



**"The evil deeds of the corrupt are coming to light and they have looted people. The honourable court will give due punishment to these 'khandani bhraastachari' (ancestral corrupt) for their deeds"**

YOGI ADITYANATH, Uttar Pradesh chief minister



**"PM Modi has addressed a vast diversity of people, from youths to senior citizens and from professionals to housewives. He has also reached out to the fence-sitters while energising his own cadre"**

RAVI SHANKAR PRASAD, BJP leader



**"It's a historic day. The final assault on poverty has begun. There will be justice for the poor. The Congress guarantees that 20 per cent families belonging to poorest of the poor will be given ₹72,000 each annually"**

RAHUL GANDHI, Congress president



**CHINOOK INDUCTED INTO IAF**  
Chinook helicopter during its induction into the Indian Air Force, at Air Force Station Chandigarh on Monday. Four Chinook heavy-lift helicopters made in the US were inducted into the Air Force

**IN BRIEF**  
**Liquidity to get further boost of ₹35,000 cr via ₹-\$ swap: Garg**

The finance ministry and the Reserve Bank of India (RBI) on Monday said liquidity situation of the economy is comfortable and it will be boosted further by ₹35,000 crore through the rupee-dollar swap window. Liquidity situation is comfortable now, Department of Economic Affairs Secretary Subhash Chandra Garg told reporters. Asked about the new tool of rupee-dollar swap arrangement by the RBI to infuse liquidity, Garg said it is a "sound move (by the RBI)". According to a senior official of the RBI, the liquidity position in the system is comfortable and the central bank is constantly monitoring the situation in the system.



**Court extends Vadra's interim protection from arrest till Mar 27**

A Delhi court on Monday extended Robert Vadra's interim protection from arrest till March 27 in a money laundering case. Special Judge Arvind Kumar granted the interim relief to Vadra. Senior advocate KTS Tulsy, appearing for Vadra, denied all allegations against him and said that Vadra has not misused the liberty granted to him by the court.

**Food inflation may go up to 2% in FY20: Report**

Food inflation in the country is likely to go up to 2 percent in fiscal year 2019-20 from the 0.7 percent estimated for FY19, a report said on Monday. It can be noted that the low food prices have been one of the prime factors which has aided the RBI to be more accommodatory in its rate setting recently.

**HAL rolls out 16th Tejas for Air Force, meets target**

The Hindustan Aeronautics Limited on Monday announced the production of 16th light combat aircraft "Tejas" as per the target. The public sector company said the customer flights would be completed by the end of this month. HAL in a statement said it has orders from the Indian Air Force (IAF) for 40 LCAs (16 each in Initial Operational Clearance (IOC) and Final Operation Clearance configurations and eight trainers) and the 16th LCA was as per the target till March 31.

**Chopper case: Court lets Rajeev Saxena turn approver**

A Delhi court on Monday allowed Rajeev Saxena, an alleged middleman, to turn approver in the Agusta-Westland money laundering case. Special Judge Arvind Kumar allowed Saxena to be turn approver.

# I-T's big data to nab tax evaders

From April 1, income-tax sleuths will keep a check on taxpayer's comprehensive profile under Project Insight

SHRIMI CHOUDHARY  
New Delhi, 25 March

**360-DEGREE TAX PROFILING**

From April 1, the Income-Tax (I-T) department will keep a check on taxpayers' comprehensive profile, including transactions, relationships, social networking and all other related information under its much-awaited Project Insight, slated to be fully operational from the beginning of the next financial year.

According to sources, the Income-Tax department has created various functionalities under the portal, which will provide the 360-degree profile of taxpayers, including new and non-filers to gauge their accountability and tax liability. The tax department had on March 15 put out instructions for tax officials for accessing the insight portal.

The move aims to capture the tax compliance of the assesseees and to bring more people under the tax net. This would also help nab errant assesseees during demonetisation and those having pending demands exceeding ₹10 lakh.

