



Estd. 1917

FAPCCI *Review*

CIN No. U91110TG1964NPL001030

■ Vol. XVIII. No. 49 ■ December, 2018 ■ Rs. 15/-

The Federation of Telangana and Andhra Pradesh Chambers of Commerce and Industry

Interview with
Ms. Deepthi Ravula
CEO-We Hub
06_{pg}

**GST-a game-changer
reform for
logistics sector**
19_{pg}

**Real Estate (Regulations
& Development)
Act, 2016**

29_{pg}



HalleysBlue™

India | Africa Since 1993

PEB

The Best of Hyderabad is Built by Us

■ 650+ Projects ■ 15 Million Sq. ft Completed



JRC Conventions, Hyderabad.



Classic Conventions, Hyderabad.



Palladium Luxury Conventions, Hyderabad.



KLCC, Hyderabad.



Prestige, Bangalore.



Woodpecker, Hassan.



HalleysBlue™ Steels Pvt Ltd

Plant & Head Office

#57, Mundargi Industrial Area,
2nd Stage, B'lore Road, Ballari,
Karnataka, India.

T : 08392 251888.

M : + 91 99725 76888.

E : sales@halleysblue.in

f : www.facebook.com/halleysblue

Bangalore

#101, First floor, "Jala Aashish",
NS Iyengar Street,
Sheshadripuram, Bengaluru.

Karnataka, India.

Ph: +91 9980948888.

Hyderabad

306, Anish Towers,
6-1-22, Walkers Street,
Secundrabad,

Telangana - India.

Ph: +91 9972582101.

Rwanda (Africa)

11, KG 565,
Kacyiru, Kigali,
Gasabo Dist.

Ph: +250 787856562.

www.halleysblue.com





Inside

Vol. XVIII No. 49 December, 2018

President

Arun Luharuka

Senior Vice-President

Karunendra S.Jasti

Vice-President

Ramakanth Inani

Immediate Past President

Gowra Srinivas

Managing Committee

- C V Anirudh Rao
- Venkat Jasti
- Manoj Kumar Agarwal
- Meela Jayadev
- Vinod Kumar Agarwal
- M.S.P. Rama Rao
- Purushottam Das Mandhana
- A. Prakash
- Avinash Gupta
- Gummadi Veera Mohan
- Shyam Sunder Agarwal
- Narayan Das Bang
- Vitta Satish Kumar
- Abhishek Tibrewala
- MRK Prasad
- Raj Kumar Agrawal
- Suresh Kumar Singhal
- P.Prem Kumar
- Prem Chand Kankaria
- K. Bhasker Reddy
- Krishna Kumar Maheshwari
- V.V. Sanyasi Rao
- Suresh Kumar Jain
- Prakash Chandra Garg
- Challa Gunaranjan
- Abhay Kumar Jain
- Hari Govind Prasad
- Radha Krishan Agarwal
- K. Narayana Reddy
- Smt Bhagwati Devi Baldwa
- Shiv Kumar Gupta
- P. Krishna
- R. Ravi Kumar
- Rajendra Agarwal
- Srinivas Garimella

- 05 President’s Message
- 06 Interview
- 10 Power News
- 12 Economy Watch
- 14 Legal Digest

ARTICLES

- 16 Demonetization’s Multiple Failures ?
- 19 GST, a game-changer reform for logistics sector
- 22 Regeneration of Batteries
- 24 On the Importance of Independent Regulatory Institutions
- 29 Real Estate (Regulations & Development) Act, 2016
- 35 FTAPCCI Events
- 41 100 years of Glorious Journey of FTAPCCI..... reminisces

EDITOR	EDITORIAL ADVISORY BOARD
T. Sujatha, Joint Director	<p>CHAIRMAN Sri Arun Luharuka, President, FTAPCCI</p> <p>MEMBERS Dr. M.Gopalakrishna, I.A.S (Retd.) Sri Srinivas Garimella, Member, Managing Committee -FTAPCCI</p>

The Federation of Andhra Pradesh Chambers of Commerce and Industry

Head Office : Federation House, FAPCCI Marg, Red Hills, Hyderabad - 500 004
 Ph : 23395515 (8 line) Fax : 040 23395525 e-mail : info@ftapcci.com www.ftapcci.com

Branch Office : O/o 54-16-1/2 -A , Central Excise Colony 3rd floor, Gunadala, Vijayawada
 Ph : +91 866 2499055 Fax : +91 866 2499056
 e-mail : info.vijayawada@ftapcci.com

The views expressed by the authors in their articles published in this magazine are their personal views and do not necessarily reflect the views of FAPCCI.
 We would like feedback/comment from readers to enable us to improve our offering.
 write to us at : sujatha@ftapcci.com



Winners of National Tourism Award as the
"Best Domestic Tour Operator" 8 Times continuously
from the Ministry of Tourism, Govt. of India



Fixed / Group Tour Packages

International Tours



6 Days

Best of Sri Lanka Ramayana Trail With Shankari Devi



13 Days

Best of Europe



10 Days

Singapore / Malaysia Bangkok / Pattaya



7 Days

Best of China



5 Days

Best of Dubai with Abu Dhabi

Domestic Tours



8 Days

Kathmandu - Pokhara - Manakamana Muktinath



8 Days

Chandigarh - Manali - Rohtang Pass Vaishno Devi - Amritsar



8 Days

Kashmir Package



2 Days

Jaipur - Fatehpur - Sikri - Agra - Mathura



2 Days

Mussoorie - Haridwar - Rishikesh



5 Days

Shillong - Cherrapunji - Kaziranga - Guwahati



7 Days

Best of Rajasthan



6 Days

Majestic Tour of Gujarat



6 Days

Gangtok - Darjeeling



4 Days

Andaman Package



happy holidaying...

Since 1970

SOUTHERN TRAVELS PVT. LTD.

(Recognised by Ministry of Tourism, Govt. of India)

No. 7, Mustafa Towers,
Ayodhya Junction,
Lakdikapul, Hyderabad - 04.

Mobile: 98480 23236

Tel.: 040 - 2331 8866, 66 55 55 37

email: hyd@southerntravels.in

M.G. Road, Labbipet,
Opp. to Hotel Gateway
Vijayawada - 10.

Mobile: 90101 23236

Tel.: 0866 - 249 2236, 249 9236

email: vja@southerntravels.in

enquiry@southerntravels.in | www.southerntravels.com | South Enquiry : 74 6600 6600, Toll Free: 1800 11 0606

Bengaluru | Chennai | Coimbatore | Warangal | Vijayawada | Rajahmundry | Vizag
+91 93799 23236 | +91 72999 23236 | +91 95513 23236 | +91 81250 23236 | +91 88868 23236 | +91 99495 23236 | +91 99121 23236



NEW DELHI



18/2, Arya Samaj Road, Karol Bagh.
011 - 4145 0200 www.hotelssouthern.com



JAIPUR



Managed by
ZONE
(Owned by Southern Grand Hotels Pvt. Ltd.)
D-65A, Madho Singh Road, Bari Park,
0141 - 4231 000. www.zonebythepark.com



VIJAYAWADA



Opp. Registrar's Office, Gandhi Nagar.
0866 - 66 77 777 www.hotelssoutherngrand.com

• Centralised A/C with Banquet Hall • Complimentary Transport from Railway Station/Airport to Our Delhi & Vijayawada Hotels

Dear
FTAPCClates,



The just released data shows that the 2nd quarter growth rate at 7.1% is lowest in preceding three quarters and lower by over a one percentage point from the preceding three month period (April to June 2018). Weak rupee, rising crude prices and tight liquidity conditions in the financial markets led to fall in growth rate. The statistics also showed that the manufacturing growth rate is slow and there was negative growth rate in mining sector. The fiscal deficit is also expected to exceed the target. Though the growth is lower than the previous quarters, the rate is still high and the Indian economy remained fastest growing economy in the world.

The plan to stick to targeted fiscal deficit have come under pressure due to lower response from goods and services tax (GST) in addition to welfare benefits schemes, particularly for farmers ahead of the 2019 elections.

India Ratings said that despite the reforms helping plug leakages in GST collections, aggregate indirect tax collections grew only 4.3 percent in the first half of the year compared with a targeted growth of 22.2 percent for the full year. The fiscal pressure on the government due to lower than expected revenue realization from GST and the compelling expenditure on welfare benefits schemes in the election year is forcing the government to search for alternative sources to raise revenue.

The recently concluded RBI Board of Directors Meeting succeeded in reaching consensus on various issues and decided to form various committees to look into critical issues such as – Basel regulatory capital framework, Restructuring scheme for stressed MSMEs, Bank health under Prompt Corrective Action (PCA) framework, and Economic Capital Framework (ECF) of RBI. The Board decided to constitute an expert committee to examine the ECF and the membership and terms of reference of which will be jointly determined by the Government of India and the RBI. The Board also advised that the RBI should consider a scheme for restructuring of stressed standard assets of MSME borrowers with aggregate credit facilities of up to Rs. 25 crore, subject to such conditions as are necessary for ensuring financial stability. This is very positive development for MSME sector which is suffering from problem of NPAs and sickness. With regard to banks under PCA, it was decided that the matter will be examined by the Board for Financial Supervision (BFS) of RBI. Let us expect that a positive outcome will emerge on this issue also, so that banks lending capacities will not get affected.

Another disturbing development is that over the past two months the tax department has issued preliminary notices to banks seeking to levy goods and services tax on “free services” provided to customers who maintain a minimum balance in their accounts, such as issuing cheque books and additional credit cards, ATM usage and refund of fuel surcharge.

Top lenders including State Bank of India, ICICI Bank and HDFC Bank are considering passing on this GST cost to customers. It is also informed that most of the major banks have agreed to start charging 18% GST on the free services.

The tax department's logic in determining the value of free services provided under the contract between a bank and its customer may lead to other complications and similar notices could be issued to telecom, real estate and advertising companies if the same principle is applied. This will lead to escalation of cost of getting these services to common man and I appeal to the government to reconsider the proposal to impose GST on free services as it affects the industry, commerce and the people from all walks of life.

