

GOLD

₹38,771

RUPEE

₹70.98

OIL

\$65.82

SILVER

₹45,610

*Indian basket as on December 13, 2019

*International market data till 1900 IST

WITH ONLY 4 MONTHS LEFT, GST TARGET IS ₹4.55L CR; DIRECT TAX IS ₹7.78L CR

Amid slowing revenue collection, govt sets targets for tax officers

ENSECONOMICBUREAU
NEW DELHI, DECEMBER 17

WITH TAX targets looking out of reach amid slowing revenue stream and the economic slow-down, the Revenue Department under the Finance Ministry has exhorted both direct and indirect tax officers to achieve targets without troubling the taxpayers. With only four months left to meet the overall target, Goods and Services Tax (GST) target has been set at Rs 4.55 lakh crore (Rs 1.10 lakh crore for three months each and Rs 1.25 lakh crore in one month), while direct tax officials have to collect Rs 7.78 lakh crore in the same period.

Revenue Secretary Ajay Bhushan Pandey is learnt to have held a video conference meeting with senior officials of Central Board of Indirect Taxes and Customs (CBIC) and Central Board of Direct Taxes (CBDT) along with senior field officials on Monday, wherein the GST target for the next four months was detailed. Officers were also told that the impact of corporate tax cut worth Rs 1.45 lakh crore "should not be taken as an excuse" for lower direct tax collection target, an official said.

Senior officials including

EXPLAINED Corporate tax cut, low growth may increase challenge for govt

WITH JUST four months remaining in the current financial year and tax collections lagging behind the budget estimates, the Finance Ministry has exhorted tax officers to achieve targets of both direct and indirect taxes, with the rider that officers do not "trouble" taxpayers in the process.

The GST target has been set at Rs 4.55 lakh crore for these four months, while direct tax officials staring at the onerous task of collecting Rs 7.78 lakh crore, or 58.2 per cent of the Budget target during this period. Collection of past arrears and matching of income tax data with GST data are some of the measures which would also be undertaken as the government struggles to meet its targets. The recent corporate tax cut and flagging economic growth are expected to compound the challenge.

Principal Chief Commissioners and Chief Commissioners have been asked to make field visits on a regular basis every week, the official said. Information will also be shared between GST and income tax authorities to detect cases of tax evasion and recover the due amount of tax. "Information of GST and income tax and other financial dealings will be shared and the tax evaders will be

brought to book. If any taxpayer has missed out on sharing correct tax information, s/he will be asked to file the revised return. Efforts are to exhort officers at all levels to maximise tax collection at the same time ensuring that genuine taxpayers are not troubled or harassed," the official said, adding that a drive will also be conducted to recover past arrears during the next three months.

Both direct and indirect tax collections have been slowing over the last few months, raising concerns for both states and Centre. Barring November, GST collection contracted for the previous two months, which even led to delayed compensation payments to states. The GST Council is set to meet on Wednesday to discuss revenue augmentation measures.

Centre's share in GST has also been behind targets, with the Central GST collection during April-November falling short of the budget estimate by nearly 40 per cent. Central GST collections stood at Rs 3,28,365 crore during April-November as against the Budget estimate of Rs 5,26,000 crore for these months, as per data presented in Parliament. Direct tax collections have also not fared any better, with only 41.7 per cent or Rs 5.56 lakh crore of the total target of Rs 13.35 lakh crore collected during April-November, the first eight months of the financial year, government data showed. As per the Controller General of Accounts tax data, available for April-October, gross tax revenue needs to grow at a run rate of 35.4 per cent and net tax revenue needs to grow at a steep 47.3 per cent in the remaining five months of this fiscal.

Revenue analysis, augmentation to be areas of focus in today's GST Council meeting

ENSECONOMICBUREAU
NEW DELHI, DECEMBER 17

REVENUE ANALYSIS and revenue augmentation measures, coming in the backdrop of delayed compensation payments to states, will be the primary areas of discussion in the 38th Goods and Services Tax Council meeting Wednesday.

Though the Council has refrained from listing any major tinkering of rate slabs in the official agenda, it is expected to correct inverted duty structure (when tax on inputs is higher than the final product) of several items such as fabrics, solar modules, railway locomotives either by a rate hike or tweaking conditions for input tax credit. Compliance measures and a hike in compensation cess may also get discussed, even as several states have already raised concerns against any significant rate tweak amid the slowdown.