The information under the insight portal will be segregated. This will have the taxpayers' master profile, including the individual's address, signature, the tax return profile, where key values of the return and processing will be accessed.

**BUSINESS INTELLIGENCE:** I-T will access tax collection, tax base, taxpayers' compliance, TDS and third party reporting

**GEOGRAPHIC INFORMATION SYSTEM:** This will help select the specific area for more focused action; classification on the basis of income, profit, capital gains

**PROFILING:** Taxpayers' master profile, relationship, social networking, ITR status, asset details and annual summary

**VERIFICATION:** This provides access to different types of cases, generated based on profiles of individuals. This includes actionable cases

**INFORMATION MANAGEMENT:** Collaborative collection of online web pages, collection of documents that could be probed

**OTHER CASES:** The portal also provide whole data about high cash deposits during note ban, pending demands exceeding ₹10 lakh



ILLUSTRATION BY AJAY MOHANTY

social media sites to deduce mismatches between spending pattern and income declaration.

The making of Insight portal has been initiated by the Income-Tax department for data mining, collection, collation and processing of such information for effective risk management, with a view to widen and deepen the tax base. It will also help taxmen monitor high value transactions, and curb the circulation of black money.

The tax department had signed a pact with L&T Infotech for implementation of Project Insight, which is designed to strengthen non-intrusive information driven approach for improving tax compliance.

The steps include the launch of 'Operation Clean Money' after demonetisation of old higher denomination currency for collection, collation and analysis of information on cash transactions, extensive use of information technology and data analytics tools for identification of high risk cases, expeditious e-verification of suspect cases and enforcement action.

The portal has been created by using technology allowing them to collate databases of IT returns, IT forms, TDS/TCS statements and Statement of Financial Transactions received from financial institutions.

# MCA looks to UK model for individual bankruptcy

Corporate affairs secretary says there should be a process of even loan waiver in some cases

VEENA MANI  
New Delhi, 25 March

Corporate affairs secretary Injeti Srinivas on Monday favoured the UK model of bankruptcy in the case of individuals. He said there should be a process of even loan waiver in certain cases.

At a CII event, Srinivas was of the opinion that individuals undergoing resolution under the bankruptcy law should be allowed a 'fresh start' and the loan should be waived in case it is small.

He added that relief must be given based on income lev-

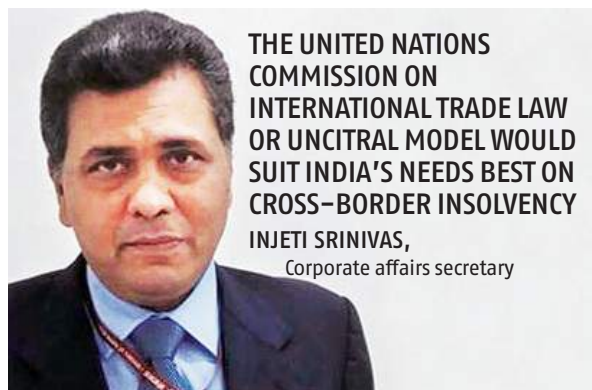
els, assets and possession of dwellings, among others.

He said that such an approach is recommended as a large number of borrowers has only small loans. Individual bankruptcy is yet to be notified by the government.

Srinivas said that personal insolvency should be approached carefully and in a planned manner.

The UK law has the option of debt relief if the person has no or bare minimum disposable income, no real asset or little income.

"The UK example for personal insolvency should be



**THE UNITED NATIONS COMMISSION ON INTERNATIONAL TRADE LAW OR UNCITRAL MODEL WOULD SUIT INDIA'S NEEDS BEST ON CROSS-BORDER INSOLVENCY**  
INJETI SRINIVAS,  
Corporate affairs secretary

emulated," he said. Apart from individual bankruptcy, the government is looking at bringing in rules for proprietorship firms and corporate guarantee.