Dear members, Telangana State is going for elections and the polling date is 7th December 2018. I take this opportunity to appeal to all the members to cast their vote without fail and take part in building a responsible society.

I wish all my colleagues; members and associates advanced Merry Christmas and a very happy New Year 2019”

Arun Lubaruka 



“Women First, Prosperity for All” (GES 2017) promoting women entrepreneurship...

Ms. Deepthi Ravula
CEO-We Hub

Government of Telangana has created first of its kind platform for women entrepreneurs “WE-Hub” in March 2018 to promote and foster women’s entrepreneurship. This is carried out through three primary activities – Eco System Building, Incubation and Government support. Since its inception WE-Hub has received 245 applications.

FTAPCCI interviewed Ms. Deepthi Ravula, CEO of We-Hub to know more about the organization, its goals and functions.

FTAPCCI : Deepthi Garu, thank you very much for agreeing to be interviewed and before we go ahead, we wish to briefly hear about your life journey thus far.

Deepthi : Thank you. I am a Hyderabad, born and brought up here with my schooling and professional Engineering study from Hyderabad colleges. I was in the US for more than 14 years and have careered chiefly in Electronics & Communications industry including Nokia, Terradyne amongst others.

Back in USA in the year 2015, motivated by our Hon. Min. Shri K T Rama Rao’s words of “A lot of people talk, why don’t you come back and do something for your motherland”, I moved back to India and joined the Telangana Government as the Joint Director in the Dept of Electronics. During the prestigious Global Entrepreneurship Summit held in Hyderabad last year, I was asked to lead the newly formed WE-Hub. I am very much excited and enthused to be a part of India’s first state led incubator for women entrepreneurs.

FTAPCCI : According to a study from Dell, the U.S., Canada and Australia are the best countries for female entrepreneurship. At the bottom of the list

are countries like Bangladesh, Pakistan and India. How do you think institutions like WE-Hub can help improve this situation?

Deepthi: Statistics apart, the issue of low entrepreneurship amongst women is not the exclusive monopoly of India. It is right across the world and the gender ratio with respect to entrepreneurship is skewed globally and we need to do lot of work to correct this difference. Institutions like We-Hub help us to do that.

An establishment like WE-Hub creates a platform for women to come forward and explore possibilities of bringing their idea to fruition. As a Joint Director in the DOE, I am involved in land allocation, operationalizing processes, offering subsidies to industries, policy making but so far I have come across very few women Directors of companies coming forward and discussing with me on these vital issues. But after we launched WE Hub in March 2018, I have met close to 300 women entrepreneurs in the very first month itself. That means the women entrepreneurs feel that there are getting an appropriate platform to “voice in” and get assistance when they are in actual need of it.

Especially in our Indian cultural setting, most women dither to ask for anything lest they be considered as demanding. We at WE-Hub fashion a stage for such women to directly ask for entrepreneurial help without any fear of being profiled. WE-Hub helps them to precisely identify their needs, pigeonhole them and provide assistance to act on them thus taking their enterprise forward.

Essentially having an entity like WE-Hub gives confidence to the women entrepreneurs that the government is not merely perorating but is seriously committed to ensure that these important policies are harnessed by the women

entrepreneurs for them to flourish.

FTAPCCI : Why do we have very few female entrepreneurs in our country? From a cultural viewpoint, fundamentally is this because we are a patriarchal society and women are not encouraged as much as men or in your opinion is it something deeper?

Deepthi : I would like to stay away from branding – patriarchy, matriarchy and all I can say is that role of women is changing the world over including in India. For example, I consider that my Grandmother is the best HR manager.

She was managing farm workers, workers at home, relatives, family etc and all without her role being clearly defined but she pulled it off ably. For ages, a woman has been told that she is a home maker and hence this transitioning from a personal role to a professional role or managing both roles will obviously take time as we are looking at change in mindset or “Way of thinking”. We are confident that the time has come and shall see the change soon and we already see that in the next generation.....

The ecosystem that is present in India is not very conducive for women to start an enterprise and that is where entities like WE-Hub step in and step up.

FTAPCCI : Majority of women entrepreneurs are from family owned businesses and only a small percentage of women entrepreneurs are first generation entrepreneurs. What are the challenges that a woman entrepreneur faces that a male entrepreneur wouldn't in starting up an enterprise?

Deepthi : The ecosystem that is present in India is not very conducive for women to start an enterprise and that is where entities like WE-Hub step in and step up. Fundamentally the belief that women can be as enterprising as men has to set in. If you look at VC funding, a measly 2 to 3% is believed to be going to women entrepreneurs because of the fact that a question arises in the mind of the financier whether the women would be able to brave it in the entrepreneurial world





and do what it takes to succeed. We once again come back to the primary need for a mindset change and take the women entrepreneurs seriously. I feel entrepreneurial opportunities can be availed equally by women as well.

FTAPCCI: Under the aegis of Telangana Govt, city of Hyderabad hosted the prestigious Global Entrepreneurship Summit 2017 and the theme at the Summit was “Women First, Prosperity for All” with focus on what can and should be done to foster and promote entrepreneurship amongst women. Has the Telangana state made any progress since then in furthering entrepreneurship amongst women?

Deepthi : Of course yes. We are just 8 months old and very much in our infancy and we do not want to be judged so early but having said that, we have moved pretty far and at a fairly brisk pace. We have initiated an incubation center wherein we are already helping 26 startups to nurture from many sectors like FMCG, Health tech, Agri tech, Food & Beverages. WE-Hub is both sector and stage agnostic.

We have also gone into our second phase at WE-Hub wherein we help the women entrepreneurs in setting specific goals, operationalize policies, connecting them to the academia, financiers, bankers & investors,

industry experts so that their chances of success and sustainability is largely enhanced.

FTAPCCI : As the CEO of WE-Hub, what do you think are going to be the major challenges in achieving your organization goals & objectives and how do you plan to circumvent them? Is WE-Hub taking any special measures to promote women entrepreneurship in other Districts of Telangana?

Deepthi : Become more visible and be extensively known so that women come forward without hesitation to become successful entrepreneurs. To do that, we are evangelizing the benefits of it in colleges as well as other platforms and trying to catch them young as they say. We have created a “women entrepreneur enrollment form” which can be submitted by interested women at Mee-seva centers and we try reaching out to them. We have brought professional organizations together so that women entrepreneurs get the support they want. Already, PWC, IIIT, Industry bodies, experts are helping us out on specific programs. Yes, we are travelling to most districts of Telangana, creating awareness on entrepreneurship, leveraging the EDCs of District Industries Centers (DIC) in conducting programs to encourage more women entrepreneurs to come forward.

FTAPCCI : When we talk of women entrepreneurship we always think

of manufacturing of products like handicrafts / handiworks or food business. The reason of course, is because women are traditionally skilled in these areas. What role will WE-Hub play to break this tradition and encourage women to enter new fields?

Deepthi : One discussion point is entering into newer fields while the other is women should also be able to scale up their traditional fields of business such as food or handicrafts as well. One way to do that is to bring in digital intervention, making them adopt new technology, teaching them to market their products well, create a marketplace for their products, and harness collective strengths inter alia.

FTAPCCI : Thank you very much for your time and one last question - If we're sitting here a year hence, celebrating what a great year it's been for you in this role, what did we have achieved?

Deepthi : We would have achieved our metrics, will have evolved a procurement policy to help women sell their products, created a wonderful platform for women entrepreneurs to incubate, bloom, grow and sustain. Thank you

www.iesshow.in



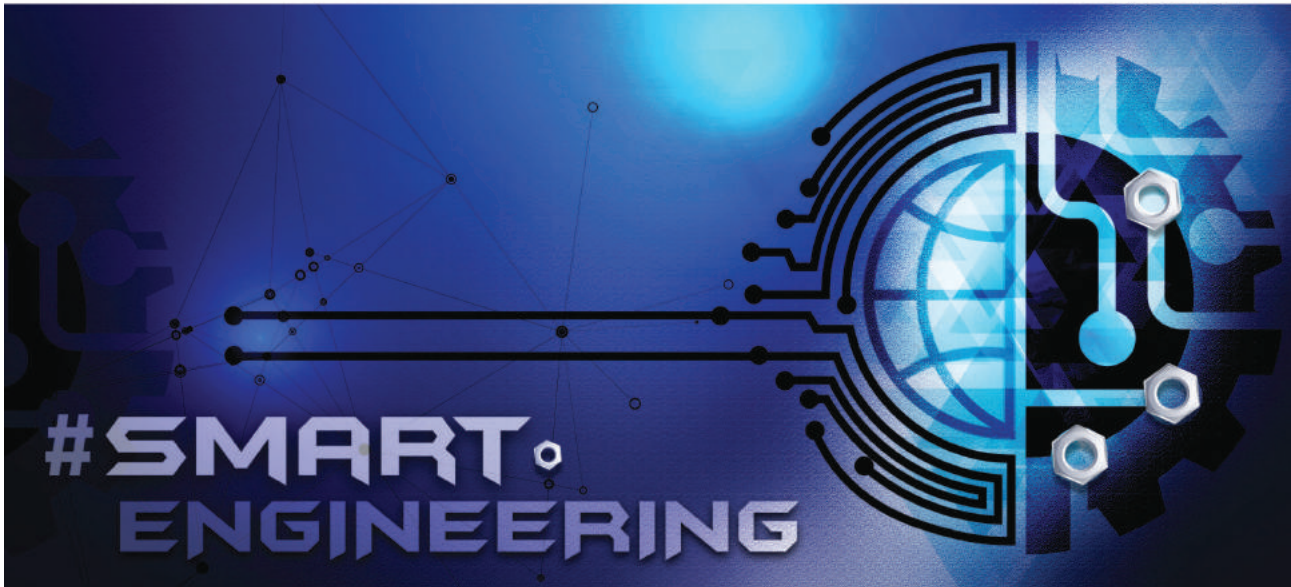
INTERNATIONAL ENGINEERING SOURCING SHOW

14-16 MARCH 2019
Chennai Trade Centre, Chennai, India

ORGANISER



EPCINDIA
ENGINEERING THE FUTURE
www.eepcindia.org
CIN : U51900WB1955NPL022644



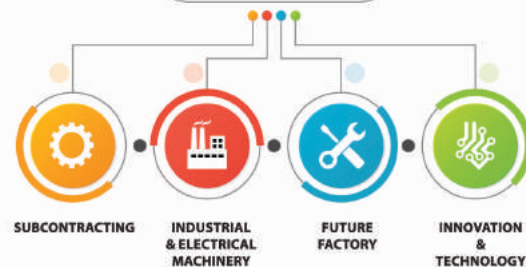
THE IESS

The Biggest rendition of future of Indian Engineering brilliance is prepared to showcase 'Smart Engineering' for the third time in Chennai over 14-16 March, 2019 with Chennai as the Host State!

