exemptions from tax have been offered to units operating in IFSC:
  - Income arising to non-resident as a result of transfer of offshore derivative instruments or over-the-counter derivative entered into with an offshore banking unit of an IFSC;
  - Income arising to non-resident by way of royalty or interest, on account of lease of a ship in IFSC;
  - Income arising to non-resident from portfolio of securities or financial products or funds, managed or administered by portfolio manager on behalf of non-resident, in an account maintained with offshore banking units in IFSC outside India.
- ***Tax Holiday in IFSC:*** Income arising from transfer of ship, leased by a unit of IFSC to any person shall be eligible for deduction of certain income for 10 years out of the 15 years.
- ***Exemption from tax extended to AIFs in IFSC:*** Category I and Category II AIF established in IFSC are exempted from deemed gift rules provided in Section 56(2)(viib) of the Income Tax Act, 1961.

UNION BUDGET 2022-23: REAL ESTATE

Impact Analysis: *The introduction of housing for all reinforces government's agenda of affordable housing and provides much needed incentives to realtors. Digitalization of land records and assistance of central government to fast-track the approval processes will help this sector achieve its commitments quicker. The highlight of the Union Budget for real estate sector is One Nation One Registration which will ensure ease of living and doing business across all stakeholders.*

KEY BUDGET PROPOSALS

- ***Housing for All:*** Government proposes to complete construction of 80 lakhs houses to be allocated to identified eligible beneficiaries under PM Awas Yojana, for both rural and urban areas in 2022-23 with an allocated amount of INR 48,000 crores. Central Government will work with state governments to reduce the time required for construction and land approvals to promote affordable housing in urban areas to provide expanded access to capital.
- ***Urban Sector Town Planning:*** Government proposes to setup a high-level committee of reputed urban planners and economists to provide recommendations on urban sector policies, planning and capacity building. Additionally, support will be provided to states for modernization of building byelaws, town planning schemes, and transit oriented developments to facilitate people to live and work closer to mass transit systems.
- ***Digitalization of land records:*** A Unique Land Parcel Identification Number system is proposed to be implemented across all states to facilitate IT-based management of records. Additionally, facility for transliteration of land records in any of the Schedule VII languages will provided much added relief to the stakeholders of this segment.
- ***One Nation One Registration:*** It is proposed to launch a National Generic Document Registration System enabling a single registration mechanism for uniform process of registration of deeds and documents across India.

ANNEXURE 1

Sr. No.	Slabs	Current Rates
Men*/ Women* below 60 years of Age and HUF/AOP/BOI		
1.	Income up to Rs. 2,50,000	Nil
2.	Income between Rs. 2,50,001 – Rs. 500,000	5%
3.	Income between Rs. 500,001 – Rs. 10,00,000	20%
4.	Income above Rs. 10,00,000	30%
For Senior Citizen (60 years to 80 years)**		
1.	Income up to Rs. 3,00,000	Nil
2.	Income between Rs. 3,00,001 – Rs. 500,000	5%
3.	Income between Rs. 500,001 – Rs. 10,00,000	20%
4.	Income above Rs. 10,00,000	30%
For Super Senior Citizen (80 years and above)**		
1.	Income up to Rs. 5,00,000	Nil
2.	Income between Rs. 500,001 – Rs. 10,00,000	20%
3.	Income above Rs. 10,00,000	30%

Note: *This will continue to be applicable with existing exemptions and deductions.*

Sr. No.	Slabs	Current Rates
Individual and HUF opting for taxation under Section 115BAC		
1.	Income up to INR 2,50,000	Nil
2.	Income between INR 2,50,001 – INR 500,000	5%
3.	Income between INR 500,001 – INR 7,50,000	10%
4.	Income between INR 7,50,000- INR 10,00,000 15%	15%
5.	Income between INR 10,00,000 - INR 12,50,000 20%	20%
6.	Income between INR 12,50,000 – INR 15,00,000 25%	25%
7.	Income above INR 15,00,000	30%

Note: *This regime will be applicable without any exemption or deduction.*

Sr. No.	Tax	Current Rates
For Domestic Companies		
1.	Corporate Tax	25% of the total income if the total turnover or gross receipts of the previous year 2019-2020 does not exceed 400 crores; 30% in any other case.
2.	Minimum Alternate Tax (MAT)	15% *Minimum Alternate Tax for Co-operative Societies has been reduced from 18.5% to 15% to provide parity between Companies and Co-operative Societies with effect from April 1, 2023, and hence will be applicable for assessment year 2023-24.*
3.	Dividend Distribution Tax (DDT)	15%
For Foreign Companies		
4.	Corporate Tax: If the income received by the Foreign Company is in the form of royalties paid by the Indian Government in relation to agreements made with an Indian concern (after March 31st, 1961, and before April 1st, 1976)	50%

