WWW.INDIANEXPRESS.COM
THE INDIAN EXPRESS, SATURDAY, MARCH 14, 2020

Vistara places Kamra on no-fly list till Apr 27; 'decision based on IndiGo panel's order'

ENS ECONOMIC BUREAU
NEW DELHI, MARCH 13

FULL-SERVICE AIRLINE Vistara, which earlier went against the grain by not suspend stand-up comedian Kunal Kamra's flying rights, on Friday informed him of its decision to put him on no-fly list until April 27. Vistara said its decision was based on the order passed by an internal committee constituted by IndiGo, the airline on whose flight Kamra had heckled news anchor Arnab Goswami.

"Based on the order passed by an internal committee constituted by InterGlobe Aviation Ltd in compliance with the respective CAR and following due process, we have placed the passenger on our no-fly list until April 27, 2020," a Vistara spokesperson said. The ban is for three months from the date of incident — January 27.

According to the mail sent by Vistara to Kamra, which was seen by *The Indian Express*, the company's own internal committee decided that Kamra's behaviour amounted to a Level 1 offence.

According to the no-fly list rules instituted by the Directorate General of Civil Aviation (DGCA), a Level 1 offence, the least critical of the three stages, leads to an unruly passenger being banned from flying for a period of three months.

Last month, the panel formed by IndiGo approved the flying ban on Kamra but ruled it to be a Level 1 offence. The low-cost airline had suo motu banned the comedian from flying for six months. In a tweet on Friday, Kamra said: "Air vistara has also banned me now till the 27th April, following orders like they show... at a time where no one can fly, all I want to say is, neither am I sorry nor am I surprised, nor am I suffering...".

In 2017, the Centre issued rules for preventing disruptive behaviour by air travellers and laid down guidelines for a no-fly list. As per the rules, a complaint of unruly behaviour needs to be filed by the pilot-in-command, and this is to be probed by an internal committee to be set up by the airline. During the period of pendency of the inquiry, the rules empower the concerned airline to impose a ban on the passenger. The committee is to decide the matter within 30 days, and also specify the ban duration.

The rules define three categories of unruly behaviour: Level 1 refers to behaviour that is verbally unruly, and calls for debarment up to three months; Level 2 indicates physical unruliness and can lead to the passenger being debarred from flying for up to six months; Level 3 indicates life-threatening behaviour for which the debarment would be for a minimum of two years. They also stipulate that once an airline has banned a passenger, other airlines have the option to suspend the passenger's flying rights.

Amit Mitra writes to FM: Not right time to hike GST rates

ENS ECONOMIC BUREAU
NEW DELHI, MARCH 13

ARGUING AGAINST the planned move to correct inverted duty structure in Saturday's GST Council meet by hiking tax rates for a few mass-consumption items produced by employment-intensive sectors, West Bengal finance minister Amit Mitra asked Union Finance Minister Nirmala Sitharaman that such changes could wait till the economy stabilised.

In an attempt to correct one type of error concerning the goods and services tax (GST) rates, namely inverted duty structure, the Council might end up causing further downturn in job-intensive sectors and the agrarian economy, Mitra cautioned in his letter to Sitharaman.

Rate hikes for several items including textiles, footwear, fertilisers, mobile phones, tractors and renewable-energy devices have been recommended by a fi-tment committee under the Council. Inverted duty structure denotes prevalence of higher taxes on inputs than on finished items.

Mitra wrote: "Markets in India are facing a double whammy with stagflation on one hand and the looming effects of the coronavirus outbreak on the other... May I urge you not to make changes in the rate structure during these perilous economic times, particularly keeping in mind the interest of the common people." **FE**

₹58.8K CR TO BE COMMENSURATE TO MORE DEVOLUTION

States get nod to borrow more for FY20, but must amend FRBM law

AANCHAL MAGAZINE
NEW DELHI, MARCH 13

THE CENTRE has now allowed states to borrow an additional amount of Rs 58,843.42 crore in 2019-20, at a time when states' finances are under strain. This comes in the backdrop of excess devolution to states from the union pool of taxes in 2018-19, with the resultant impact of this amount having to be commensurately reduced this fiscal.