B2B Sessions and Hosted Buyer Programme

The show facilitates one to one matchmaking sessions and is the PRIME attraction of the event. More than 750 sourcing meets are held every year and the graph is moving upward!

PRODUCT VERTICALS



A glimpse of some previous stakeholders



EPC INDIA SOUTH INDIAN OFFICES

Chennai
C. H. Nadiger
Regional Director
Tel: 91-44-28295501/02
E-mail: eepcrochen@eepcindia.net

Bengaluru
J. V. Raja Gopal Rao
Sr. Deputy Director
Tel: 91-80-22261396/22268669
E-mail: eepcsroblr@eepcindia.net

Hyderabad
V. C. Ravish
Senior Executive Officer
Tel: 91-40-27536704
E-mail: eepcsrohyd@eepcindia.net

BOOK YOUR STALLS/BOOTHs TODAY AT
www.iesshow.in



India's march for green energy: Renewables now 10% of country's power output

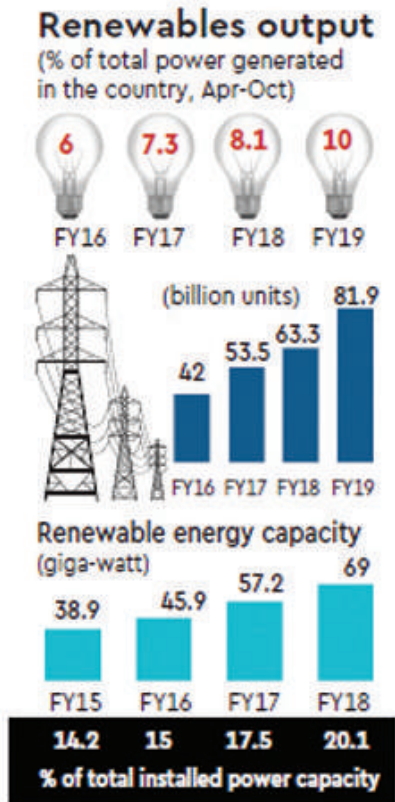
Despite a slowing of the pace at which solar power projects are being built owing to tariffs plunging to levels unviable for the developers, the country has crossed a milestone on the renewable energy front. Renewable-power units (solar and wind) have over the last few years been raising their share in India's electricity output; in April-October 2018, this share touched the 10% threshold.

The share of renewables in total installed power capacity is also on a rise — from 14% in FY 15, this has risen to the current level of over 20%.

Under the United Nations Framework Convention on Climate Change ratified in Paris in 2015, India has an obligation to increase the share of non-fossil-based power in total installed capacity to 40% by 2030. The government has set a target to achieve 175 gigawatts (GW) of renewable energy capacity by 2022 — 100 GW from solar, 60 GW from wind, 10 GW from biomass/bagasse and 5 GW from small hydro projects.

Between FY15-FY18, electricity generated by renewable sources increased at a whopping compound annual growth rate of 18.2%. To put this in perspective, the CAGR of conventional power production in the same period was only 4.8%. To aid domestic manufacturing, the government has levied a 25% safeguard duty on import of solar cells — the basic ingredient needed to manufacture solar panels — for a year ending July 19, 2019. The duty would be 20% for the next six months till January 29, 2020, and 15% in the subsequent six months.

<https://energy.economictimes.indiatimes.com/news/power>



Wind power: Transmission gap between states a concern for capacity addition

Inadequate transmission infrastructure has forced the government to reduce capacities offered in the upcoming auctions by more than 50% to 1,200 MW.

Existing inter-state transmission infrastructure in the states with high wind potential may not be sufficient to provide connectivity to capacity bid out by central government agencies, research firm Icrs said. Augmentation of transmission systems would take about 24-36 months, whereas developers are mandated to commission wind power projects within 18 months from the time letters of award are issued. Such impediments potentially pose a risk on project viability, as delays beyond six months from scheduled commissioning date would result in reduction in PPA tariffs, Icrs noted.

The aggressive target of having 175 GW of renewable energy capacity by FY22 warrants major ramping up of transmission capacity. Inadequate transmission infrastructure has forced the government to reduce capacities offered in the upcoming auctions by more than 50% to 1,200 MW.

A 2,000 MW wind tender announced in April had also been cancelled due to this. The parliamentary standing committee on energy had noted earlier this year that the green energy corridor scheme has been a “non-starter”.

<https://www.financialexpress.com/economy>

Discoms' dues to IPPs cross Rs 36,260 crore, delayed payments for power sold are adding to the woes of stressed projects

Even as stressed assets with a combined capacity of 32 gigawatts are on the verge of insolvency — another 7-gigawatt capacity is already undergoing the insolvency process at the National Company Law Tribunal — these power companies are finding it hard to recover dues from procuring states in time.

According to data available with the power ministry's 'praapti' portal, the state-run discoms owed 10 generators, seven private and three state-owned — Rs 26,500 crore as of August-end. Of

this, Rs 17,760 crore is due to independent power producers (IPPs), Rs 4,340 crore to state-owned NTPC and the balance to firms like NHPC, DVC, SJVNL etc.

If the so-called regulatory dues of Rs 18,500 crore is included, the outstanding amounts by the discoms to IPPs alone would be a staggering Rs 36,260 crore. Generators are privileged to report payment defaults of more than 60 days to the government on a voluntary basis.

<https://www.financialexpress.com/market>

No hike in power tariff in Andhra Pradesh for one more year

In a relief to power consumers ahead of the general elections 2019, power distribution companies (Discoms) in Andhra Pradesh made it clear that there will be no increase in electricity tariff for the next year financial year 2019-20. Farmers will get seven hours of free power supply a day. There will also be free power supply to dhobi ghats and nursery farmers.

The no-hike proposal comes in the wake of assurance by the state government that it will bear the additional financial burden in the form of subsidy to discoms. Charging stations for electric vehicles will get power at a reduced tariff.

The two discoms in the state, APEPDCL and APSPDCL, submitted their annual revenue requirement (ARR) to the AP Electricity Regulatory Commission (APERC) in Hyderabad on 24th November. In their proposals, the two discoms said there will be no change in tariff in spite of increase in average cost of supply by Rs 1.49 per unit.

The proposal needs to be accepted by the APERC for implementation.

Referring to the agricultural connections, the discoms said farmers will get seven hours of free power supply. About 17 lakhs agricultural consumers will benefit.

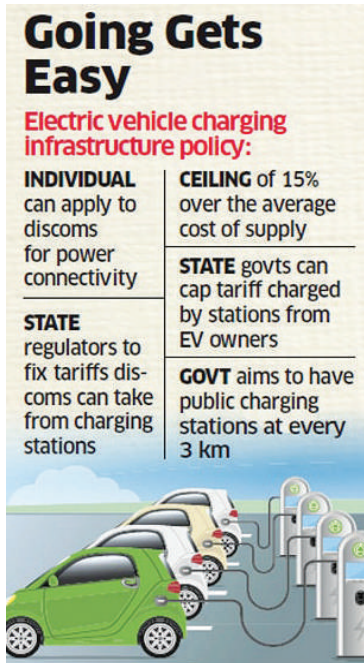
There will also be no change in the tariff for commercial consumers. It will benefit 13.1 lakh commercial consumers in the state. Dhobi ghats will be treated as cottage industries and they will get free power supply. Rural horticulture nurseries will also get free power, benefiting about 4000 farmers. The discoms have also proposed tariff reduction by Re 1 per unit from Rs 6.95 per unit to 5.95 per unit for charging stations meant for electric vehicles.

The ARR for 2019-20 revealed that the two discoms together would require Rs 38,204 crore while the projected total revenue at proposed tariffs including non-tariff income stood at Rs 29,241 crore. This leaves a revenue deficit of Rs 8,963 crore.

The average cost of supply is Rs.6.34 per unit (increase by 7.8% over approved tariff in 2018-19), while the average revenue realization at proposed tariffs is Rs 4.86 per unit. This in other words means that there is a revenue gap of Rs 1.49 per unit. This would be borne by the state government to ensure that there is no hike in the next financial year.

Electric Vehicle charging stations business open to individuals

Individuals may soon be able to open public electric vehicle charging stations without applying for licences, though there will be a cap on the tariff they can charge from EV owners.



The government has not set any qualification criteria for opening public charging stations but these will be monitored and has to meet specifications and performance standards set by the power ministry.

“Setting up public charging stations shall be de-licensed and any individual is free (to set them up) provided the stations meet standards of the power ministry. The person should apply for connectivity and

the distribution company is bound to provide connectivity. Obtaining electricity from open access is also permissible,” the official said.

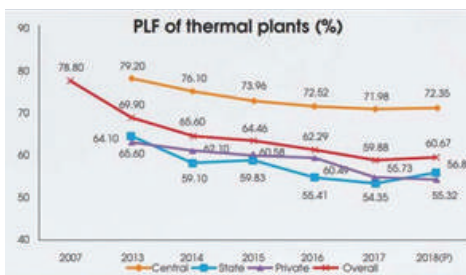
State electricity regulatory commissions (SERCs) will fix tariffs for electricity supply from distribution companies to the charging stations at a ceiling of 15% over the average cost of supply. The tariff charged by charging stations from electric vehicle owners will also be capped by the state government, he said.

The policy on electric vehicle charging infrastructure aims to enable faster adoption of EVs and affordable charging infrastructure to the vehicle owners. “It also targets generation of employment opportunities for small entrepreneurs.”