<table>
<tr><td>5.</td><td>Corporate Tax: If the income received is in the form of fees for technical services rendered for agreements made with Indian concerns (after February 29th, 1964, and before April 1st, 1976)</td><td>50%</td></tr>
<tr><td>6.</td><td>Corporate Tax: General for all other cases</td><td>40%</td></tr>
<tr><td>7.</td><td>MAT</td><td>Not applicable</td></tr>
<tr><td colspan="3">For Partnership Firms and LLPs</td></tr>
<tr><td>1.</td><td>--</td><td>30%</td></tr>
<tr><td colspan="3">For Co-operative Societies****</td></tr>
<tr><td>1.</td><td>Up to Rs.10,000</td><td>10%</td></tr>
<tr><td>2.</td><td>Rs.10,000 to Rs.20,000</td><td>20%</td></tr>
<tr><td>3.</td><td>Over Rs.20,000</td><td>30%</td></tr>
<tr><td colspan="3">Other applicable Cess (For Individuals and Non-Individuals)</td></tr>
<tr><td>1.</td><td>Health and Educational Cess</td><td>4%</td></tr>
<tr><td>2.</td><td>Higher Educational Cess</td><td>1%</td></tr>
<tr><td>3.</td><td>Surcharges</td><td><u>For Individuals:</u>
<table>
<tr><td>Income above INR 50 lakh but below INR 1 crore</td><td>10%</td></tr>
<tr><td>Income above INR 1 crore but below INR 2 crore</td><td>15%</td></tr>
<tr><td>Income above INR 2 crores but below INR 5 crore</td><td>25%</td></tr>
<tr><td>Income above INR 5 crore</td><td>37%</td></tr>
</table>

For HUFs/ AOPs/ BOIs/ LLPs/ Partnerships/ Cooperative Societies: 12%, If income is greater than INR 1,00,00,000/-

For Domestic Companies: 7%, If income is greater than INR.1,00,00,000 and 12%, If income is greater than INR 10,00,00,000.

Surcharge on long term capital gains on transfer of any asset capped at 15% as against current surcharge rate of 25% and 37%.

For Co-operative Society income-tax shall be increased by a surcharge at the rate of 7% of such income-tax in case the total income of a co-operative society exceeds INR.1,00,00,000 but does not exceed INR 10,00,00,000. Surcharge at the rate of 12% shall continue to be levied in case of a co-operative society having a total income exceeding INR 10,00,00,000.

Surcharge on Association of Persons consisting of only company as its members capped at 15%.

For Foreign Company: 2%, If income is greater than INR 1,00,00,000 and 5%, If income is greater than INR</td></tr>
</table>

		10,00,00,000

Section of Income Tax Act, 1961	Particulars	Existing
Tax Deducted at Source (TDS)		
194	Dividend TDS rate Threshold for TDS	10% INR 5,000
194 J	Fees for professional or technical services (FTS)	2% on FTS (other than professional) others no change
194 K	Income in respect of units	10% Amount more than INR 5,000
194 O	Payment of certain sums by e-commerce operator to e-commerce participant	1%
194 LC	Interest to non-resident on long term loan and RBD for monies borrowed from outside India bonds listed on recognized stock exchange located in IFSC	4%
194 LD	Interest payable to FPI or QFI on municipal debt security	5%
194 A	Interest paid by large co-operative society	Turnover > INR 50 crore (500 Million) and interest paid is INR 50,000 in case senior citizen and INR 40,000 in others
194 LBA	TDS on income from units of a business trust in case of non-resident	Interest -5% Dividend -10%
194 LBA	Income from units of a business trust	10%

Sr. No.	Tax	Current Rates
Capital Gains on Capital Tangible Assets (other than stock in trade) *		
1.	Short Term Capital Gains (When assets are held for 36 months or less)	Domestic Company: 33.99% Foreign Company: 43.26% No depreciation is allowed (for domestic/ foreign company)
2.	Minimum Alternate Tax (MAT)	Domestic Company: 22.66% Foreign Company: 21.63% No depreciation is allowed (for domestic/foreign company)
Capital Tangible Assets (stock in trade) **		
1.	Domestic Company (as Business Income)	33.99%
2.	Foreign Company (as Business Income)	43.26%

***Note** (a) For assets on which depreciation has been allowed, the consideration is deducted from the tax written-down value, resulting in a lower claim for tax depreciation going forward; (b) Resident investors are entitled to the benefit of an inflation adjustment in long-term capital gains.; and (c) Non-resident investors are entitled to benefit from currency fluctuation adjustments when calculating long-term capital gains on a sale of shares of an Indian company purchased in foreign currency.