While the insolvency process is there, the one on cross-border has still not been noti-

fied. Srinivas said that the United Nations Commission on International Trade Law or UNCITRAL model would suit India's needs best on cross-border insolvency.

He said the ministry wants to table amendments to the Insolvency and Bankruptcy

Code (IBC) to enact the cross-border insolvency norms in Parliament. This could happen only after the new government assumes power since the model code of conduct has been enforced.

A cross-border insolvency law empowers foreign creditors to lend to Indian corporate entities and Indian creditors to lend to foreign companies.

The government wants to bring in a separate chapter in the IBC against the current provisions under Sections 234 and 235 of the code.

Under these sections, cross-border insolvency can be enforced only if India enters bilateral treaties with foreign governments, said an official at the ministry of corporate affairs.

Finalising these treaties

takes long, and since each treaty is different, there is uncertainty among foreign investors. This also creates ambiguity for Indian courts and the National Company Law Tribunal (NCLT), which has to treat each case separately.

However, adding this as a separate chapter would address these issues. Srinivas said 12,000 cases have been filed since the implementation of the insolvency law and setting of National Company Law Tribunal (NCLT).

Personal bankruptcy law is also not in place as the provisional insolvency law needs to be repealed. Bankruptcy matters will go to the debt recovery tribunal as opposed to insolvency matters that go to the National Company Law Tribunal.

# BSNL-MTNL merger may solve their woes

With this, MTNL will be able to expand ops across India on the basis of network utilisation: Experts

MEGHA MANCHANDA  
New Delhi, 25 March

Merging the two ailing state-run telcos — Bharat Sanchar Nigam Ltd and Mahanagar Telephone Nigam Ltd — can solve their problems, say experts.

MTNL's merger with BSNL means the former will be able to expand operations in India on the basis of network utilisation.

Its debt is less than that of private entities and it also has assets.

In a competitive market, driven by Mukesh Ambani-led Reliance Jio, along with Bharti Airtel and Vodafone-Idea, the consolidation of the two telcos might help them stay afloat, say experts.

"Everyone seems to be consolidating, and MTNL and BSNL should revisit this proposal," said Annie Morees, former member (finance), Department of Telecommunications (DoT).

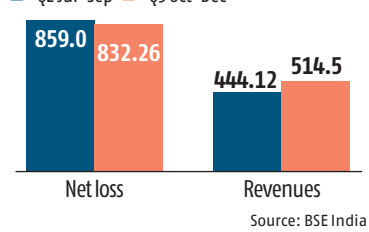
A telecom company executive said together they would make a stronger entity because they have real estate assets and the spectrum and resources to function as a team.

MTNL, once reputed to be a policymaker and operator for the Department of Telecommunications (DoT), has lost ground and credibility primarily owing to labour issues and political interference. The company being overstaffed (with around 23,000 workers) has turned into a huge disadvantage for it.

MTNL employees want the voluntary retirement scheme (VRS) after the implementation of the third pay revision, which translates into a ₹300 crore increase in employee benefit expenses. One of the solutions provided by the company to increase the revenue includes focus on the broadband and fibre-to-home business, which



**MTNL FINANCIALS (₹ cr)**



the company is managing well. The company expects to gain ₹500 crore annually from this business.

"MTNL had a great opportunity to consolidate in the two prime circles of Delhi and Mumbai. 3G spectrum was given to MTNL but political interference is one of the many reasons the company could not achieve what it had set out to," an industry expert said.

The company wants to surrender its 3G spectrum, which will give the

company ₹3,500 crore, which can be used for running the company, paying the salaries of its staff and investing in the landline business, which is doing well.

The company has loans worth ₹20,000 crore on its books, which it took for paying the central government statutory dues. MTNL wants the government to convert these loans into loans with sovereign guarantees with full responsibility for principal and interest payment, which is expected to save the company ₹2,000 crore annually on interest payment.

In its revival plea to the central government, MTNL had expressed willingness to venture into fourth-generation or 4G services if they are fully financed by the government.