Over 2 years into insolvency process: CoC approves NBCC resolution plan for Jaypee Infra

ENSECONOMICBUREAU
NEW DELHI, DECEMBER 17

MORE THAN two years after Jaypee Infratech went into corporate insolvency resolution process in August 2017, the committee of creditors (CoC) of the beleaguered real estate company has finally approved the resolution plan submitted by state-owned NBCC. While this comes as a big relief to almost 20,000 homebuyers awaiting the delivery of their housing units, as per the resolution plan submitted by NBCC, the project for homebuyers would get completed within the next 3.5 years.

In the latest round of bidding, NBCC and Suraksha Realty had submitted their proposals and that submitted by NBCC received 97.36 per cent votes in the voting concluded on Monday.

In a filing with the BSE, Jaypee Infratech's Interim Resolution Professional Anuj Jain informed that NBCC got 57.66 per cent vote of homebuyers and 0.13 per cent of fixed deposit holders. The public sector firm got 39.57 per cent votes of lenders out of total 42.21 per cent votes.

While IFCI, which had 1.21 per cent voting rights abstained from voting process, ICICI Bank (1.31 per cent) and SREI Equipment Finance Ltd (0.12 per cent), voted against

NBCC offered 1,526 acre of land in lieu of debt to lenders and a penalty payment of Rs 5 per sq ft per month to homebuyers on delay

NBCC's bid.

Of the 21,781 homebuyers that are part of the CoC, as many as 12,147 flat owners voted on NBCC's resolution plan — of which 97.02 per cent were in favour. As many as 13 banks, 914 FD holders and 21,781 homebuyers had voting rights in the CoC. After the CoC approval, NBCC's bid has to be approved by the National Company Law Tribunal (NCLT).

Sources said while Suraksha Realty offered Rs 190 crore upfront cash payment to lenders, they also offered 2,320 acres of land in lieu of debt and proposed delay penalty payment of Rs 10 per sq ft per month to homebuyers. It also proposed to complete the project within three years.

By comparison, NBCC offered 1,526 acres of land in lieu of debt to lenders and a penalty payment of Rs 5 per sq ft per month to homebuyers on delay. NBCC proposed to complete project for homebuyers within 3.5 years.

Jaypee Infratech, a subsidiary of crisis-hit Jaiprakash Associates, went into insolvency process in August 2017 after NCLT admitted an application by an IDBI Bank-led consortium.

In the first round of insolvency proceedings conducted last year, the Rs 7,350-crore bid of Lakshdeep, part of Suraksha Group, was rejected by lenders.

The CoC rejected the bids of Suraksha Realty and NBCC in the second round held in May-June this year. While the matter reached the National Company Law Appellate Tribunal and then the apex court, on November 6, the SC directed completion of Jaypee Infratech's insolvency process within 90 days and said the revised resolution plan will be invited only from NBCC and Suraksha Realty.

On December 7, the CoC decided to put on vote simultaneously the bids of NBCC (India) Ltd and Suraksha Realty to acquire the bankrupt realty firm. The voting process started on December 10 and ended on December 16.

While homebuyers' claim amounting to Rs 13,364 crore and lenders' claim worth Rs 9,783 crore have been admitted, NBCC has proposed to transfer the road asset to lenders but before that it will take a loan of around Rs 2,500 crore against toll revenue to fund construction spend. **WITHPTI**

SECTOR WATCH

BANKING: E-PAYMENTS

Stolen, cloned card complaints more than double in FY19: RBI Ombudsman

GEORGE MATHEW
MUMBAI, DECEMBER 17

THE NUMBER of complaints relating to ATM and debit cards filed with the Reserve Bank of India's Ombudsman rose 18.65 per cent to 36,539 during the year ended March 2019 from 24,672 complaints in the previous year. Complaints relating to use of stolen and cloned cards more than doubled to 4,961 (2.53 per cent of the total complaints) in 2018-19 from 2,117 a year ago, data released by the RBI has showed.

However, the RBI did not reveal the amount lost by customers. "The actual number of cases relating to ATM, debit cards, stolen and cloned cards will be many times more as only some cases reach the RBI's Ombudsman," said a banking source. Several customers had reportedly complained that money has been fraudulently withdrawn from their accounts even though they possessed their debit cards. In May 2015, the RBI had asked banks to gradually phase out magnetic stripe cards and move to EMV chip cards and set December 31, 2018, as the deadline to tackle the menace of card cloning. However, as some banks have issued EMV cards with magnetic stripes, skimming is still possible, said an official.