****Note:** Business losses can be offset against income under any category of income arising in that year and can be carried forward to offset against business profits for 8 succeeding years.

KEY DEVELOPMENTS IN FY 2021-22: DIRECT & INDIRECT TAX

Direct Tax updates

- ***Faceless Penalty Scheme:*** The Central Board of Direct Taxes ('**CBDT**') launched a faceless penalty scheme for conducting penalty proceedings under the Income Tax Act, 1961. The scheme is intended to impart transparency by eliminating the interface between taxpayers and tax authority.
- ***Slump Sale to include Slump Exchange:*** The definition of slump sale has been amended with any transfer (including exchange, relinquishment) of a business undertaking. Therefore, sale/transfer of a business for a non-monetary consideration is now covered under the provisions dealing with taxation of slump sale. The mechanism for computation of capital gains arising on account of slump sale have also been significantly altered to provide for imputation of fair market value in cases where the transaction value is lower than the FMV of the business computed basis the fair market value of underlying specified assets.
- ***CBDT notifies thresholds for 'Significant Economic Presence (SEP)':*** The CBDT vide notification No. 41/2021, dated May 3, 2021 introduced a new rule 11UD in the Income Tax Rules, 1962 prescribing the following thresholds for the purpose of SEP: (i) the amount of aggregate of payments arising from transaction or transactions in respect of any goods, services or property carried out by a non-resident with any person in India, including provisions of download of data or software in India during the previous year, shall be INR 20 million; (ii) the number of users with whom systematic and continuous business activities are solicited or who are engaged in interaction shall be 300,000. This rule is effective from April 1, 2022.
- ***Equalization Levy on Royalties:*** No equalization levy will be imposed on transactions which qualify in the nature of royalties or fees for technical services. Further, it was clarified that equalization levy would apply to the gross amount of consideration for the sale of goods or provision of services, irrespective of whether such goods or services are owned, provided, or facilitated by a marketplace/e-commerce operator.

Indirect Tax updates

- ***No Depreciation benefit on Goodwill:*** With effect from April 1, 2020, goodwill has been categorically excluded from the definition of intangible asset and therefore, no depreciable benefit will be available on goodwill. Gains arising from transfer of goodwill will be taxed as capital gains.
- ***Retrospective effect of Indirect Transfer Provisions withdrawn*:** The Taxation Laws (Amendment) Bill, 2021 seeks to withdraw the retrospective applicability of indirect transfer provisions under the Income Tax Act, 1961, which seeks to levy capital gains taxes on the transfer of shares of a foreign company which derives substantial value from India assets. The law also provides that no fresh tax demands can be raised even in cases where proceedings are underway.
- ***Production Linked Incentive ("PLI") Scheme:*** The PLI Scheme across several sectors has been announced, which is garnering huge interest on account of the significant budget outlay and the incentives offered. The scheme is intended to create large scale manufacturing capabilities, help in import substitution and export promotion as well as employment generation. Coupled with a concessional income-tax rate of 17% for new manufacturing companies, the PLI scheme is expected to provide a significant boost to the manufacturing sector of the country.
- ***Withholding tax on purchase of goods:*** Budget 2021 introduced new tax deducted at source provisions applicable to the purchase of goods with effect from July 1, 2021 As per the new

provisions, every buyer whose total sales exceeds INR 100 million is required to deduct tax at source at 0.1% from the resident seller on payment or credit, whichever is earlier. TDS is applied on the value of purchases exceeding INR 5 million of the seller during a financial year.

