

NEW TRANSACTIONS BY FIRM PROMOTED BY BR SHETTY STOPPED

## UAE Central Bank imposes curbs on remittance firm owned by Indian

GEORGE MATHEW  
MUMBAI, MARCH 19

THE CENTRAL Bank of the UAE (CBAUE) has slapped curbs and decided to "oversee the operations management" of UAE Exchange LLC, a remittances and wage protection firm in the Middle East promoted by Indian billionaire BR Shetty. While UAE Exchange and its parent firm Finabl control a sizeable remittances business involving non-resident Indians (NRIs), Unimoni Financial Service, Shetty's Indian operations, said it's "not privy to the remittances business of UAE Exchange Centre and operates as an independent legal entity".

UAE Exchange has stopped new transactions through its branches and online platforms, with the exception of the operation of Wage Protection System, which it is allowed to operate until further notice, the CBAUE said. In order to protect consumers, the central bank has required the exchange house to swiftly settle outstanding remittances and all other already initiated transactions, the UAE regulator said.

UAE Exchange has over 100 branches in the Middle East and is part of Shetty-controlled Finabl, which processed more than 150 million transactions managing \$115 billion in volumes for its customers in 2018. Finabl has a direct presence in 45 countries through its licensed operations complemented by a network reach spanning 170 countries.

### Unimoni Financial Service, Shetty's Indian operations, said it's "not privy to the remittances business of UAE Exchange Centre and operates as an independent legal entity"

In India, Unimoni has over 2.5 million customers, served by over 3,500 employees through 350 branches across 300 locations. Unimoni operates as a non-banking financial company and AD (authorised dealer) II category registered with the Reserve Bank of India.

The CBAUE inspection team has started an exam ill take additional action, if necessary, once the examination is completed. UAE Exchange was a top player in the UAE's Wages Protection System — which is the electronic salary transfer system that allows institutions to pay worker wages through authorised agents approved by the UAE regulator.

When contacted, Unimoni Financial Services Ltd said it is an independent legal entity operating as per the regulations of the RBI, with its separate governance and operating structures.

"The recent developments at UAE Exchange Centre LLC in the UAE do not have any material impact on the operations of

Unimoni. Additionally, UAE Exchange Centre and BR Shetty do not have direct shareholding in Unimoni Financial Services, India," it said in an email reply to *The Indian Express*.

The company said Unimoni India is not privy to the remittances business of UAE Exchange Centre, adding that "Unimoni India is a receiving agent of various global money transfer companies including MoneyGram and Xpress Money, with a remittance operations license under the AD-II category." BR Shetty is the non-executive Chairman of Unimoni.

The troubles at UAE Exchange are expected to impact the parent firm Finabl, sources said. Shetty — the founder of UAE Exchange Centre and NMC Health — recently acquired a majority stake in Travelx, a UK-based foreign exchange company for around \$1 billion. Travelx and UAE Exchange were placed under the holding company Finabl, which went for an IPO last year.

Shetty, one of the leading business icons in the Middle East, was listed among Forbes' Top 2 Indian business leaders in the Arab world in 2018. He currently serves as the co-chairman of Finabl PLC, which is listed on the premium segment of the Main Market of the London Stock Exchange (LSE).

He also serves as the joint non-executive chairman of NMC Health PLC, which is listed on the LSE, included as part of the coveted Financial Times Stock Exchange 100 Index and inducted into the MSCI World Index.

DIRECT TAX DISPUTE RESOLUTION

## Vivad se Vishwas: Rules & forms notified; e-facility to avail scheme

ENS ECONOMIC BUREAU  
NEW DELHI, MARCH 19

NOTIFYING THE rules and forms for the direct tax dispute resolution scheme Vivad se Vishwas, the Income Tax Department on Thursday also launched an electronic facility for taxpayers willing to avail the scheme.

Under the scheme, taxpayers willing to settle disputes will be allowed a complete waiver of interest and penalty if they pay the entire amount of tax in dispute by March 31 this year.

After March 31, an additional 10 per cent of disputed tax will have to be paid over and above the tax liability. However, disputes related to wealth tax, commodity transaction tax, securities transaction tax and equalisation levy are not covered. The scheme would remain open till June 30.

"To prepare and submit the #VSVS Form: Please go to e-filing portal: incometax-indiaefiling.gov.in -> Login using PAN (or TAN as applicable) & password -> Select 'Vivad se Vishwas' Tab -> Select 'Prepare and Submit DTVSV Forms,'" the Department posted on its official Twitter handle.