According to RBI guidelines, a customer will have zero liability in respect of a fraudulent transaction if there is contributory fraud or negligence on the part of the bank, irrespective of whether or not the transaction is reported by the customer. In case of a third party breach also, where the deficiency lies neither with the bank nor with the customer and the customer informs the bank within 3 working days of receiving communication from the bank regarding the unauthorised transaction, the customer will not be liable. Similarly, customer liability has been capped at Rs 25,000 if a person reports unauthorised transactions within seven working days. However, a bank is free to determine customer liability if such a transaction is reported after seven working days.

Of the total number of ATM

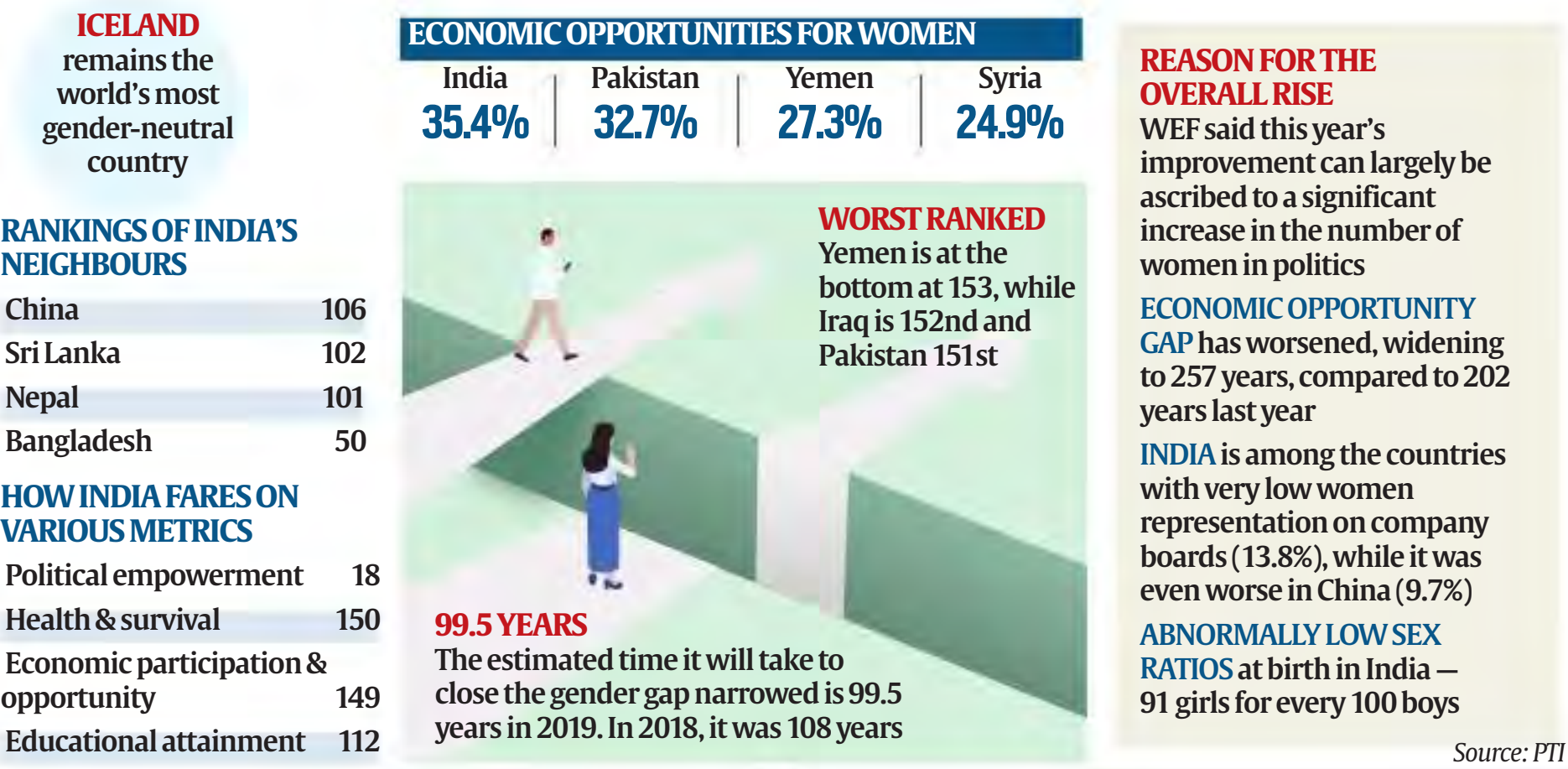
Of the total number of ATM and debit cards complaints, 'account debited but cash not dispensed by ATMs' accounted for almost 53%