Major Judicial Orders

- ***Taxation of payments for purchase of software and withholding tax obligation on the payer**:* The Supreme Court of India in the case of Engineering Analysis Centre of Excellence Private Limited V. CIT and ANR held that profits derived from sale of software would be construed as business profits and not as royalties. The business profits capable of being assigned to the Permanent Establishment in India would be taxable in India. The court further held that the obligation to withhold taxes is dependent on whether the transaction falls in the scope of "Royalty" under the DTAA. If the transaction does not fall in the purview of Royalty, there is no obligation to withhold tax under Section 195 of the Income-tax Act, 1961.
- ***Computation of disallowance under Section 14A read with Rule 8D:*** The Supreme Court relying on the case of South Indian Bank Ltd V. CIT held that proportionate disallowance of interest is not applicable in cases wherein the value of the interest free own funds is higher than the quantum of investments of the taxpayer.
- ***Characterization of Income from transfer of depreciable asset not utilized for business purpose:*** The Supreme Court in the case of Sakthi Metal Depot V. CIT held that a depreciable asset retains its character even if it is not used for commercial purposes and no depreciation is claimed on it. As a result, the court held that the gains would be classified as short-term capital gains under Section 50.
- ***Ambit of profit linked deductions under Chapter IV-A:*** In the case of CIT V. Reliance Energy Ltd, the bench of the Supreme Court held that Section 80AB and 80-IA(5) are merely guiding in nature to compute profit from eligible business. The Court further opinionated that profit linked deductions are permissible to the extent of the taxpayer's Gross Total Income and not limited to income under the heading 'Profits and Gains of Business or Profession' ('PGBP income').
- ***Deductions under Section 43B:*** The Supreme Court in the case of M.M Aqua Technologies Ltd V. CIT relied on Explanation 3C of Section 43B to hold that a bonafide transaction in relation to actual payments will not attract Explanation 3C. The ruling provided clarity for availing deductions under Section 43B for taxpayers undergoing debt restructuring.
- ***Taxing of dividend income for non-resident shareholders: Applicability of tax treaty benefits***: The Delhi High Court in the case of Concentrix Services Netherlands B.V V. ITO (TDS) held that if a third country is not an OECD member at the time of signing their tax treaties, however, is an OECD member at the time the MFN clause is requested to be invoked, the benefit of a lower rate/limited scope would be accessible. The court held that Netherland based companies can claim the benefit of lower tax rates embodied in India's treaties.
- ***Setting off brought forward business losses under Section 72:*** In the case of Nandi Steels Ltd, the Karnataka High Court concurred with the decision of the Supreme Court in Cocanada Radhaswami Bank Ltd, in stating that carried forward business losses can be set off against profits and gains of a business regardless of the head under which they are taxed, as per section 72.
- ***Corporate re-domiciliation**: **Effect on residential status while claiming treaty benefits:*** The Mumbai ITAT in the case of Adit (IT) V. Asia Today Ltd, highlighted the concept of Corporate re-domiciliation to include moving its domicile to another jurisdiction while maintaining the same legal identity. The court further held that re-domiciliation should not result in denial of treaty benefits provided the re-domiciliation is for commercial reasons and for tax avoidance purposes.

The applicability of the judgments would, however, depend on the facts of each case.

Stamp Laws and Others

- ***Amendment to stamp laws on sale of immovable property by government company:*** A new Section 8G has been proposed to be inserted in the (Indian) Stamp prescribing that strategic sale, disinvestment of immovable property from a Government Company to another Government Company will not be liable to stamp duty under the Act.

KEY DEVELOPMENTS IN FY 2021-22: PE-VC/ START-UPS AND M&A

- ***Changes to the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("SEBI ICDR Regulations"):***
  - Where the issuer company in its offer documents, set out an object for future inorganic growth but has not identified any acquisition or investment target, the amount for such objects and amount for general corporate purpose (GCP) shall not exceed 35% of the total amount being raised.
  - Companies undertaking public offerings where the issue size is over INR 1,000 million will have to appoint a monitoring agency in order to monitor and report on use of 100% of the proceeds raised from the issue. Earlier this was limited to 95%. Reports from monitoring agencies will need to be submitted to the audit committee of the issuer on a quarterly basis instead of on an annual basis.
  - Size of offer for sale by shareholders holding more than 20% of a company ("**Significant Shareholders**") in a public offer made pursuant to Regulation 6(2) of the SEBI ICDR Regulations cannot exceed 50% of their pre-issue shareholding in the issuer. Shareholders other than Significant Shareholders can sell only up to 10% of the 'pre-issue shareholding of the issuer'.
  - In case of book-built issues, a minimum price band of be at least 105% of the floor price shall be applicable for all issues.
  - The existing lock in of 30 days shall continue for 50% of the portion allocated to anchor investor and for the remaining portion, lock in of 90 days from the date of allotment shall be applicable for all issues opening on or after April 01, 2022.
- ***Mandatory registration of NGOs with MCA for raising CSR Funds***: The Companies (Corporate Social Responsibility Rules, 2014 such that every entity, covered under sub-rule (1) of Rule 4 of Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021, who intends to undertake any CSR activity, will have to register themselves with the Central Government by filing form CSR-1 electronically with the Registrar of Companies.
- ***Definition of Small Company:*** The definition of "Small Company" was revised as follows - "***Small company means a company whose Paid up capital and Turnover shall not exceed rupees 2 crores and rupees 20 crores respectively***." Earlier, the threshold was 50 lakhs or less in paid up capital and INR 2 Crores or less in turnover.
- ***Minimum offer period for rights issue reduced***: The Companies (Share Capital and Debenture Rules) 2014 was amended to reduce the minimum offer period under a rights issue from a minimum of 15 days to a minimum of 7 days.
- ***Abridged Annual return for OPC and small companies in Form MGT-7A***: The Companies (Management and Administration) Rules, 2014 were amended such that One Person Companies and Small Companies shall file their annual return in an abridged Form MGT-7A (as opposed to Form MGT-7).