This new one-time window would now imply that states get an additional headroom to borrow over and above the 3 per cent fiscal deficit ceiling stipulated in their Fiscal Responsibility and Budget Management (FRBM) laws to the extent of the extra devolution amount in 2018-19, conditional to them amending their respective FRBM laws.

Of the Rs 58,843.42 crore headroom given, states such as Punjab and Bihar have already decided to amend their FRBM laws to avail this one-time window to borrow Rs 928.08 crore and Rs 5,688.33 crore, respectively.

The directive was issued by the Finance Ministry over two weeks ago, after which some of the states took the call to amend their respective FRBM laws, a Finance Ministry official said, adding that more states are expected to amend their FRBM laws in the coming days to avail this one-time window and borrow over and above the 3 per cent fiscal limit.

STATE-WISE NET PROCEEDS OF UNION TAXES AND DUTIES FOR 2019-20

State	Difference* of 2018-19
Andhra Pradesh	–2,534.05
Bihar	–5,688.33
Chhattisgarh	–1,813.17
Gujarat	–1,815.53
Jharkhand	–1,847.62
Karnataka	–2,774.28
Kerala	–1,471.32
Madhya Pradesh	–4,443.13
Maharashtra	–3,250.15
Odisha	–2,732.42
Punjab	–928.08
Rajasthan	–3,234.80
Tamil Nadu	–2,368.00
Uttar Pradesh	–10,569.91
West Bengal	–4,310.60
Total**	–58,843.42

*(actual–RE) adjustable in 2019–20 (in Rs crore)
**Total includes data for 29 states
#RE: Revised Estimate
Source: Union Budget 2020-21

Last week, Bihar amended its FRBM Act to increase the fiscal deficit limit to 3.5 per cent of the Gross State Domestic Product (GSDP) from 3 per cent, enabling it to borrow Rs 5,688.33 crore from the market this fiscal.

The Centre had already used a 0.5 per cent escape clause for its fiscal deficit target, after which its fiscal deficit for FY20 increased to 3.8 per cent of the GDP from the originally budgeted 3.3 per cent.

"States were given more than what was warranted as per actual collections in 2018-19, so that adjustment has taken place. To the extent to which it should have been reduced this year, extra borrowing has been permitted to states, conditional to the states amending their FRBM laws. The borrowing is otherwise limited to 3 per cent, so this would be over and above that ceiling and they can go beyond the 3 per cent limit only to the extent of this shortfall," a Finance Ministry official said.

Some of the state finance ministers had earlier approached Union Finance Minister Nirmala Sitharaman requesting the reduction against extra devolution to be carried out later given the overall funds crunch being faced by them.

Following this, the Finance Ministry decided to bring in this alternative route to ease the pressure on state finances, a state finance minister said. "States had requested not to adjust the extra transfer done earlier in this year and instead do it in each monthly installment next year.

"Then the Finance Ministry agreed to do it in another way, allowing market borrowing over and above the fiscal limits for that much differential amount for only one year with the condition that we need to amend the state's FRBM Act," the state finance minister added.

The issue was also scheduled to be taken up in the consultative meeting of states and the 15th Finance Commission on Friday, which was later deferred. The meeting's agenda was to finalise alignment of states' FRBM laws with central government's FRBM legislation.

Last month, the Commission had said that states have the option to deviate from their fiscal targets. State governments have been on the path of fiscal consolidation and their combined fiscal deficit remained below the targets in FY19. For FY20, the states have budgeted for a gross fiscal deficit of 2.6 per cent as against 2.4 per cent in 2019-20.

However, the lower transfer of resources from the Centre from the divisible pool and weak performance of their own tax revenues along with delayed goods and services tax compensation payments are expected to hit the states' ability to stick to their fiscal deficit targets this fiscal, with most of them expected to utilise this window for extra borrowing before the end of this financial year.

BRIEFLY

Sebi comes out with norms for REITs, InvITs

New Delhi: Sebi Friday put in place a framework for emerging investment instruments REITs and InvITs for issuance of units under the fast-track rights issue mode. This comes after the regulator earlier this month allowed fast-track rights issue by (REITs) and infrastructure investment trusts (InvITs) without filing draft offer document with the Securities and Exchange Board of India (Sebi). In a circular, Sebi said listed REITs and InvITs desirous of issuing units under fast-track rights issue will have to comply with certain guidelines.