and debit cards complaints, a major sub-category was 'account debited but cash not dispensed by ATMs' which accounted for almost 53 per cent of the ATM related complaints, the RBI report on the Ombudsman's scheme said. "While non-observance of fair practices code continued to remain the major ground of complaints during the year, its percentage came down from 22.10 per cent in the previous year to 19.17 per cent in the current year. ATM and debit card issues had increased from 15.08 per cent in last year to 18.65 per cent this year," the report said. According to the RBI, the complaints on the ground relating to digital transactions (mobile, internet, ATM and credit cards) rose by 18,801 to 64,607 complaints and accounted for 32.98 per cent of total complaints, a 6.48 per cent increase in share of complaints over the previous year. "This, however, did not include the digital related complaints falling under other grounds under the scheme. The rise in complaints reflects rising popularity of digital modes of transactions," the report said.

Overall, the complaints received at Ombudsman's offices rose by 32,311 taking the total to 1,95,901 in 2018-19 over the previous year (1,63,590), recording a year on year (Y-o-Y) increase of 19.75 per cent. Of these, 72.19 per cent were received electronically — through the online portal and by emails as against 63.61 per cent in the previous year. Complaints received on grounds relating to pension, levy of charges without notice, credit card related issues and remittance have declined this year vis-a-vis the previous year. The number of complaints pertaining to 'mis-selling' have gone up from 579 complaints in 2017-18 to 1,115 complaints this year, an increase of 92.57 per cent.

‘Gender gap: India slips to 112th place’

India has slipped four places to rank 112th globally in terms of gender gap amid widening disparity in terms of women's health and survival and economic participation — the two areas where the country is now ranked in the bottom-five, as per the World Economic Forum's Gender Gap Report



ON TRUST DEFICIT BETWEEN THE GOVERNMENT AND INDIA INC

‘It takes two to clap ... Key is to run in a transparent way’

CONFEDERATION OF Indian Industry (CII) president VIKRAM KIRLOSKAR on Tuesday said the government should expand the fiscal deficit in the current year to push infrastructure spending for boosting growth. The industry and government should also work to narrow the trust deficit between the two, he said in an interview with SUNNY VERMA. Edited excerpts:

CII met Finance Minister Nirmala Sitharaman today in a pre-Budget meeting. What are your suggestions for economic revival?

We have met the Finance Minister, along with several other associations. We made few key suggestions. First is we felt that the government should perhaps pay less attention to fiscal deficit this year and let it expand by small amount and increase the infrastructure spending, and then go back to reducing the deficit over the next few years. This is again to push for demand. Second, payment of Rs 4,000 per farmer (under PM-KISAN) should be front-loaded. It has already been committed so that's not an extra burden. On pending payments to private companies, the government has already assured that they have released about Rs 60,000 crore. We also spoke about how liquidity to NBFCs can be improved.

You also discussed the issue of trust deficit.

Trust deficit we have talked about again. People who don't follow the



VIKRAM KIRLOSKAR
PRESIDENT, CII

law, be very strict and close those issues, but generally most people are following the law, don't unnecessarily criminalise items in our normal work.

Basically you are talking about trust deficit between industry and government?

Yes, industry (and) government. Because of various issues, you start putting in very strict laws to make it (offences) criminal, whereas for criminal issues, the law of the land is already there. Please take action and do whatever you have to do and do it fast, no one will say that don't do that. But, people who are running legitimate businesses,

should not be hampered by all kind of laws which make it difficult to run the business.

You spoke of trust deficit, and another industry veteran, Rahul Bajaj, recently spoke about fear in the country. What's your view?

I think it always takes two people to clap. Industry should run in a very transparent way and request the government to be run in a very transparent way. That's the only way you can build trust and that cannot happen overnight.