- ***Companies to use accounting software with audit trail of each transaction:*** In the Companies (Accounts) Rules, 2014, every company which uses accounting software for maintaining its books of account, shall use only such accounting software which has a feature of recording the audit trail of each and every transaction, creating an edit log of each change made in books of account along with the date when such changes were made and ensuring that the audit trail cannot be disabled. This amendment is effective from 1st April 2022.
- ***Scope of reporting by Auditors in Audit report broadened:*** The Companies (Audit and Auditors) Rules, 2014 have been broadened by mandating the disclosure of certain "Other Matters" in the Auditors Report including: (a) Reporting regarding advances loans & investment other than disclosed in notes to accounts; (b) Receiving of funds for further lending or investing other than disclosed in notes to accounts; (c) Dividend declared or paid is in compliance of Section 123 of the Companies Act, 2013; and (d) Comment on use of accounting software having and audit trail & other rules.
- ***Relocation by specified offshore fund domiciled in overseas jurisdiction ("original fund") to IFSC by setting up category I/II/III AIF ("resulting fund"):***
  - Transfer of shares/units/interest held by shareholders/unit holders of the original fund in consideration for shares /units/interest in resulting fund (in same proportion) pursuant to relocation is not regarded as a taxable transfer in the hands of the shareholders/unit holders.
  - Transfer of capital assets held by original fund to resulting fund pursuant to relocation shall not be regarded as a taxable transfer in the hands of the original fund.

  To avail the above exemptions, the relocation should have taken place on or before March 31, 2023.
- ***Start-up tax holiday***: The date of incorporation of a start-up to be eligible to claim benefits of a ***tax*** holiday was extended from April 1, 2021 to April 1, 2022.
- ***Changes to External Commercial Borrowings ("ECB") Policy:*** unutilized ECB proceeds drawn down on or before March 01, 2020 can be parked in term deposits with AD Category-I banks in ***India*** prospectively for an additional period up to March 01, 2022.
- ***Investment in Payment System Operators ("PSOs") from Financial Action Task Force ("FATF") non-compliant Jurisdictions:*** Investors in existing Payment System Operators ("PSOs") holding their investments prior to the classification of the source or intermediate jurisdiction/s as FATF non-compliant, may continue with the investments or bring in additional investments as per extant regulations so as to support continuity of business in India. New investors from or through non-compliant FATF jurisdictions, whether in existing PSOs or in entities seeking authorization as PSOs, are not permitted to acquire, directly or indirectly, 'significant influence' (as defined in the applicable accounting standards in the concerned PSO). In other words, fresh investments (directly or indirectly) from such jurisdictions, in aggregate, should account for less than 20 per cent of the voting power (including potential voting power) of the PSO.
- ***Prompt Corrective Action ("PCA") Framework for NBFCs:*** it has been decided to put in place a PCA Framework for NBFCs to further strengthen the supervisory tools applicable to NBFCs. The PCA Framework for NBFCs comes into effect from October 1, 2022, based on the financial position of NBFCs on or after March 31, 2022.
- ***Key changes to the SEBI (Mutual Funds) Regulations, 1996 ("MF Regulations") – streamlining a regime for governing the reporting, compliance, and disclosure requirements applicable to asset management companies ("AMCs"):*** SEBI has expanded the scope of 'key personnel' of an AMC to include chief investment officer, chief risk officer, chief information security officer, chief operation officer, compliance officer, sales head, investor relation officer(s), etc. in addition to the erstwhile list of key personnel. These new key personnel now also prohibited from carrying on self-dealing or front running activities, in addition to meeting the prescribed eligibility criteria.

  In order to facilitate innovation in the MF space, SEBI has introduced certain relaxations:

- permitting employees of AMCs to participate in private placement of equity by any company;
- allowing trustees to delegate its function(s) to declare/ fix a record date and decide the quantum of dividend, etc. to AMC officials;
- trustees are now mandated to report to SEBI the mutual fund securities dealt by them, only if a transaction exceeds INR 5 lakhs (*vis-a-vis* the previous threshold of INR 1 lakh).
- SEBI has classified investment in non-convertible preference shares ("NCPSs") as a '*debt instrument*' and accordingly, limitation of a mutual fund scheme to invest not more than 10% of its net asset value in "debt instruments" will also include NCPSs.