The government had earlier notified the rules and five online forms to be filled by taxpayers for availing the Vivad Se Vishwas

### FIRST DEADLINE OF MARCH 31

■ Under the scheme, taxpayers willing to settle disputes will be allowed a complete waiver of interest and penalty if they pay the entire amount of tax in dispute by March 31

■ Experts said due to the COVID-19 outbreak and companies opting for work from home, the notification just 10 days before the initial deadline will make it tough for taxpayers

scheme. "The declaration in Form 1, the undertaking in Form 2 and intimation of details of payment in Form-4 are to be verified by digital signature or Electronic Verification Code (EVC) as applicable for the filing of ITR," the Department said.

Tax experts said that with the COVID-19 outbreak and companies opting for work from home, notification of rules and forms merely 10 working days before the initial deadline will make it tough for taxpayers willing to opt for the scheme and that an extension should be considered.

"The scheme, open till June 30, imposes additional burden of tax in case payment of disputed tax is made after 31st March 2020. The government has notified the forms and rules merely 10 days before the due date, if taxpayers want to obtain maximum benefits to the taxpayers desirous of availing the scheme. Therefore, practically, it may be extremely difficult both for the

taxpayers as well as designated authorities to examine all the cases and make payment on/before 31st March 2020," Rakesh Nangia, chairman, Nangia Andersen Consulting said.

"Further, the turmoil due to the global pandemic makes matters worse as various offices and tax practitioners have started working from home. The scheme designed to provide relief to taxpayers stuck in long drawn litigation becomes less attractive and practically very difficult to implement owing to the stringent deadlines, which must be extended by the government," he added.

PwC India partner and leader—corporate and international tax, Frank D'Souza said, "Given that settlement under VsV (Vivad se Vishwas) would mean no further recourse available, no taxpayer would want to leave any issue open, technically or otherwise, in the process. Some of the aspects like whether

## 'COVID-19 spread to negatively impact domestic auto sector'

The continued spread of COVID-19 would negatively impact the domestic auto industry in the near term, India Ratings and Research has said



**27%: IMPORT DEPENDENCE OF INDIAN AUTO ANCYLLARIES AND ORIGINAL EQUIPMENT MANUFACTURERS (OEM) ON CHINA FOR KEY PARTS AND ACCESSORIES**

**OTHER ISSUES FACED BY SECTOR IN INDIA:**  
■ Declining domestic sales  
■ Persistent margin pressure

**MAJOR SEGMENTS TO BE AFFECTED DUE TO SUPPLY DISRUPTION FROM CHINA:**  
■ Passenger vehicles  
■ Commercial vehicles  
■ Two wheelers

**INCREASED RELIANCE ON ADVANCED PRODUCTS:** The

**0.3X: RISE IN MEDIAN NET LEVERAGE OF DOMESTIC PRODUCERS DUE TO POTENTIAL MARGIN CONTRACTION AND ASSET TURNOVER PRESSURE**

transition to BS-VI and constant premiumisation of vehicles has increased the reliance of OEMs on the import of technologically advanced products

**PRESSURE ON SUPPLY AND DEMAND SIDES:** The sector would face pressure from not only supply side but also demand side and exports, if the spread of COVID-19 persists for over two months

**10%: Expected year-on-year rise in imported components such as steering and braking systems engine parts, electronic components, fuel injection parts, and alloy wheels**

**Supply risk for domestic companies: Extended production halts in China after the Chinese New Year due to a substantial rise in COVID-19 population have created supply-side risks for domestic auto companies**

Source: Ind-Ra/PTI

## 'Cabinet gave nod to DoT plea to seek 20 years for AGR dues payment'

PRESS TRUST OF INDIA  
NEW DELHI, MARCH 19

THE DEPARTMENT of Telecommunications' plea seeking 20 years time for operators to pay adjusted gross revenue dues was approved by the Cabinet, Union minister Sanjay Dhotre told Parliament on Thursday. The Supreme Court will hear the government's rescue plan of giving telcos a 20-year repayment period for AGR dues during the next hearing scheduled after two weeks.

"Consequent to the approval by the Cabinet, an application has been moved before the Hon'ble Supreme Court on March 16, 2020, seeking, inter-alia, permission of the Hon'ble Court for the licensees impacted by the AGR judgement to pay the unpaid or remaining to be paid amount of past DoF assessed/calculated dues in annual instalments over 20 years duly protecting the net present value of the said dues using a discount rate of 8 per cent," the Minister of State for Communications told the Rajya Sabha in a written reply.

The Supreme Court on Wednesday had lashed out at Bharti Airtel, Vodafone Idea and other mobile phone operators for self-assessing their outstanding telecom dues, saying they need to pay past dues with interest and penalty — an estimated amount of Rs 1.69 lakh crore. The SC also came down heavily on the Department of Telecommunications (DoT) for allowing companies to re-assess what they owed to the government, and said its order — passed on October 24, 2019 — on revenues for calculating dues was final.