Mukhopadhaya retires as NCLAT chief

New Delhi: NCLAT Chairperson Justice SJ Mukhopadhaya, who handled several big-ticket insolvency cases like Essar Steel during his tenure at the appellate quasi-judicial body, retired on Friday. Justice Mukhopadhaya, who turns 70 on March 15, was the first chairperson of the National Company Law Appellate Tribunal (NCLAT), established on June 1, 2016. An NCLAT chairperson is appointed for five years and can hold office till the age of 70 years.

RBI revises exposure limits for UCBs

Mumbai: The Reserve Bank of India on Friday revised exposure limits for urban cooperative banks (UCBs) to a single borrower and a group of borrowers to 15 per cent and 25 per cent, respectively, of tier-1 capital. The RBI had earlier permitted UCBs to have exposures up to 15 per cent and 40 per cent of their capital funds to a single borrower and a group of borrowers, respectively.

Govt extends deadline to bid for Air India

New Delhi: The Centre on Friday extended the deadline for submitting bids to buy Air India by about one-and-a-half months till April 30, citing demand from interested bidders (IBs) and situation arising out of coronavirus. The government had on January 27 issued preliminary information memorandum (PIM) inviting expression of interest (EoI) for sale of 100 per cent stake in Air India. The deadline for submitting bids was March 17. The DIPAM, in a notice, also extended the deadline for release of queries on PIM till March 20 from March 16 earlier. **PTI**

CCI finds district units of Bengal chemist body, two pharma cos guilty of violating competition law

ENS ECONOMIC BUREAU
NEW DELHI, MARCH 13

THE COMPETITION Commission of India (CCI) has held the Bengal Chemists and Druggists Association (BCDA) and its Murshidabad and Burdwan district committees guilty of anti-competitive conduct. The BCDA was found to have required that pharmaceutical companies mandate that stockists obtain a no-objection certificate (NOC) or stock availability information (SAI) from the BCDA before they can begin receiving supplies from the companies.

The fair trade regulator found that two pharmaceutical companies, Alkem Laboratories Limited and Macleods Pharmaceuticals, had anti-competitive agreements with BCDA through which they demanded that prospective stockists provide an NOC from the BCDA to initiate supplies to the stockists even after issuing them offer letters of stockistship.

It also noted that BCDA and its district committees collected payments from the prospective stockists for the issuance of SAIs and that distribution agents of pharmaceutical companies were required to make payments to the BCDA in the form of donations to start marketing drugs in the state.

The fair trade regulator, however, did not impose any penalties on either BCDA, Alkem Laboratories or Macleods Pharmaceuticals

The watchdog has, however, not imposed any penalty on the BCDA, stating that steps taken by the body in ending requirement of NOC after previous rulings against the practice by CCI were "in the right direction". It also directed BCDA to conduct advocacy with its district committees and office-bearers "to impress upon them the need to comply with the provisions of the (Competition) Act in letter and in spirit."

The CCI did not impose penalties on either Alkem Laboratories or Macleods Pharmaceuticals, both of whom had argued that they have engaged in anti-competitive conduct under directions from BCDA. Himanshu Ranwah, authorised representative, Macleods Pharmaceuticals, said the company was scrutinising the order, adding that "Macleods Pharmaceuticals has not violated any provisions of Competition Act."

Cabinet clears new tax reimbursement scheme for exporters, to replace MEIS

ENS ECONOMIC BUREAU
NEW DELHI, MARCH 13

THE CABINET on Friday approved a major export programme that will reimburse all taxes and duties paid on inputs consumed in exports, and replace in phases the government's flagship — but WTO-incompatible — Merchandise Exports From India Scheme (MEIS) to help reverse a slide in outbound shipment.

Commerce and Industry minister Piyush Goyal said the Remission of Duties or Taxes on Export Products (RoDTEP) scheme will cover levies that are not reimbursed currently and make exports zero-rated, in sync with the best global practices.

These imposts include duty on electricity charges; VAT on fuel used in transportation, captive power generation and the farm sector; mandi tax and stamp duty on export documents; CGST and compensation cess on coal in power generation; central excise duty on fuel used in transportation; and CGST and any other levies that still remain unrebated.