<https://energy.economictimes.indiatimes.com/news/power>

INFOGRAPHIC: Trend of PLF of thermal plants in India from 2007 to 2018

The overall plant load factor (PLF) of thermal units have fallen from 78.8 per cent in 2006-07 to 59.88 per cent in 2017-18. This

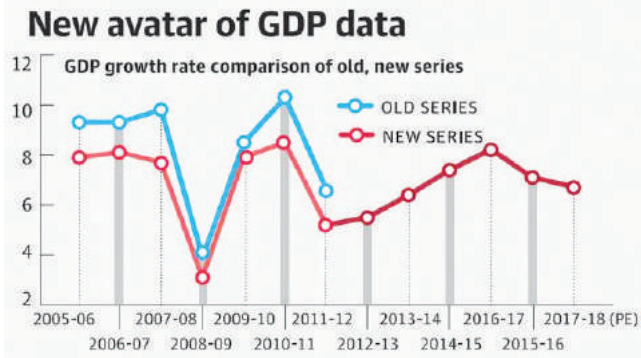


indicates under-utilization of thermal capacity. Here's a snapshot:

Source: Central Electricity Authority

New data show economy never hit high-growth phase:

India's recovery from global financial crisis took longer than previously thought



India's GDP growth never crossed over into a 'high-growth' phase of above 9% in the last decade or more, new back series data from 2004-05 released by the government on Wednesday show. The data also show that India's recovery from the global financial crisis took longer than previously thought.

The government, in 2015, changed the methodology and the base-year for the computation of its economic performance, moving towards a Gross Value Added (GVA) method from the earlier GDP calculations and bringing forward the base-year to 2011-12 from 2004-05. This, however, meant that the newer estimates could not be compared with the older data. The back-series release on Wednesday provides the growth estimates for previous years using the new methodology.

<https://www.thehindu.com/todays-paper/tp-business/new-data-show-economy-never-hit-high-growth-phase/article25618712.ece>

Share of investments in GDP to rise 33% by FY23: RBI working paper

The share of investments in gross domestic product (GDP) will rise to 33% by FY23 from 31.4% recorded in the last fiscal, a working paper of the Reserve Bank of India (RBI) has forecast, suggesting that the upturn in the current investment cycle that started in FY17 could last for five more years.

Interestingly, the paper has listed higher real lending rate as one of the reasons for lower investments. A one percentage point hike in the real lending rate, it says, reduces the real investment rate by 29-40 basis points.

Hike in the repo rate has often been a contentious issue between RBI and the finance ministry, with the latter usually seeking a reduction in the benchmark lending rate to spur economic growth. The paper says the views expressed are of the authors, and not of RBI's.

The share of investment in real GDP dropped from 34.3% in

2011-12 to 30.3% in 2015-16 before recovering.

Further boosting investment rate will require "policy efforts on multiple fronts such as further improving ease of doing business; expediting resolution of distressed assets; addressing the NPAs problem; and speeding up implementation of stalled projects", it noted

<https://www.financialexpress.com/economy>



29,088-crore indirect tax evasion detected in April-Oct

Service tax dodgers formed the bulk at Rs. 22,973 crore

The investigation arm of the Finance Ministry has detected tax evasion worth Rs. 29,088 crore in 1,835 cases during April-October period of the current financial year, a senior official said.

Of this, the Directorate General of GST Intelligence (DGGI), which is enforcement agency for checking indirect tax evasion, has detected evasion of goods and services tax (GST) worth Rs. 4,562 crore in 571 cases.

However, the bulk of the evasion was detected in case of service tax. The total number of cases where service tax was evaded stood at 1,145 involving Rs. 22,973 crore.

In case of central excise duty, the DGGI detected 119 cases, where tax evaded was worth Rs. 1,553 crore.

"DGGI officers have detected total indirect tax evasion of Rs. 29,088 crore during April-October," official told.

<https://www.thehindu.com/business/Economy>

RBI capital adequacy move opens window for Rs 3-trn extra lending by banks

With the Reserve Bank of India (RBI) extending the deadline for banks to meet capital adequacy norms, lenders will be able to disburse additional loans in excess of Rs 3 trillion till the end of next financial year, sources aware of the matter said.

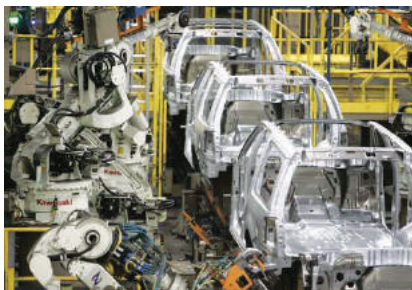
The government, too, will see a fall in the capital infusion requirement in public sector banks as a consequence of the

relaxation in one component of the capital adequacy rules. The saving for the government on this count is expected to be around Rs 350 billion in the current financial year.

Besides, the proposed restructuring package for micro, small and medium enterprises (MSMEs) with credit of up to Rs 250 million is expected to provide a breather to units from this sector, adversely affected by demonetisation and the transition to the goods and services tax (GST) regime. For banks, the package will limit the burden of provisioning for stressed loans.

<https://www.business-standard.com/article/economy-policy>

Auto component production likely to rise 12-14% in FY19, says study



Auto component production in 2018-19 is expected to increase by 12-14 per cent in this fiscal year, aided by robust growth in domestic and export markets. Exports of automobile

components from the country were valued at \$13.5 billion in 2017-18 (FY18). According to the forecast by the Automotive Component Manufacturers Association of India, exports will surge to \$80 billion by 2026. The domestic auto components industry expects to register revenues of \$200 billion by then. Revenues in the auto components industry have risen at a CAGR of 6.83 per cent, growing from \$26.44 billion in 2007-08 to \$51.20 billion in FY18.

Domestic original equipment manufacturers (OEMs) contribute 55.97 per cent to the industry's turnover, followed by exports (26.20 per cent) and domestic aftermarket (17.82 per cent).

A report by the India Brand Equity Foundation (IBEF), a trust established by the Ministry of Commerce, says exports of auto components from the country rose at 11.42 CAGR during 2008-09 and FY18, with the value more than doubling from \$5.10 billion to \$13.5 billion. Europe accounted for a volume share of 34 per cent during FY18, followed by North America and Asia, with 28 per cent and 25 per cent share, respectively.

The growth of global OEM sourcing from India and the increased indigenisation of global OEMs is turning the country into a preferred designing and manufacturing base. The Indian auto components industry is expected to register a turnover of \$100 billion by 2020, backed by strong exports. The auto components industry accounts for 2.3 per cent of the country's gross domestic product in FY18. During FY18, 3 million people were directly and indirectly engaged by the industry.

The IBEF study expects India to be the fourth-largest automobile producer globally by 2020 after China, the US, and Japan. Also, the auto components industry is expected to become the third-largest by 2025.

The auto components industry is expected to follow OEMs in adoption of electric vehicle (EV) technologies. The global move towards EVs will generate new opportunities for automotive suppliers. The mass conversion to EVs may generate a \$300-billion domestic market for EV batteries in India by 2030.

Major global OEMs have made India a component sourcing hub for their operations. Several global tier-I suppliers have also announced plans to increase procurement from their Indian subsidiaries. India is also emerging as a sourcing hub for engine components, with OEMs increasingly setting up engine manufacturing units in the country. For companies like Ford, Fiat, Suzuki, and General Motors, India has established itself as a global hub for small engines.

<https://www.ibef.org>

AP leads in skilled workforce: Report



According to the India Skills Report 2019 - a joint initiative of Wheebox, a global talent assessment company; PeopleStrong, an HR tech company; and the Confederation

of Indian Industry (CII) - Andhra Pradesh has topped the list of states with the highest employability in India.

The employability level of B.Tech/ B.E graduates is 63.11 per cent as against last year's 42.08 per cent; the employability level of MBA and polytechnic graduates stands low at 47.18 per cent and 45.90 per cent, but has shown a small improvement against last year's levels (MBA 44.90 per cent; polytechnic 33.85 per cent).

The India Skills Report said Andhra Pradesh is one of the preferred hiring destinations and one of the most preferred states for work by both men and women. The sixth edition of the India Skills Report captures insights and trends from the largest employability test that was spread out to 5,200 universities and professional institutions in India. The test reached out to more than 3 lakh students across 29 states and 7 union territories on the talent supply side, along with India hiring intent - a primary research survey on the talent demand side that reached out to over 100+ large employers across nine major industry verticals for talent demand.

<https://www.thehindubusinessline.com/news/national>

Arbitration when there is consortium



When there is a consortium agreement between an Indian company and a foreign entity, a claim can be filed only in the name of the consortium and not separately, the Supreme Court ruled in the judgment, L&T vs Mumbai Metro. In this case, a

consortium agreement was signed between the Indian company and a Malaysian firm for constructing a monorail system in Mumbai. Disputes arose between the consortium and the Mumbai Metropolitan Regional Development Authority. They made separate claims before the authority but the latter rejected the claims. The consortium moved the Supreme Court seeking international commercial arbitration as defined in the Arbitration and Conciliation Act. The court rejected it as there could not be an international commercial arbitration because "the Indian company is the lead partner, the supervisory board constituted under the consortium agreement made it clear that the lead partner really has the determining voice in that it appoints the chairman of the said board; and the fact that the consortium's office is in Mumbai as also that the lead member shall lead the arbitration proceedings, would all point to the fact that the central management and control of this consortium appears to be exercised in India and not in any foreign nation."

SC clarifies debtor's right under Sarfaesi



The Supreme Court last week ruled that a debtor can approach the debts recovery tribunal (DRT) under the Securitisation Act (Sarfaesi) at the stage of possession notice by the secured creditor. The court was considering a full Bench judgment of

the Allahabad High Court in the case, Hindon Forge Ltd vs State. Earlier, two high court Benches had differed on the question whether a borrower can move the DRT even before physical possession of assets is taken by banks/financial institutions in the exercise of their powers under the Act. Therefore, the question was referred to a full Bench of the high court. Now, the Supreme Court has ruled that the full Bench judgment was wrong. The secured creditor can take possession of the assets of the borrower when there is a default after following the procedure laid down in the rules. The judgment discussed the different modes of taking possession — symbolic, constructive, physical, etc — and granted the borrower a slim chance of defending its assets.