## Working on plan to ensure payment of MSME dues in 3 months: Gadkari

EXPRESS NEWS SERVICE  
NEW DELHI, MARCH 19

UNION MSME Minister Nitin Gadkari on Thursday expressed serious concern over non-payment of nearly Rs six lakh crore dues to micro and small industries by government and private undertakings and said that the government is working on an action plan to ensure the payments within three months.

Responding to a discussion on the working of the Ministry of Micro, Small and Medium

**"Government undertakings procure products but do not pay for three-four months. MSMEs are on the verge of collapse. Passing a legislation is easy ... There are 20,000-22,000 cases"**

NITIN GADKARI  
UNION MSME MINISTER

Enterprises (MSME) in Rajya Sabha, Gadkari said the Centre

will revamp khadi and village industries within three months and make them more export oriented.

He said all banks — scheduled, private and cooperative — and NBFCs are now allowed to lend money to the MSME sector and all loans sanctioned and disbursed under various schemes will be monitored through a central portal in his ministry.

"Government undertakings procure products but do not pay for three-four months. MSMEs are on the verge of collapse. Passing a legislation is easy ...

There are 20,000-22,000 cases. As per my estimates, big industrialists, state governments, central government undertakings owe Rs 5.5 lakh crore to Rs 6 lakh crore to small industries," Gadkari said.

"This is a serious situation. We are in discussion with the Finance Ministry and we will find out some solution to it... We have to give their payments within three months," the minister added.

While six lakh industries have been restructured under the UK Sinha committee on

MSMEs appointed by the Reserve Bank of India, the minister said, a proposal to create a 'Fund of Funds' of Rs 10,000 crore has been approved by the Finance Ministry and the Cabinet nod will be sought on it.

In addition, the Finance Ministry has approved a proposal for a 'Distressed Asset Fund' of Rs 10,000 crore and the Ministry will send it for the Cabinet nod, Gadkari added.

On the Khadi and Village Industries Commission (KVIC), the union minister said he will revamp it in three months and

the commission will be strengthened professionally.

The MSME Ministry will appoint a financial consultant to study and suggest methods to strengthen KVIC.

A three-member committee under the Chairmanship of Secretary will be set up and we will revamp KVIC in three months and make it export oriented," Gadkari said.

Acknowledging challenges faced by the sector, Gadkari said the government believed in turning "challenges into opportunities."

## Finance Commission sets up panel to review fiscal consolidation road map

PRESS TRUST OF INDIA  
NEW DELHI, MARCH 19

THE FINANCE Commission has constituted an 8-member panel to review the fiscal consolidation road map of the both state and central governments. The panel will be headed by 15th Finance Commission Chairman NK Singh.

The Terms of Reference of the panel include making recommendations on the definition of deficit and debt for the central government, overall states, the general government and public sector enterprises by considering all explicit and measurable liabilities of the sovereign and by bringing in consistency between the definition of debt (stock) and deficit (flow), the Commission said in a statement on Thursday.

Besides, the panel will also lay down the principles for arriving at the debt of the general government debt and consolidated public sector with appropriate netting to avoid double-counting. The committee will define

contingent liabilities, provide quantifiable measures of such liabilities, wherever possible, and specify conditions under which "contingent" liabilities become "explicit" liabilities of the public sector. Based on the above definition, the committee will review the current status of deficit and debt at different levels.

The panel will recommend a debt and fiscal consolidation road map for FY21-FY25 for the Centre, overall states and general government and attempt building up scenarios for public sector enterprises, it said. Other members of the committee will be AN Jha and Anoop Singh, members of 15th Finance Commission; SKrishnan, additional chief secretary, Government of Tamil Nadu; and Anirudh Tiwari, principal secretary, Government of Punjab.

Besides, one representative each from the Office of the Comptroller and Auditor General of India, the Controller General of Accounts, Joint Secretary (Budget) of the Department of Economic Affairs in the Ministry of Finance.

## Cabinet likely to clear tabling of Bill on bilateral netting of financial contracts

EXPRESS NEWS SERVICE  
NEW DELHI, MARCH 19

IN A major step to implement much-needed financial sector reforms, the Union Cabinet on Friday may approve a proposal to introduce the Bilateral Netting of Qualified Financial Contracts Bill, 2020. As per sources, the Finance Ministry has circulated a draft of the proposed Bill and the same is expected to get the Cabinet's nod.

Once the Bill gets Cabinet approval, it will be introduced in the ongoing session of Parliament, sources said. As of now, bilateral netting for financial contracts is not allowed in India. This has negative impact on banks and other financial market participants.