- ***Change in profit criteria for "sponsors" under the SEBI (Mutual Fund) Regulations, 1996****:* The SEBI (Mutual Funds) (Amendment) Regulations, 2021 (which came into effect from March 5, 2021) relaxed the profit criteria for "sponsors". Now sponsors that do not meet the profit criteria (of having a profit in 3 out of the last 5 years, including the fifth year), would still be eligible **to**, either set up a new, or acquire an existing, MF asset management company ("AMC") and trustee company, if it has a minimum net-worth of INR 1 billion as contribution towards the AMC's net-worth, which is required to be maintained till the sponsor makes profits for 5 consecutive financial years.
- ***SEBI (Delisting of Equity Shares) Regulations, 2021 ("2021 Regulations")****:* The 2021 ***Regulations*** were notified on June 10, 2021 and make certain incremental changes that further refine and streamline the delisting process.
- ***Increase in FDI limits for Insurance****:* The government has amended the Indian Insurance Companies (Foreign Investment) Rules, 2015 and increased the FDI limit in the insurance sector from 49% to 74%.

KEY DEVELOPMENTS IN FY 2021-22: INFRASTRUCTURE

- ***Setup of the National Bank for Financing Infrastructure and Development ("NBFID")****:* The NBFID has been set up under the National Bank for Financing Infrastructure and Development Act, 2021 This development financial institution is to act as a provider, enabler and catalyst in financing infrastructure related projects.
- ***FPI investment in Infrastructure Investment Trusts ("InvITs") and Real Estate Investment Trusts ("REITs"):*** The RBI has made relevant changes to the Foreign Exchange Management (Debt Instruments) Regulations, 2019 in order to permit FPIs have been permitted to invest in debt securities issued by Infrastructure Investment Trusts and Real Estate Investment Trusts.
- ***Approval of PM Gati Shakti National Master Plan ("Gati Shakti NMP")****:* On October 21, 2021, the Cabinet Committee on Economic Affairs (**CCEA**) approved the Gati Shakti NMP. The Gati Shakti NMP would essentially be a digital platform to bring several ministries including Railways and Roadways together for integrated planning and coordinated implementation of infrastructure connectivity projects.
- ***Purchase preference to local manufacturers in the power sector****:* On November 16, 2021, the Ministry of Power issued an order (2021 Order) to provide purchase preference for local suppliers in the power sector for encouraging "Make in India".
- ***FAME India Phase II****:* The Department of Heavy Industry (DHI) vide its notification dated June 11, 2021 has partially modified the Scheme for Faster Adoption and Manufacturing of Electric Vehicles in India Phase II (FAME India Phase II). The demand incentive for electric two wheelers has been increased to INR 15,000 per KWh from the earlier uniform demand incentive of INR 10,000 per

KWH for all electric vehicles. The cap on the demand incentive for electric two wheelers has also been increased to 40% of the vehicle cost from the earlier 20%.

