

How markets performed last week				
	Index on Jan 10, '20	*One-week	% chg over Dec 31, '19 Local currency	in US \$
Sensex	41,600	0.3	0.8	1.5
Nifty	12,257	0.2	0.7	1.3
Dow Jones	28,824	0.7	1.0	1.0
Nasdaq	9,179	1.8	2.3	2.3
Hang Seng	28,638	0.7	1.6	1.9
Nikkei	23,851	0.8	0.8	0.0
FTSE	7,588	-0.5	0.6	-0.9
DAX	13,483	2.0	1.8	0.9
*Change (%) over previous week Source: Bloomberg				

Direct tax immunity scheme on the cards

Proposal will allow assessees to revise declared income without fear of past cases being opened up, or prosecution

DILASHA SETH & SUDIPTO DEY
New Delhi, 12 January

The government, which is hard-pressed for revenue, may come up with an immunity scheme for direct taxes in the upcoming Budget, which will allow assessees to declare the additional income of the previous five-six years without penalty or prosecution.

The proposal, being examined, will allow assessees to revise declared income with no fear of past cases being opened up, or prosecution. It will help improve compliance, besides raking in revenues for the government.

The government projects earning at least ₹50,000 crore in the first year of implementation itself. It was recommended by the direct tax taskforce, led by former Central

Board of Direct Taxes member Akhilesh Ranjan. “People who want to declare more income from the previous year do not do so because the moment they do, they are taken up for scrutiny, investigation, and prosecution, and penalties are imposed upon them,” said an official.

“Recommendations made by the direct tax panel are being seriously considered,” he added.

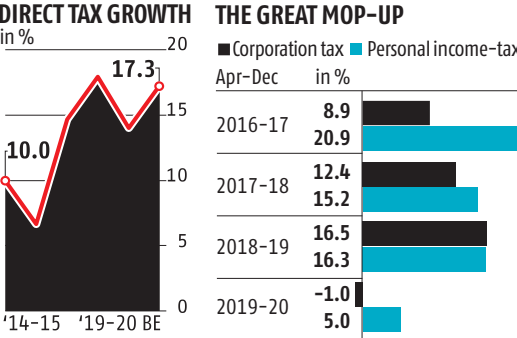
Direct tax collection is facing a severe shortfall in the current fiscal year. After refunds, it saw a growth rate of 0.7 per cent till December 15, against the Budget target of 17.3 per cent, which would have resulted in ₹13.35 trillion.

BUDGET
INSIGHT
OUT
2020-21

BUSINESS LAW
HOW BUDGET CAN HELP
CLEAR TAX DISPUTES P16



STEEP TAX COLLECTION TARGET



CARMAKERS WALK A TIGHTROPE ON BS-VI DIESEL PRICING

To cushion the impact of a steep price hike, Toyota Kirloskar Motor and Kia Motors India have chosen to keep the price increase in the Bharat Stage (BS)-VI diesel models to the minimum. This may prompt Tata Motors and Mahindra & Mahindra, both of which have a prominent diesel portfolio, to adopt a competitive pricing strategy when they roll out their BS-VI line-up. **SHALLY SETH MOHILE** writes **2▶**

BS
SPECIALS
ON
MONDAY

BANKER'S TRUST: Accept or not, privatisation is on **10▶**
The writing on the wall says privatisation of banking is inevitable; how it is done is a matter of academic interest. **TAMAL BANDYOPADHYAY** writes

PERSONAL FINANCE: Get ready to furnish tax-saving documents **12▶**



If you haven't made the declared investments, don't panic. There is still time to invest in the right products. **SANJAY KUMAR SINGH** writes

STATSGURU: Interest rate risks for the Indian economy **4▶**

Takeover norms for unlisted firms soon

RUCHIKA CHITRAVANSHI
New Delhi, 12 January

The Ministry of Corporate Affairs is giving final touches to the takeover code for unlisted companies and it is likely to be introduced soon, a senior government official told *Business Standard*.