Cement unit covered by new legislation



The Chhattisgarh High Court ruled last week in its judgment, Ultratech Cement Ltd vs State of Chhattisgarh, that the company was within the scope of the Building and Other Construction Workers (Regulation of Employment and Conditions of

Service) Act and the Building and Other Construction Workers' Cess Act. The cement company had argued that since it was already registered under the Factories Act, there was no need to register under the new Acts. The court rejected the contention and granted it time to register under the new Acts. The judgment noted the issue has already been decided for other industries by the Supreme Court in the 2016 judgment, Lanco Anpara Power Ltd vs State of UP.

No civil court role in cases under Sarfaesi Act



The Bombay High Court has asserted that the Securitisation Act (Sarfaesi Act) clearly barred the filing of a civil suit in a matter for the debt recovery tribunal. The division bench of the High Court thus allowed the appeal of Axis Bank against the order of a single

judge bench, which took a contrary stand. In this case, several persons booked luxury flats in Mumbai from a builder. In order to get a loan, the builder mortgaged land and building in the project to create a security interest in favour of the bank. However, the builder and his guarantors defaulted, leading to the bank invoking the provisions of the Securitisation Act. The buyers, on the other hand, moved a civil court for specific performance of their contracts with the builder and making the bank a party, though they were not directly connected to the bank. Therefore, the bank moved the high court arguing that Section 34 of the Act barred the jurisdiction of the civil court. The judgment stated: "No civil court can exercise jurisdiction to entertain any suit or proceeding in respect of any matter which the debt recovery tribunal is empowered by or under the Securitisation Act".

Temporary staff entitled to equal pay



The Supreme Court last week declared that temporary employees are entitled to wages at the minimum of the pay scales which are applicable to the regular employees holding the same post. The Bench applied the constitutional principle of equal pay for

equal work while allowing the appeals filed by daily-rated workers employed in the Forest Department in Uttar Pradesh against the Allahabad High Court judgment. While allowing the appeals in Sabha Shanker vs Divisional Forest Officer, the Supreme Court asserted that temporary employees are entitled to the minimum of the pay scales as long as they continue in service. The court cited an earlier judgment which stated that "any act of paying less wages as compared to others similarly situated constitutes an act of exploitative enslavement, emerging out of a domineering position."

SC clarifies debtor's right under Sarfaesi



The Supreme Court last week ruled that a debtor can approach the debts recovery tribunal (DRT) under the Securitisation Act (Sarfaesi) at the stage of possession notice by the secured creditor. The court was considering a full Bench judgment of

the Allahabad High Court in the case, Hindon Forge Ltd vs State. Earlier, two high court Benches had differed on the question whether a borrower can move the DRT even before physical possession of assets is taken by banks/financial institutions in the exercise of their powers under the Act. Therefore, the question was referred to a full Bench of the high court. Now, the Supreme Court has ruled that the full Bench judgment was wrong. The secured creditor can take possession of the assets of the borrower when there is a default after following the procedure laid down in the rules. The judgment discussed the different modes of taking possession – symbolic, constructive, physical, etc – and granted the borrower a slim chance of defending its assets.

Arbitration when there is consortium



When there is a consortium agreement between an Indian company and a foreign entity, a claim can be filed only in the name of the consortium and not separately, the Supreme Court ruled in the judgment, L&T vs Mumbai Metro. In this case, a

consortium agreement was signed between the Indian company and a Malaysian firm for constructing a monorail system in Mumbai. Disputes arose between the consortium and the Mumbai Metropolitan Regional Development Authority. They made separate claims before the authority but the latter rejected the claims. The consortium moved the Supreme Court seeking international commercial arbitration as defined in the Arbitration and Conciliation Act. The court rejected it as there could not be an international commercial arbitration because "the Indian company is the lead partner, the supervisory board constituted under the consortium agreement made it clear that the lead partner really has the determining voice in that it appoints the chairman of the said board; and the fact that the consortium's office is in Mumbai as also that the lead member shall lead the arbitration proceedings, would all point to the fact that the central management and control of this consortium appears to be exercised in India and not in any foreign nation."

Limitation law in insolvency process



The Limitation Act covers applications filed for initiating corporate insolvency resolution process (CIRP) under the Insolvency and Bankruptcy Code from its inception in 2016, the Supreme Court has ruled in its judgment in BK Educational Services Ltd vs Parag Gupta

Associates. In this batch of appeals, the court was concerned with Section 238A of the code, which was inserted in the second amendment to the code with effect from June 6 this year. According to this, "The provisions of the Limitation Act shall as far as may be, apply to the proceedings before the adjudicatory authority, the National Company Law Appellate Tribunal (NCLAT), the Debt Recovery Tribunal or the Debt Recovery Appellate Tribunal." The NCLAT had ruled in several cases that the Act is not applicable for initiating CIRP and that a stale claim of dues three years old without explanation normally should not be entertained for triggering CIRP. Disagreeing with that view, the Supreme Court stated that even Section 433 of the Companies Act, which applies to the NCLT and the NCLAT, expressly stated that Limitation Act covered them. The analogy of other tribunals like the Competition Commission, the Securities Appellate Tribunal and the Telecom Disputes Settlement and Appellate Tribunal would not apply in the present case, as each of them is covered by the terms of the relevant legislation, the judgment said. All the appeals were returned to the NCLAT for fresh decision following this interpretation of the law.

No civil court role in cases under Sarfaesi Act



The Bombay High Court has asserted that the Securitisation Act (Sarfaesi Act) clearly barred the filing of a civil suit in a matter for the debt recovery tribunal. The division bench of the High Court thus allowed the appeal of Axis Bank against the order of a single

judge bench, which took a contrary stand. In this case, several persons booked luxury flats in Mumbai from a builder. In order to get a loan, the builder mortgaged land and building in the project to create a security interest in favour of the bank. However, the builder and his guarantors defaulted, leading to the bank invoking the provisions of the Securitisation Act. The buyers, on the other hand, moved a civil court for specific performance of their contracts with the builder and making the bank a party, though they were not directly connected to the bank. Therefore, the bank moved the high court arguing that Section 34 of the Act barred the jurisdiction of the civil court. The judgment stated: "No civil court can exercise jurisdiction to entertain any suit or proceeding in respect of any matter which the debt recovery tribunal is empowered by or under the Securitisation Act".

Demonetization's Multiple Failures ?

The case that it led to higher tax compliance and buoyancy could be spurious

*Renu Kohli

With the RBI publishing its final figure that 99.3% of cancelled cash returned to the banks, the government's primary target of demonetization to nullify black money has obviously come a cropper. What's interesting is the remaining 0.7% of the de-legalized notes needn't necessarily be black - a large chunk of this could be small amounts remaining stuck with millions of NRIs, Nepal and Bhutan residents and other foreign nationals. Thus, almost 100 percent of the cancelled currency turned out to be white!

No one knows for sure how much black money was hoarded in cash: the government reportedly told the Supreme Court this could be about Rs. 4-5 trillion, while some economists believed it could be Rs. 2-3 trillion. But even by the most conservative estimate of Rs.1.5 trillion, a spectacularly large amount of currency changed colour, much to the discomfort of the government. Hoarders turned out to be smarter, acted fast to exploit systemic loopholes, were supported by an army of middlemen, backed by lawyers and accountants, and possibly collusive banks that opened their back-doors to them! The government certainly did not think through multiple routes that hoarders could exploit, failed to plug these gaps fast enough, and perhaps lacked imagination to outmanoeuvre opponents when a game theoretic situation emerged...

Failing to stop the black money in hoarders' pockets, the government changed tack by labelling large deposits in bank accounts as "suspicious", subject to scrutiny and heavy penalty through a new Taxation Laws (Second Amendment) Bill, 2016, and also introduced

No one knows for sure how much black money was hoarded in cash: the government reportedly told the Supreme Court this could be about Rs. 4-5 trillion, while some economists believed it could be Rs. 2-3 trillion



a voluntary disclosure scheme Pradhan Mantri Garib Kalyan Yojana, 2016 (PMGKY) mid-way. There were expectations these two instruments could attract nearly Rs. 1-1.5 trillion to the exchequer. But the outcome turned out even worse for all it collected was a paltry Rs. 4,900 crore. Surely the hoarders covered their tracks well, had the confidence to come out clean! To simply let it pass by terming these as 'ingenious act of black money holders' does not pass muster.

Who are these depositors? We know the tax department has been trailing 18 lakh such depositors for over a year now, but not sure if this will yield any significant dividend. But the government surely used these trails to spin around - that demonetization enabled a large increase in direct tax compliance and revenue buoyancy. This appeared pure desperation to find an escape route; any tax research expert would tell you how difficult it is to isolate factors leading to higher compliance. And in this instance, there could be many: apart from trend factors such as better tax administration, electronic trailing of expenses, reducing tax rate to 5% in the lower bracket, the government introduced more lethal instruments such as linking bank accounts and PAN card to AADHAR and also rolled out GST. Even without demonetization, the last two undoubtedly had huge potential for more transparent business transactions and income accrued thereby. In fact, Financial Express research estimates that GST-linked contribution to direct taxes' compliance could be much larger than that of demonetization.