CII has been very vocal on economic issues, but did not issue any statement or comment when numbers for GDP for second quarter were released, which pegged growth for July-September at 26-quater low of 4.5 per cent. You know headwind is a headwind, by saying you cannot make it a tailwind. The only thing we can do is get more data, try to find out what are possible solutions, what we think are good ideas, talk with our members and go back to the government explain what our members are thinking. You have to do it the hard way. Just saying things that this is bad or this is good, what difference is it going to make. From CII's viewpoint, our intention is not just to criticise for the sake of criticising. We like to work cooperatively with the government. People say you are being very nice and sweet, that's not the issue. I think the issue is trying to come to a common un-

derstanding of the problem, then try to solve the problem rather than create it.

While corporate tax cut would help businesses, are there any sectoral issues or sectors which require support?

Well definitely, my industry (automobiles) definitely requires support. How to get it is the question. Support that we are looking for is that policy should remain firm. For example, CAFE-1 (Corporate Average Fuel Efficiency) that we are doing now and moving to CAFE-2 from 2022 — the next set of norms. No one should change CAFE-2 (deadline) all of sudden. There is a cycle in the auto industry for development and amortisation and you have to respect that cycle. Then the government should keep long term policy and not short term policy, and make it simple.

Some industry leaders argue there is oligopolistic formation in many of the sectors in India such as telecom and e-commerce. Are you concerned?

I don't know what you think in Delhi, but in Bengaluru we see 200-300 new companies being formed every month. And Bangalore is still adding about 10-14 million square feet of prime office space every year, it's not going to the existing companies. There are a lot of new players coming in a big way, mostly in the tech space. You will see new player come up because our market is very open.

‘Likely to be a significant downward revision for India’ in Jan: Gopinath

PRESS TRUST OF INDIA
MUMBAI, DECEMBER 17

THE INTERNATIONAL Monetary Fund is set to cut the growth estimate for India "significantly", its India-born chief economist Gita Gopinath said on Tuesday.

The Washington-based institution had come out with an estimate in October and will be reviewing the same next month in January, she said at the India Economic Conclave organised by Times Network. A fall in consumption, lack of private investments and sluggish exports are being blamed for a slower GDP growth which slid to a six-year low of 4.5 per cent in September. The RBI and other watchers have done downward reviews of their growth forecast for India for FY2020.

Gopinath said India is the only emerging market which has thrown a surprise of this kind. "If you look at recent incoming data, we would be revising our num-

bers and come up with numbers in January, and it is likely to be a significant downward revision for India," she said, refusing to share a number or even mention if it would be under 5 per cent.

The IMF in its October forecast had projected 6.1 per cent growth for India in 2019 and the same to go up to 7 per cent in 2020.

She also sounded doubtful about the country achieving \$5 trillion GDP target by FY2025, and chose to present her case arithmetically. The economist said India will have to grow at 10.5 per cent in nominal terms as against 6 per cent in the last six years, and 8-9 per cent in real terms in order to achieve the target. She pitched for the government utilising its massive mandate to bring in land and labour market reforms as essential aspects if India were to achieve its \$5 trillion aspiration. Gopinath also said that it is good for an economy to have aspirations and India should be doing all in order to achieve the number.

Boeing's halt to 737 MAX production could hurt US economy, jobs



Unpainted Boeing 737 Max aircraft sit on the tarmac at the Renton Municipal Airport in Renton, US on Tuesday. Reuters

REUTERS
WASHINGTON, DECEMBER 17

BOEING'S DECISION to stop production of its best-selling 737 MAX aircraft involved in two fatal crashes will impact the US economy and employment, but the pain may be brief and concentrated in areas where suppliers are located, analysts say.

The biggest assembly-line halt in more than two decades at Boeing will cut first quarter 2020 gross domestic product growth by half a percentage point, Michael Feroli, chief US economist at JP Morgan, predicted Tuesday.

While Boeing has said it would not lay off any of the roughly 12,000 employees who make the 737, the planemaker's suppliers may not be able to keep all of their

workers, which could hurt US employment numbers or consumer spending and dent GDP.

However, resuming production will provide a lift to GDP, Feroli wrote - whenever that occurs.

Boeing holds unique sway in the US economy: It is the largest US goods exporter and is the largest weight in the Dow Jones Industrial Average, the blue chip stock index tracked worldwide as a bellwether of wealth creation.

Since a global grounding of the 737 MAX in March, key US economic data series such as durable goods orders and export sales have been hit. Aircraft exports between March and October are down \$5.5 billion from their level over the year-ago period, adding to a drag on economic growth from slumping overseas sales.