The new scheme is consistent with the World Trade Organization (WTO) norms, the government has stressed.

The sectors and products under the RoDTEP scheme will be notified in a phased manner in consultations with industry and the existing MEIS benefit for those sectors and items will be withdrawn accordingly, Goyal added.

Also, while the government has refrained from announcing a strict deadline to fully implement the new scheme, sources said it would be done in FY21.

As per an initial estimate firmed up last year, the revenue foregone due to RoDTEP could be around Rs 50,000 crore a year once it's fully operational. Since the potential revenue loss because of the MEIS is around Rs 40,000 crore a year, RoDTEP is expected to cost the government an extra Rs 10,000 crore annually. However, the government did not announce the potential revenue impact of the RoDTEP on Friday.

In a separate decision, the Cabinet Committee on Economic Affairs (CCEA) approved a hike in the minimum support prices (MSPs) for copra for 2020 season.

The CCEA also approved 'Rehabilitation and Upgradation of 2-Lane/2-Lane with paved shoulders/4-Lane configuration (2-lane/single/Intermediate lane)' and strengthening of stretches of various national highways covering a length of over 780 km in Himachal Pradesh, Rajasthan, Uttar Pradesh and Andhra Pradesh.

In another decision, the CCEA approved a proposal of the Department of Fertilizers to remove ambiguities in the Modified New Pricing Scheme - III (NPS-III) for determination of fixed costs for the urea units. **FE**

Exports post first rise in seven months, grow by 2.91% in Feb

New Delhi: India's exports rose for the first time in seven months in February growing by 2.91 per cent to $27.65 billion, as per Commerce Ministry data released Friday.

Imports too grew by 2.48 per cent to $37.5 billion, leaving a trade deficit of $9.85 billion as against $9.72 billion in February 2019.

Oil imports jumped by 14.26 per cent to $10.76 billion in February compared to 9.41 billion in the year-ago month.

Exports during April-February this financial year dipped by 1.5 per cent to $292.91 billion.

Imports during the period under review declined by 7.30 per cent to $436 billion, leaving a trade deficit of $143.12 billion. **PTI**

After MCA drive to strike off shell cos, compliance with mandatory filing norms climbs to 82%

ENS ECONOMIC BUREAU
NEW DELHI, MARCH 13

COMPLIANCE WITH mandatory filing norms has risen from 60 per cent in FY18 to 82 per cent, following a drive by the Ministry of Corporate Affairs (MCA) to strike off inactive or shell companies from the Registrar of Companies (RoC), as per government officials.

"With a significant number of companies being declared inactive or being struck off, the compliance levels for filings has gone up from 60 per cent to 82 per cent," said a government official, adding that the government was cognizant of the fact that 82 per cent compliance was still too low and should be above 95 per cent.

The official quoted above added that over 4.3 lakh inactive companies, had been struck off the RoC since FY18, with around 55,000 companies being struck off after the latest effort to identify such corporates. There were around 11.87 lakh active companies as on January 31, 2020, according to government data.

Another government official said that a large number of companies, which were previously not submitting annual reports and balance sheets to the MCA, have been struck off the RoC, bringing compliance levels up.

An official said more than 4.3 lakh inactive companies had been struck off the RoC since FY18

All companies are required to file annual reports, profit & loss accounts and balance sheets with the Ministry every year. Experts say the move to strike shell companies off the RoC and to provide regular reminders to companies to meet compliance requirements have boosted compliance.

Ankit Singhi, partner at law firm Corporate Professionals, said that most companies with normal operations were meeting filing requirements but that shell companies and companies which are not undertaking any business activity were failing to meet compliance requirements.

He added that some companies which were not carrying out business activities had also begun to meet compliance requirement after the drive by the government to strike off inactive companies from the registrar of companies.

Feb auto sales fall 19.08%; BS-VI, slowdown take toll

New Delhi: Automobile sales across categories declined 19.08 per cent in February as economic slowdown continued to hit demand, besides lower production in view of transition to BS-VI emission norms affecting wholesale dispatches, SIAM said Friday.

Vehicle sales across categories stood at 16,46,332 units last month as against 20,34,597 units in February 2019, as per data from Society of Indian Automobile Manufacturers (SIAM). **PTI**