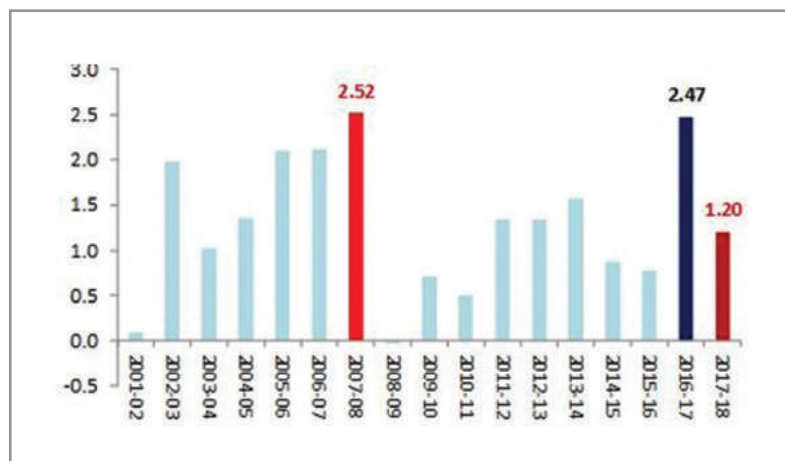
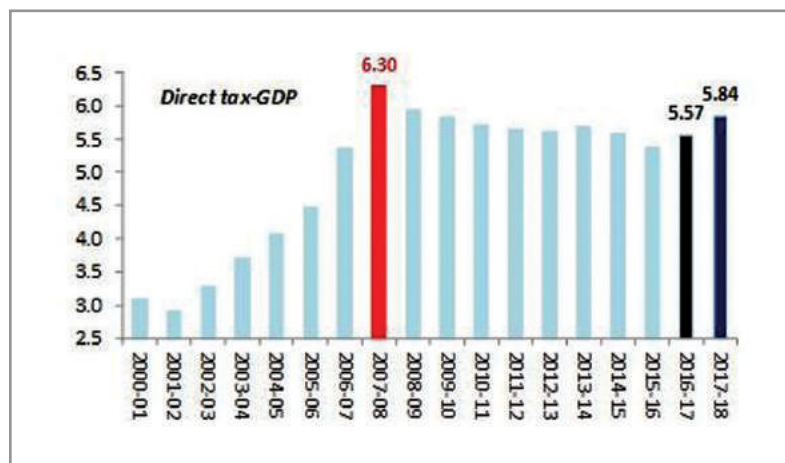
But the moot question is did higher tax compliance increase tax revenues sharply? The graph below clearly illustrates the 5.84%

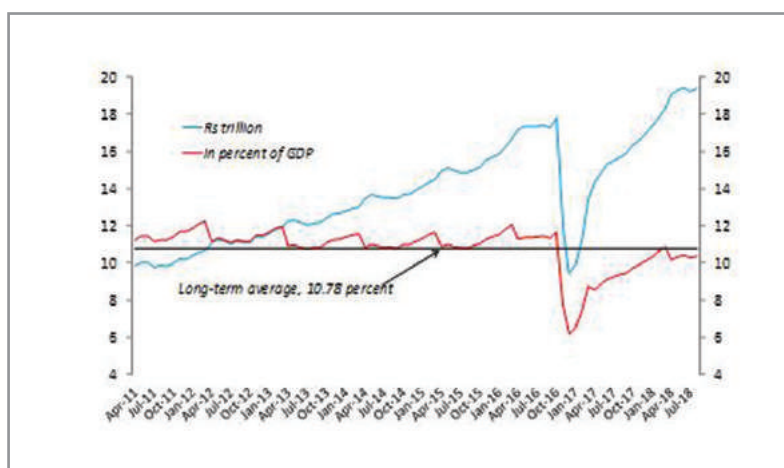
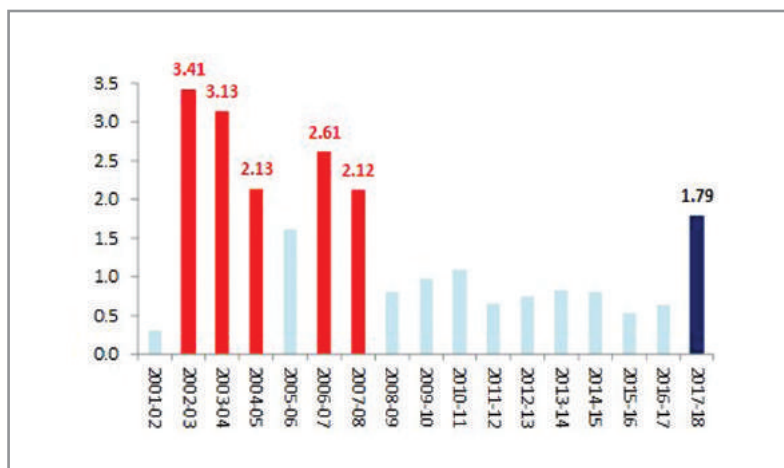
direct tax-GDP ratio in 2017-18 was way below the 6.3% peak achieved in 2007-08. Nor is it significantly higher than the preceding ten-year average of 5.72%. Merely adding lakhs of new tax returnees does not serve any purpose if they do not contribute significantly to tax collections.

Some would argue that personal income tax buoyancy (next chart) at 2.47 in 2016-17 was far higher than the 0.9 average in the previous eight years, but what would explain the quite sharp fall to 1.2 in 2017-18 when compliance should have improved even further. Corporate tax buoyancy (third chart) in contrast improved in 2017-18 as GST unfolded. Notably, data for the first quarter (April-June, 2018) reported by the Controller General of Accounts (CGA) show that personal income tax buoyancy further declined to 0.93, while that of corporate income tax had turned negative.

It's amply clear that tax buoyancy is too volatile an indicator to make a case. The fact that historically the economy witnessed much better tax buoyancy - between 2002-03 and 2007-08 - even without any structural interventions like demonetisation, GST and Aadhar, conforms to apprehensions of desperation in stretching meek data points to claim success!

Beyond the critical failure to tame black money the government had





moved the goal post to another objective to achieve less cash-dependent economy, encouraging citizens to move to more digital transactions. Although laudable, the objective to bring in transparency and savings from printing currency depended upon behavioural changes in consumers and more formalization of activities. Though government never advocated any particular level of currency-to-GDP ratio, it hoped the shock of demonetization would leave some imprint upon consumers' minds to store less cash; some economists even suggested the one-time increase in deposits after demonetization would stay in the banking system for much longer, thus reducing interest rates and thereby supporting investment and growth.

But despite the government's best efforts to promote digital transaction and advancing the GST rollout, cash returned to the public at a much faster pace than anyone anticipated. The last chart shows long-term trend in currency-GDP as well as absolute stocks. After reaching 10.9 percent this March, the currency-GDP ratio has been an average 48 basis points lower than the historical 10.78 to which the ratio reverts seasonally. Here too there is an attempt to spin estimates to claim some degree of success as much as a labouring to substantiate more formalization and job creation! For one needs to be careful if the rise in currency holdings of household financial savings are any indication of behavioural change -

currency demand could accelerate as cash-dependent segments such as the informal sector recover from damages caused by demonetization, housing sales come out of the doldrums and demand for gold & jewellery returns. And we haven't even flagged the other two objectives espoused by the government to demonetize - reduce counterfeit notes and choking terrorist funding!

Demonetization was an extraordinary experiment in economic policy making that raised social, political and ethical questions. But from a purely macroeconomic perspective, the interplay of demonetization in relation to its targets and objectives is fascinating if only because of its novelty. For such an experiment, where a single policy instrument is deployed as a one-shot, unanticipated shock to attain multiple targets is quite unique to macroeconomic policy manuals, the more so because of its possible structural implications. Having spectacularly failed to meet any of its multiple objectives, it is now left to history to document if spins that its advocates offer as an afterthought has any substance for future governments to take note of.

** Economist, New Delhi.*

This article first appeared in Financial Express: <https://www.financialexpress.com/opinion/defend-demonetisation-but-at-least-sound-credible/1302893/>, September 5, 2018. A modified version published at IdeasforIndia (14I): <http://www.ideasforindia.in/topics/macroeconomics/demonetisation-s-multiple-failures.html>, 12 October, 2018





GST, a game-changer reform for logistics sector

* R. Dinesh

In pre-GST era, the industry was struggling to add value to its customers, compared to global peers

It has been 15 months since the rollout of what is considered one of India's biggest tax reforms — the Goods and Services Tax (GST). But, we are already witnessing a major positive transition in the logistics sector.

Outsourcing and the value addition in the logistics sector is set to take off post GST. Considering the double-digit growth, the logistics market would exceed \$250 billion in the next two years. As per a recent survey, the Indian logistics sector provides livelihood to 22 million-plus people, which is expected to be over 40 million by 2020. The high rate of growth in the next couple of years is expected largely due to implementation of GST.

GST has replaced at least 7 indirect tax heads and has eliminated the need for warehouse hubs across States. Further, GST has eliminated check posts across the nation and thereby waiting time, leading to at least 12-15% reduction in the turnaround time of trucks.

Better utilisation of assets like vehicles and warehouses will lead to efficiency and increased productivity thus lowering overall cost. This would considerably benefit the supply chain directly and India's growth indirectly.

The manufacturing and other services sectors have now started planning their supply chains, bearing in mind fleet cost and fast delivery, rather than tax structure and compliance.

Competitive edge

Pre-GST, the Indian logistics sector was struggling to add value to customers, compared to global peers. Indian firms were seen as labour contractors or mere transporters, which denied them the benefits of being a part of the supply chain. But the equation has changed now.

Manufacturers are looking to optimise supply chains and are willing to outsource value-added planning to logistics players, who have invested in technology and operate with a focus on quality and compliance. These logistics players are seeing a positive shift in the mindset of their clients and are gaining momentum. Further, small transporters can also now work with third party logistics (3PL) providers and expand their fleet. GST has aided this move at a faster clip.

Post GST, there is a marked improvement in the use of technology and digitisation by logistics players. 3PL players can become real 'differentiators' as they embrace technology to enhance visibility of load carried, turn-around time, vehicle utilisation, improvement in loading/unloading time by removing congestion at the docks, and the like.

Equipped with technology and software for load design solutions, vehicle geo-tracking, inventory (order/part level) tracking and route optimisation, 3PL players add more value to their customers' supply chain.

Logistics costs have been one of the biggest stumbling blocks for Indian manufacturers eyeing exports. At about 13-14% of GDP, India's logistics cost is high, and compares with about 8% in advanced nations that have efficient systems. This despite the percentage of outsourcing being higher in developed markets.

The Centre has made clear its intention to bring down this cost to less than 10%, which would make Indian manufacturers globally relevant.

The Centre created a new division in the Commerce Ministry to deal with the integrated development of logistics and urged all stakeholders to bring to India relevant best practices to enhance efficiency in logistics.

This is a good move as logistics firms used to deal with six different ministries separately and each would require separate paper work and formalities. It is a big sense of relief to note there will soon be a system where a single document would be accepted for multi-modal logistics within India.