The Finance Ministry's move comes barely one and a half months after the Economic Survey 2019-20 advocated the "Benefits of Enabling Bilateral Netting for Financial Contracts in India."

According to the Survey, "A bilateral netting agreement enables two counterparties in a financial contract to offset claims against each other to determine a single

### BILATERAL NETTING NOT ALLOWED NOW

■ Bilateral netting for financial contracts is as of now not allowed in India. This has negative impact on banks and other financial market participants

■ A bilateral netting agreement enables two counterparties in a financial contract to offset claims against each other to determine a single net payment obligation due from one counterparty to the other.

net payment obligation due from one counterparty to the other." "Hence, establishing a legal framework for bilateral close-out netting in India would help: (a) reduce credit risk and regulatory capital burden for banks, freeing up capital for other productive uses; (b) reduce hedging costs and

liquidity needs for banks, primary dealers and other market-makers, thereby encouraging participation in the OTC derivatives market to hedge against risk..." it said.

"According to RBI estimates, bilateral netting arrangements could have helped 31 major banks participating in India's OTC derivatives market save about Rs 22.58 billion in regulatory capital during FY2017-18.

"At present, major jurisdictions such as the US, U.K., Australia, Canada, Japan, France, Germany, Singapore and Malaysia have legal provisions in place for netting agreements", it added.

Sources also said the Cabinet may clear the draft of the National Commission for Allied and Healthcare Professions Bill, 2020. This Bill will replace the Allied and Healthcare Professions Bill, 2018 which the Centre wants to withdraw. The Allied and Healthcare Professions Bill, 2018 was introduced in Rajya Sabha in December 2018 and sought to provide a legal framework for regulation and maintenance of standards of education and services by allied and healthcare professionals.

BRIEFLY

### Govt eases import curbs on some chemicals

New Delhi: The government has removed import restrictions on certain chemicals including zinc dross; light, heavy, and full range naphtha, according to a notification. It has also allowed flying clubs to freely import aviation gasoline with certain conditions, the Directorate General of Foreign Trade has said in a notification. For other users, import of aviation gasoline is permitted through state trading enterprises.

### Eight executive directors of PSBs shifted

New Delhi: The Centre has transferred eight executive directors of state-run banks with effect from the financial year beginning April 1, according to an official order. The Appointments Committee of the Cabinet (ACC), led by Prime Minister Narendra Modi, approved the proposals of the Department of Financial Services on Wednesday.

### KMB sells stake in ECA Trading Services

New Delhi: Kotak Mahindra Bank (KMB) and one of its wholly-owned subsidiary have together offloaded 20 per cent stake in ECA Trading Services Limited (ECA), formerly known as Ace Derivatives & Commodity Exchange Limited.

### CIL to convert shares in BCCL into equity

New Delhi: Coal India Ltd (CIL) on Thursday said its board has approved converting Rs 2,539 crore-worth redeemable preference shares held in its arm Bharat Coking Coal Ltd (BCCL) into equity shares. Pursuant to the conversion, the state-owned coal miner would get a total dividend of Rs 888.65 crore over a two-year period. PTI

### Salgaocar in WEF's young leaders list

New Delhi: Indian-origin businessman and director of Vimson Group Vivek Salgaocar has joined the Forum of Young Global Leaders Class of 2020 of the World Economic Forum, which includes 113 other activists, academics, and political leaders from 51 nations. He will join the new class in a five-year programme, from March 2020, which will have executive education courses, expeditions and opportunities to engage experienced people. ENS

## SoftBank shares close down 17% in biggest one-day fall

REUTERS  
BEIJING, MARCH 19

SHARES OF SoftBank Group Corp closed down 17 per cent on Thursday in their biggest one-day fall, hammered by investor scepticism over the outlook for tech bets, such as office sharing firm WeWork and ridehailer Uber.

As economic gloom grows over a coronavirus outbreak, SoftBank racked up the second biggest fall in the benchmark index, breaking the 3,000-yen level to close at 2,687 yen. The one-day fall is greater than during the bursting of the dot-com bubble, which evaporated most of chief executive officer Masayoshi Son's wealth, as his plans to build a tech investing empire via the \$100 billion Vision Fund sputter.

Uber's shares closed down 22 per cent overnight as people around the world stay home to try and slow the spread of the virus. SoftBank is considering pulling

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out of a \$3 billion tender offer for WeWork, sources said.

The startup has taken long property leases but is exposed to customers pulling out of short co-working contracts as the economy deteriorates. "WeWork is very likely finished as a viable business," analyst Kirk Boody wrote in a note on the Smartkarma platform, adding that "Softbank faces a third straight quarter of losses for Vision Fund."