The new rules, which are under consideration, will allow a person alone or together with other parties owning 75 per cent in an unlisted company to trigger a takeover of the entire shareholding by moving the National Company Law Tribunal (NCLT).

Unlisted companies have no formal takeover code and shares are transferred on the basis of contracts and agreements.

“We want to bring a mechanism which is not very onerous and yet meets the test of law. We will lay down the process and criteria for such takeovers,” the senior government official said.

In 2014, the government had added a provision in the Companies Act under Section 230 (11) that said: “Any compromise or arrangement may include takeover offer made in such manner as may be prescribed: Provided that in case of listed companies, takeover offer shall be according to the regulations framed by the Securities and Exchange Board of India (Sebi).”

Section 230 (12) further added, “An aggrieved party may make an application to the tribunal in the event of any grievances with respect to the takeover offer of companies other than listed companies in such manner as may be prescribed and the tribunal may, on application, pass such order as it may deem fit.”



THE NEW CODE

- Section 230(11) of Companies Act provides for a takeover code in unlisted companies
- The sub-section introduced in 2014 is yet to be implemented
- Section 230 provisions for squeezing out of minority, if acquirer has 90% share in equity share capital
- Proposed code to require NCLT nod for takeover by a majority holding of 75%

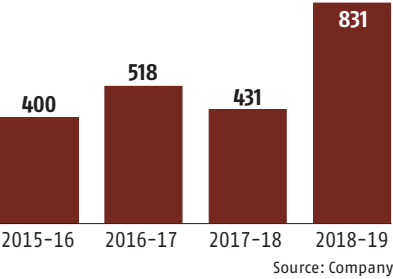
This amendment was not executed, as the finer details of the takeover code were still being worked out.

According to experts, once the takeover code is notified, an entity such as Tata Trusts, for instance, which holds 66 per cent in Tata Sons, might have an option to utilise the provision, along with other group companies, to meet the 75 per cent stake condition, and approach the NCLT to take over the shares held by a minority. This can be done as long as it remains a private company. However, the cost of such a takeover can be prohibitive. **Turn to Page 5▶**

Vistara to junk premium class seats on select routes



VISTARA: WAITING FOR TAILWIND



ARINDAM MAJUMDER
New Delhi, 12 January

In a significant change of strategy, Vistara has decided to drop business class and premium economy seating from some of its aircraft. The airline, a joint venture of Tata Sons and Singapore Airlines, has a three-class cabin. Since inception, it has tried to differentiate itself as a premium brand, in an Indian market dominated by low-cost carriers (LCCs) where intense competition narrows the space to raise fares.

The change underlines the necessity of a hybrid product for full-service airlines in the Indian market, despite the risk of operational complexity and confusing of customers. Both Air India and now-grounded Jet Airways had earlier tried the same strategy; Jet later rolled it back. “The Indian market has a

situation in which full-service airlines, having a 50 per cent higher cost structure than LCCs, compete by matching fares rather than reducing costs. But, their cabin occupancy always remains lower than LCCs. This is due to the impact of lower loads in business class; the differential is significant,” goes a report from aviation consultants CAPA.

Sources aware of Vistara's fleet planning said of the 50 narrow-body A320 and A321 aircraft it had ordered, it has since asked Airbus to send around 10 of those in all-economy configurations. The aircraft will then have 180 seats, against 164, in a three-class cabin.

Vistara will operate these aircraft between Tier B and Tier C cities, where there is less demand for premium class seating, said people aware of the plan. As of now, it will continue to serve on-board meals in all aircraft. **Turn to Page 5▶**

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MORE HITS THAN MISSES FOR AXIS BANK'S AMITABH CHAUDHRY

POLITICS & PUBLIC AFFAIRS P15

PM-UDAY, MODI & WHISTLE STOPS: BJP'S EXPERIMENTS TO WIN DELHI

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