India has moved from the 54th position in 2014 to 44th in 2018 in the World Bank's Logistics Performance Index.

Infrastructure status

The much-awaited 'infrastructure' status to the sector was conferred in November 2017, which is helping the sector avail cheaper finance (2% lower) for its warehousing and cold storage needs.

This will bring in a lot more players with an integrated service approach that would again help Indian manufacturers. New investments in this sector is good news as it could create a lot more jobs in the near future.

Together, the implementation of GST and other reforms have already started bringing efficiencies into the supply chain of various firms. Digitisation, asset utilisation and visibility enhancement are facilitating better value-added outsourcing to logistics firms.

The government, too, has realised that aspirations for economic growth, employment generation, manufacturing and exports are all inextricably linked to efficient management of logistics.

*Joint MD, T V Sundram
Iyengar & Sons Pvt. Ltd.
and Chairman,
CII Southern Region*

ATTENTION MEMBER!



FTAPCCI's
WhatsApp Number
+91-9100199948

Save the number on your
(Mobile Phone/Tab) and
send a WhatsApp Message:
"Subscribe with your
Name / Company Name"
on this number and get
regular updates & events
information
from FTAPCCI



— Your Power Solution —
An ISO Certified Power Rental Company

GENERATORS ON HIRE

125 to 1500 KVA



- For Events & Industries
- No Capital Investment - No Repair Cost
- Attractive Pricing for Long term Users

HYDERABAD

09849597677 / 78 / 82
09701112369
powermak@powermak.com

VIZAG

09849597681
09701230945
vizag@powermak.com

BANGALORE

09845542737
09880223492
bangalore@powermak.com

CHENNAI

08870180819
chennai@powermak.com

All India Helpline - 9444444452

www.powermak.com

EXPORT-IMPORT BUSINESS TRAINING PROGRAMS

DECEMBER

07 08 09

VISAKHAPATNAM

DECEMBER

14 15 16

VIJAYAWADA

DECEMBER

21 22 23

BANGALORE

DECEMBER

28 29 30

HYDERABAD

OTHER SERVICES:

COMPANY REGISTRATIONS, GST, IEC, RCMC, EPCG, ADVANCE LICENSES.
Corporate Trainings for Export -Import Divisions / personnel

Sale - Purchase of MEIS / SEIS Duty Scripts



**Global
EXIM Institute**

Exclusive Training Institution on International Trade since 2010

Regus, Level 1, Road No 1, Banjara Hills, Hyderabad- 500034 www.globaleximinsitute.com
Contact : 8106649400 / 9441901550

Success Story

Regeneration of BATTERIES



We often hear talks about projects which are go green, recycling and regeneration, pollution free, so on and so forth.

Now this concept has come to India in the true sense through Regeneration of batteries.

Batteries are widely used in various fields in our day to day lives. In many ways, we live in a battery-driven society. From our cell phones, laptops and other electronic devices to children's toys and cars, modern life runs on batteries.

But are we paying a high environmental price for all of this battery-operated convenience? The answer is yes.

Regeneration of Batteries is economical, cost saving and power saving. Savings can be up to 50% of the cost of new battery.

Batteries contain various chemicals that can cause soil and water pollution, and endanger wildlife. Recycling of batteries is hazardous to health. Through battery

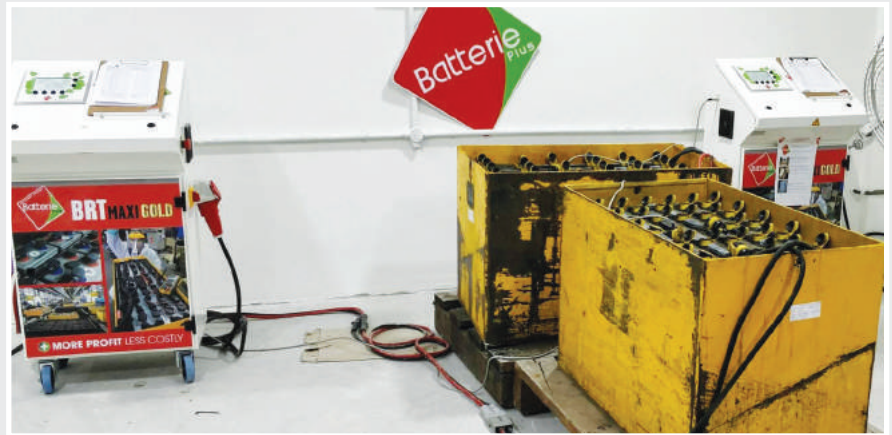
regeneration toxic waste can be reduced that reduces environmental footprint. Regeneration of batteries is environment friendly.

Keeping this in mind- Battery Plus is proud to bring 'Battery Regeneration Technology' to India from France, a world leader in battery regeneration and whose technology is proven in 30 countries across five Continents for the last twenty years.

The technology is brought to Hyderabad as BDRC India through Advent Power Solutions, and is the first generation centre in India.

A start up firm M/S Advent Power Solutions headed by Mr A.V. Inder and Mr Ramachandra Raju started this authorized regeneration centre of BDRC India (Battery Diagnostic & Regeneration Centre) at Kompally. The firm provides services like regeneration of all kinds of industrial and lead acid, Gel, and AGM batteries which have completed its working cycle and bringing it back to life to full capacity.

Battery Regeneration used mainly for the process of restoring diminished capacity of lead acid batteries and extending their



overall performances.

Curative and regular preventive regeneration will lead to the recovery of full capacity of the batteries and as a result scrapping of batteries can be avoided. When the batteries are scrapped it pollutes the environment and regeneration prevents and protects the environment.

Another most attractive feature of this regeneration of batteries is-it is economical, cost saving and power saving. Savings can be up to 50% of the cost of new battery.

After battery is regenerated the charging time of the battery is reduced substantially thereby reducing power consumption.

We at Advent Power Solutions will inspect the batteries at the site and present the report and then take up the Regeneration process

We are proud to say that the batteries regeneration have been successful and we are regenerating batteries to some of the Pharma companies, seed companies, resorts, Government companies

like Nuclear Fuel Complex.

All our customers are happy with this process as it is not only economical but protects the environment and also contributes to 'Go Green' Project.

List of a few of our customers utilizing our service at present and are very satisfied with the results.

- * Nuclear Fuel Complex
- * Zoo Park
- * Menzies Air Cargo
- * Gland Pharma

- * Vasudha Pharma
- * Gubba Cold Storage
- * Aalankrita Resorts
- * Summer Green Resorts
- * Coco Cola
- * Gasco Industries
- * Falukunama Palace
- * Drdo
- * Biological E Limited
- * Indus Towers
- * Pioneer Seeds
- * Pentagon Logistix.



On the Importance of Independent Regulatory Institutions

The Case of the Central Bank

* Dr. Viral V Acharya

“There are good reasons why countries ... delegate monetary policy decisions to technocrats appointed for their expertise. They can take the long view. They can resist the temptation to manipulate monetary conditions for short-term gain

No analogy is perfect; yet, analogies help convey things better. At times, a straw man has to be set up to make succinctly a practical or even an academic point. Occasionally, however, real life examples come along beautifully to make a communicator’s work easier. Let me start today with an antecedent from 2010 as it is particularly apposite for the theme of my talk:

“My time at the central bank is up and that is why I have decided to leave my post definitively, with the satisfaction of my duty fulfilled,” Mr Martin Redrado, Argentina’s central bank chief, told a news conference late on Friday, January 29, 2010.

“We have arrived at this situation because of the national government’s permanent trampling of institutions,” he said. “Basically, I am defending two main concepts: the independence of the central bank in our decision-making process and that the reserves should be used for monetary and financial stability.”

The roots of this dramatic exit lay in an emergency decree passed by the Argentine government led by Cristina Fernández on December 14, 2009, that would set up a Bicentennial Stability and Reduced Indebtedness Fund to finance public debt maturing that year. This involved the transfer of \$6.6 billion of the central bank reserves to the national treasury. The claim was that the central bank had \$18 billion in “excess reserves.” [In fact, Mr. Redrado had refused to transfer the funds; so the government attempted to fire him, by another emergency decree on January 7, 2010 for misconduct and dereliction of duty; this attempt, however, failed, as it was unconstitutional.]

Besides sparking off one of the worst constitutional crises in Argentina since its economic meltdown in 2001, the chain of events led to a grave reassessment of its sovereign risk.

Within a month of Mr. Redrado’s resignation, Argentine sovereign bond yields and the annual premium cost for buying insurance against loss from default on Argentine government bonds (measured as the sovereign credit default swap spread) shot up by about 2.5% or 250 basis points, by more than a fourth of their prior levels.

Alberto Ramos, Argentina analyst at Goldman Sachs, noted on February 7, 2010: “Using central bank reserves to pay government obligations is not a positive development and the concept of excess reserves is



certainly open to debate. It weakens the balance sheet of the central bank and provides the wrong incentive to the government, as it weakens the incentive to control the rapid expansion of spending and to promote some consolidation of fiscal accounts in 2010.”

Even more damagingly, a risk that Governor Redrado had warned about came to the fore. By beginning of January, 2010, Thomas Griesa, a New York judge, had frozen the Argentine central bank’s account held at the Federal Reserve Bank of New York, following claims of investors that the central bank was no longer an autonomous agency but under the thumb of the country’s executive branch.

(The above summary is based in part on Argentina’s central bank chief resigns, Jude Webber, Financial Times, January 30, 2010; and Argentina: Bank independence at stake as Redrado exits, Jason Mitchell, Euromoney, February 7, 2010)

This complex interplay of the sovereign’s exercise of its powers, the central banker’s exit, and the

market’s revolt, will be at the center of my remarks today on why it is important for a well- functioning economy to have an independent central bank, i.e., a central bank that is independent from the executive branch of the government. I will also try to lay out why the risks of undermining the central bank’s independence are potentially catastrophic, a “self-goal” of sorts, as it can trigger a crisis of confidence in capital markets that are tapped by governments (and others in the economy) to run their finances.

Why Nations Succeed (or Fail)

Before I delve into this complex interplay, I wish to place the independence of the central bank in a more general context.