KEY DEVELOPMENTS IN FY 2021-22: BANKING & FINANCE

- ***Introduction of framework for Digital Payments Security Controls:*** RBI through Master Direction provided necessary guidelines for the regulated entities to set up a robust governance structure and implement common minimum standards of security controls for digital payment products and services.
- ***Guidelines on Regulation of Payment Aggregators (PAs) and Payment Gateways:*** The Guidelines seek to regulate the activities of online PAs while providing baseline technology-related recommendations to PGs. Further, the guidelines put forth requirements in relation to capital, net worth, KYC and escrow account related requirements.
- ***Insolvency and Bankruptcy Code (Amendment) Ordinance, 2021*:** The Code provides a time-bound process for resolving the insolvency of corporate debtors (within 330 days) called the corporate insolvency resolution process (CIRP). Further the Ordinance introduced an alternate insolvency resolution process for micro, small, and medium enterprises (MSMEs), called the pre-packaged insolvency resolution process (PIRP). Application for initiating PIRP may be filed in the event of a default of at least one lakh rupees. The central government may increase the threshold of minimum default up to one crore rupees through a notification.
- ***Insolvency Resolution Process for Corporate Persons**:* Insolvency and Bankruptcy Board of India vide its notification dated 14.07.2021, amended the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016. An Interim Resolution Professional or RP, who is a director, or a partner of an insolvency professional entity shall not continue as the IRP or RP in a CIRP if the insolvency professional entity or any other partner or director of such insolvency professional entity represents any other stakeholder in that CIRP. The amendment requires an IP conducting CIRP to disclose all former names and registered office address so changed in the two years preceding the commencement of insolvency along with the current name and registered office address of the CD, in all its communications and records.
- ***Asset Classification and Income Recognition post expiry of COVID-19 regulatory package:*** The RBI in concurrence with the Supreme Court in Small Scale Industrial Manufacturers Association vs UOI required all lending institutions to establish a Board approved policy to refund/adjust the 'interest on interest' charged to the borrowers during the moratorium period. Further, Asset Classification of borrower accounts shall be as per the Income Recognition and Asset Classification Norms.
- ***Corporate Governance in Banks:*** RBI issued direction in relation to governance mechanisms that would be applicable to all Private Sector Banks. The directions require the following committees to be constituted: Audit committee of the board and Risk management committee. Further, tenure and procedure for meeting of the board were stipulated in the guidelines.
- ***Resolution framework 2.0 for Micro, Small and Medium enterprises:*** RBI in reference to circular dated August 6, 2020 extended the facility for restructuring existing loans without a downgrade in asset classification. The guidelines, however, impose certain conditions such as: the borrower should be a micro, small or medium enterprise, the borrowers account should be a standard asset and the restructuring of the borrower account should be implemented within 90 days from the date of invocation.
- ***Resolution framework 2.0 for Micro, Small and Medium enterprises: Revision in threshold for aggregate exposure:*** An MSME account to be considered for restructuring under the framework

shall not have aggregate exposure exceeding Rs. 25 crores, based on review the mentioned limit has been enhanced to Rs. 50 crores.

- ***Securitization of Standard Assets:*** On September 24, 2021, the RBI released Master Direction – (Reserve Bank of India Securitization of Standard Assets) Directions, 2021. The directions removed the bar on securitization of purchased loans. The risk retentions requirement for residential mortgage-backed transactions has been reduced to 5%. The Minimum holding period reduced to 6 months maximum, whereas it will be 3 months in case of loans with a tenure of up to 2 years.
- ***Filling of Form CIRP 8 under the IBBI:*** The IBBI has specified the format of CIRP 8 for intimating details of his opinion and determination under regulation 35A, by the 140th day of the insolvency commencement date. The Form is required to be filed for all CIRP ongoing or commencing on or after 14.07.2021
- ***Bank finance to Non-Banking financial Companies:*** RBI has withdrawn the ceiling on bank credit linked to Net Owned Fund (NOF) of NBFCs in respect of all NBFCs which are statutorily registered with RBI and are engaged in principal business of asset financing, loan, factoring and investment activities. The guidelines further state that banks may also extend finance to NBFCs against second-hand assets financed by them.

KEY DEVELOPMENTS IN FY 2021-22: INVESTMENT FUNDS

- ***Alignment of Interest of Key Employees of Asset Management Companies (AMCs) with the Unitholders of the Mutual Fund Schemes:*** SEBI issued a circular to align the interest of the Key Employees of the AMCs with the unitholders of the mutual fund schemes wherein a minimum of 20% of the salary/ perks/ bonus/ non-cash compensation (gross annual CTC) net of income tax and any statutory contributions (i.e., PF and NPS) of the Key Employees of the AMCs shall be paid in the form of units of the schemes.
- ***Introduction of framework for Accredited Investors in securities market:*** SEBI by way of third amendment of 2021 to SEBI (AIF) Regulations, 2012, introduced a sophisticated yet simple and specific class of investors being professional or informed financial investors. An individual, HUF, Family Trust is categorized as Accredited Investor when its annual income is at least INR 2 crores or net worth is at least INR 750 crores; or annual income is at least 5 crores. Similarly, body corporate shall be categorized under this head in the event net worth is at least INR crores. Accredited Investor being a professional class is exempted from minimum capital contribution and a relaxed investment concentration norm.
- ***Rationalizing Regulatory Reporting Compliance to be undertaken by AIF:*** AIFs shall be required to submit report on their activity as an AIF to SEBI on quarterly basis within 10 calendar days from the end of each quarter in the revised formats prescribed by SEBI. Further, Category III AIFs shall also submit report on leverage undertaken, on quarterly basis in the revised formats prescribed. Further, any changes in terms of private placement memorandum and in the documents of the fund/scheme shall be intimated to investors and SEBI on a consolidated basis, within 1 month of the end of each financial year.
- ***Securities and Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations 2021:*** SEBI by way of second amendment of 2021 to SEBI (AIF) Regulations, 2012 introduced the definition of 'startup' as specified by Government of India for the purpose of investment by Angel Funds; removed the list of restricted activities or sectors from the definition of Venture Capital Undertaking to provide flexibility to Venture Capital Funds registered under Category I Alternative Investment Funds (AIFs) in making investments; allowed AIFs, including Fund of AIFs, to simultaneously invest in units of other AIFs and directly in securities of investee