**MTNL, once reputed to be a policymaker and operator for the Department of Telecommunications, has lost ground and credibility primarily owing to labour issues and political interference**

The public sector unit also wants the government to monetise its unused or underused real estate assets. BSNL too has a similar plan.

Monetising assets of the two companies, coupled with network upgrade (through fund infusion), can give them a lifeline. Managing the huge manpower of the consolidated unit, however, would remain a challenge.

BSNL has sought intervention from the telecom department. The sick PSU wants to be allowed to rent its land (it has about 7,500 plots in the country with a rough valuation of ₹70,000 crore) to other central public sector units instead of selling them. The Union government is also working on a bailout package of ₹13,000 crore for BSNL, which includes a ₹6,365-crore voluntary retirement package and 4G spectrum allotment through a ₹6,767-crore equity infusion and monetising real estate.

BSNL is expected to post a loss of ₹7,000 crore, including a ₹4,000-crore operational loss, due to depreciation in FY19.

In the July-September quarter of the current financial year (2018-19), MTNL's standalone losses grew to ₹859 crore owing to increase in finance cost and decline in sales. Employee cost accounted for 92.2 per cent of the cost of the company, which was 29 per cent more than the revenue generated from its operations of ₹572.83 crore.

MTNL has not paid salaries to its employees in the last two months, a first in its 18-year history.

BSNL's debt stands at ₹13,500 crore, while that of the telecom sector is ₹6.1 trillion.

# 'Intermediate supplier can export via ultimate exporter'



**CHATROOM**

T N C RAJAGOPALAN

**We have obtained an advance authorisation and got it invalidated in favour of a domestic supplier for supply of an intermediate. The domestic manufacturer has obtained an advance intermediate authorisation and imported his inputs duty-free. Now, he is about to supply that intermediate to us but we want to export the same without further processing as we have an order for that intermediate. Can we do it?**

This would be a case of export through merchant exporter by the advance intermediate authorisation holder. Para 4.30 (b) of HBP says that the intermediate supplier can also supply the product(s) directly to the port for export by the ultimate exporter (holder of Advance Authorisation). In such cases, the shipping bill should be in the name of the ultimate exporter, with the

name of the intermediate supplier endorsed on it. CBEC Circular No. 893/13/2009-CX, dated July 23, 2009 deals with such situations. Please note that this will discharge the export obligation of the intermediate supplier against his advance intermediate authorisation.

**We have made an export shipment and now, our buyer is paying us through Paypal. Is it permitted to receive payment through Paypal in India? We understand that if we receive payment through Paypal, we will get a credit in INR in our bank account. In this case, will we be eligible for benefit of MEIS and Advance Authorisation?**

RBI does not mention Paypal in its circulars but there is a clear provision that banks have been allowed to offer the facility of repatriation of export-related remittances by entering into standing arrangements with Online Payment Gateway Service Providers (OPGSP) against export of goods and services of value not exceeding \$10,000. Banks providing such facilities must open a Nostro collection account for receipt of the export-related payments facilitated through such arrangements. Where exporters availing of this facility are required to

open notional accounts with the OPGSP, all receipts should be automatically swept and pooled into the Nostro collection account opened by the bank. Since this is a permitted method of payment, there is no reason to deny any export incentives against such receipts.

**Against our exports there is shortfall in realisation of export proceeds. Our bank says that we should surrender proportionate export incentives. We have surrendered proportionate drawback. Are we required to surrender proportionate GST rebate that we took against zero-rated exports? No. Under the GST laws, you are entitled to refund of IGST paid on export goods once they are exported. There is no requirement that export proceeds must be realised.**

**We are registered as manufacturers under GST. We want to send our goods for job-work to another manufacturer in the same State and dispatch the final products from there itself. Are we required to include the job-worker's premises in our registration as additional place of business? If he is not registered, you have to include the job-worker's name and address as your additional place of business — but not if he is already registered.**