companies subject to certain conditions; clarified scope of responsibilities of Managers and members of Investment Committees; and prescribed a Code of Conduct for AIF, Trustee and directors of the Trustee/Designated Partners/directors of the AIF, Manager, members of Investment Committee and key management personnel of AIF and Manager.

- ***Enhancement of Overseas Investment limits for Mutual Funds:*** SEBI has issued a circular to enhance the investment limits per Mutual Fund. Overseas investment was increased to maximum of USD 1 Billion per mutual fund for individual limit and USD 7 Billion for industry limit. Further, Overseas Exchange Traded Funds was increased to maximum of USD 300 Million per mutual fund for individual limit and USD 1 Billion for industry limit.
- ***Modalities for filing of placement memorandum through a Merchant Banker:*** AIFs shall launch scheme(s)subject to filing of placement memorandum with SEBI through a SEBI registered Merchant Banker. The Merchant Banker shall independently exercise due diligence of all the disclosures in the placement memorandum, satisfy itself with respect to veracity and adequacy of the disclosures and provide a due diligence certificate.
- ***SEBI allows co-investment in Alternative Investment Fund:*** SEBI by way of fifth amendment of 2021 to SEBI (AIF) Regulations, 2012, allowed co-investment by AIF investors via a portfolio manager handling the said co-investments.
- ***Enhancement of overall limit for overseas investment by Alternative Investment Funds:*** The overall limit for overseas investment by Alternative Investment Funds has been enhanced to USD 1500 million.

KEY DEVELOPMENTS IN FY 2021-22: REAL ESTATE

- ***Introduction of "Atmanirbhar Bharath Abhiyaan":*** The Indian Government introduced certain key measures such as: (i) an additional corpus of INR 18,000 crores for urban housing schemes; (ii) credit linked interest subsidiary scheme (CLSS) previously introduced by the government was extended till March 31st 2021; (iii) through modifications in income tax computation, tax reduction of up to 20% was offered for primary sales of residential units up to INR 2 crore, made effective until June 30, 2021. Until March 31, 2022, first-time homebuyers were able to claim an income tax deduction of up to INR 150,000 for home loans used to acquire affordable housing units.
- ***Real Estate Alternative Investment Funds:*** The government announced the setting up of an INR 25,000 crore real estate investment fund, with an initial fund of INR 10,350 crore raised through the Special Window for Affordable and Mid-Income Housing Investment Fund I to provide last mile funding to stressed affordable and middle-income housing projects.
- ***Reduction in Stamp Duty:*** The States of Karnataka and Maharashtra were proactive in reducing the stamp duty rates for certain immovable property. The State of Karnataka reduced the stamp duty levied on properties priced between INR 35 lakhs- INR 45 lakhs to 3%. The state of Maharashtra has also introduced the stamp duty rates applicable from January 1st – March 31st, 2021, to 3%.
- ***Extension of government projects and bank guarantees:*** The government to bolster confidence in the real estate sector offered an automatic six-month extension for completion of government projects. Furthermore, relevant government entities were allowed to offer bank guarantees on a pro rata basis to the degree of a project's actual completion, to increase liquidity and battle cash flow concerns among small and mid-sized contractors.
- ***Project extension from State Real Estate Regulatory Authorities:*** Depending on the on-the-ground conditions in their individual states, several state RERA authorities introduced an option to seek a 3 to 12 month extension of project completion dates, as well as certain other statutory compliances.

Developers could now request a much-needed "grace time" and re-plan finishing modalities without being penalized.

- ***External Commercial Borrowing permitted in Housing Scheme:*** With "affordable housing" now classified as a sub-sector of infrastructure, developers can use the ECB to finance "affordable housing projects" without having to rely on the National Housing Bank.
- ***Amendments to effectuate homebuyers as financial creditors under the IBC*:** The Insolvency and Bankruptcy Code was amended to prescribe a threshold of the lesser of 100 allo0ttees or 10% of the total number of allottees of a real estate project to initiate insolvency against a developer, with retrospective effect.
- ***Construction premium cuts:*** The government of Maharashtra issued a government resolution (GR) that has reduced the construction related premiums by 50% to stimulate and provide stability to the real estate sector.