Academic discourse by political economists recognises the key role played by the rule of law and accountability of governments in enabling countries to flourish. Francis Fukuyama (The Origins of Political Order, 2011) considers these two elements, along with adequate state- and institution- building, as all being critical for “getting to Denmark,” or in other

words, creating stable, peaceful, prosperous, inclusive and honest societies.

Daron Acemoglu and James Robinson (Why Nations Fail, 2012) summarize their body of work on the primacy of the quality of institutions in explaining the political and economic success or failure of states. Taking examples of “twin” country case studies (such as S. Korea and N. Korea), the book elaborates the following important distinction:

* Inclusive economic and political institutions involve plurality in decision-making which help guarantee the rule of law and foster talent and creativity; in the presence of such institutions, economics and politics do not become hostage to a set of incumbents likely to be hurt by change.

* In contrast, extractive institutions limit access to a country’s economic and financial resources to the ruling elites, hinder change and innovation, and over time, lead to stagnation and atrophy of the country’s potential.

Regardless of the preferred theory and terminology for the importance of institutions, it is well accepted that they include, inter alia, property rights and their enforcement, the judiciary, and the election office in a democracy, instituted not just de jure but allowed to operate independently and function effectively de facto.

Somewhat less celebrated is the institution of an independent central bank, perhaps not just because the central bank is a relatively new kid on the block (in most cases less than a century old), but also because it interacts less directly with the public though its true influence is far- reaching.

Government and the Central Bank – A Tale of Two Horizons

A central bank performs several important functions for the economy: it controls the money supply; sets the rate of interest on borrowing and lending money; manages the external sector including the exchange rate; supervises and regulates the financial sector, notably banks; it often regulates credit and foreign exchange markets; and, seeks to ensure financial stability, domestic as well as on the external front.

The world over, the central bank is set up as an institution separate from the government; put another way, it is not a department of the executive function of the government; its powers are enshrined as being separate through relevant legislation. Its tasks being somewhat complex and technical, central banks are ideally headed and manned by technocrats or field experts – typically economists, academics, commercial bankers, and occasionally private sector representatives, appointed by the government but not elected to the office. This architecture reflects the acceptance of the thesis that central banks should be allowed to exercise their powers independently.

Why is the central bank separate from the government? I will offer what I find to be a particularly intuitive explanation:

(1) The first part of the explanation relates to the horizon of decision-making of a government vis-à-vis that of the central bank.

A government's horizon of decision-making is rendered short, like the duration of a T20 match (to use a cricketing analogy), by several considerations. There are always upcoming elections of some

sort – national, state, mid-term, etc. As elections approach, delivering on proclaimed manifestos of the past acquires urgency; where manifestos cannot be delivered upon, populist alternatives need to be arranged with immediacy. Less important in the present scenario, but only recently so, wars had to be waged, financed and won at all costs. This myopia or short-termism of governments is best summarized in history by Louis XV when he proclaimed “Après moi, le deluge!” (After me, the flood!).

In contrast, a central bank plays a Test match, trying to win each session but importantly also survive it so as to have a chance to win the next session, and so on. In particular, the central bank is not directly subject to political time pressures and the induced neglect of the future; by virtue of being nominated rather than elected, central bankers have horizons of decision-making that tend to be longer than that of governments, spanning election cycles or war periods. While they clearly have to factor in the immediate consequences of their policy decisions, central bankers can afford to take a pause, reflect, and ask the question as to what would be the long-term consequences of their, as well as government's, policies. Indeed, by their mandate central banks are committed to stabilise the economy over business and financial cycles, and hence, have to peer into the medium to long term. Unsurprisingly, central banks strive to build credibility through a series of difficult choices that reflect sacrificing short-term gains for long-term outcomes such as price or financial stability.

(2) The second part of the explanation as to why the central bank is separate from the government relates to the observation that much of what the central bank manages or influences – money creation, credit creation, external sector management, and

financial stability – involves potential front-loaded benefits to the economy but with the possibility of attendant “tail risk” in the form of back-loaded costs from financial excess or instability. For example,

- (i) Greater supply of money can facilitate ease of financial transactions, including the financing of government deficits, but this can cause economy to over-heat in due course and trigger (hyper-) inflationary pressures or even a full-blown crisis that eventually require sharper monetary contractions;
- (ii) Excessive lowering of interest rates and/or relaxation in bank capital and liquidity requirements can lead to greater credit creation, asset-price inflation, and semblance of strong economic growth in the short term, but excessive credit growth is usually accompanied by lending down the quality curve which triggers mal-investment, asset-price crashes, and financial crises in the long term;
- (iii) Allowing foreign capital flows to flood into the economy can temporarily ease the financing pressures for an expanding government balance-sheet and the crowded-out private sector, but a “sudden stop” or exodus of these flows in future can trigger a collapse of the exchange rate with adverse economy-wide spillovers; and,
- (iv) Sweeping bank loan losses under the rug by compromising supervisory and regulatory standards can create a façade of financial stability in the short run, but inevitably cause the fragile deck of cards to fall in a heap at some point in future, likely with a greater taxpayer

bill and loss of potential output.

While not always the case, often the required interventions for stable growth are structural reforms by the government with upfront fiscal outlay; however, these may compromise populist expenditures or require displeasing incumbents. As a result, it might seem as an expedient solution to the government to ask/task/mandate/direct the central bank to pursue strategies that generate short-term gains but effectively create tail risks for the economy. To protect the economy from such short-termism, the central bank is designed to be at a safe distance from the executive branch of the government.

Undermining the Independence of the Central Bank

Now, although the central bank is formally organised to be separate from the government, its effective horizon of decision-making can be reduced for short-term gains by the government, if it so desires, through a variety of mechanisms, inter alia,

- (i) Appointing government (or government-affiliated) officials rather than technocrats to key central bank positions, such as Governor, and more generally, senior management;
- (ii) Pursuing steady attrition and erosion of statutory powers of the central bank through piecemeal legislative amendments that directly or indirectly eat at separation of the central bank from the government;
- (iii) Blocking or opposing rule-based central banking policies, and favoring instead discretionary or joint decision-making with direct government interventions; and,

(iv) Setting up parallel regulatory agencies with weaker statutory powers and/or encouraging development of unregulated (or lightly regulated) entities that perform financial intermediation functions outside the purview of the central bank.^{3,4} If such efforts are successful, they induce policy myopia in the economy that substitutes macroeconomic stability with punctuated arrival of financial crises.

Therefore, there are several reasons why enshrining and maintaining central bank independence ends up being an inclusive reform for the economy; and conversely, undermining such independence a regressive, extractive one:

- (i) When the government is seen often making efforts to dilute the central bank's policies and effectively coercing the central bank into such dilutions, banks and private sector spend more time lobbying for policies that suit them individually, at the cost of collective good, rather than investing in value creation and growth.
- (ii) When governance of the central bank is undermined, it is unlikely to attract or be able to retain the brightest minds that thrive on the ability to debate freely, think independently, and effect change; attrition of central bank powers results in attrition of its human capital and deterioration of its efficiency and expertise over time.
- (iii) When important parts of financial intermediation are kept outside the purview of the central bank, systemic risks can build up in "shadow banking" with private gains in good times to a small set of players but at substantive costs to future generations in the form of unchecked financial fragility.

As such, the divergence in horizon of decision-making between government and the central bank that I have highlighted need not lead to any operational incompatibility as long as it is well-understood and well-accepted by both parties that it is precisely given this divergence that the central bank is formally separated from the executive office and meant to conduct its functions in an independent manner. The central bank can of course make mistakes, and is generally held publicly accountable through parliamentary scrutiny and transparency norms. This way, the institutional arrangement of independence, transparency and accountability to the public not only balance but also strengthen the central bank's autonomy. However, direct intervention and interference by the government in operational mandate of the central bank negate its functional autonomy.

"Kiss of Death" – Incurring the Wrath of Markets

Far-sighted government leaders may be able to reap benefits of convincing voters about the importance of investing in macroeconomic stability; for instance, by claiming credit for the long-term nature of financial sector outcomes attained by allowing the central bank autonomy in decision-making and delivery of its core functions. When such a measured perspective of an independent central bank as a key element of durable economic prosperity is missing and/or government myopia so rife as to lead to regular inroads into central banking apparatus and decisions, unfortunate accidents can arise. Macroeconomic management can become a tug of war between securing stability and inflicting misdirection; daily operational decisions lead to power struggles;

and, as the central bank is forced to bend over backwards to retain credibility in the

face of imminent pressures that would erode its independence, counter efforts to reduce its independence escalate.

As this dynamic plays out, markets watch keenly, and if uncertainty grows and confidence in central bank independence and credibility erode, then markets rap bond yields and exchange rate on the knuckles!

Let me elaborate.

Modern economies are, by and large, not autarkies; they rely on capital markets to finance their investments. This is especially true of governments as reflected in the relatively large size of sovereign (and quasi-sovereign) debt markets, denominated in domestic currency as well as foreign currency. As long-term risks such as inflation or financial instability rise, markets reprice sovereign debt and may potentially shun its financing altogether. This could have immediate spillovers to other markets such as for foreign exchange and foreign investments, potentially putting at risk also the external sector stability of the economy.

Therefore, the presence of this third player—the market—in the back and forth between a government and the central bank (more generally, regulatory institutions) is an important feedback mechanism. The market can discipline the government not to erode central bank independence, and it can also make the government pay for its transgressions. Interestingly, the market also forces central banks to remain accountable and independent when it is under government pressure. Besides the market revolt and strictures during the Argentine episode of 2010 that

I recounted in my introductory remarks, it is to be noted that both of this year's emerging market sovereign bond and currency meltdowns got catalysed through a perception of government influence on central bank's monetary policy, including through sporadic communication by government with public on its desire to control the central bank's decision-making. In one case, a rate cut in the wake of rising inflation and mounting fiscal deficit did the damage; and in the other, it was a public pronouncement by the premier of the state about the "evils" of interest rate hikes even when inflation was in double digit terrain.

Indeed, the market censure need not be limited to emerging markets. The public expression of government's bewilderment and disappointment at monetary tightening in the world's largest safe-haven economy, again at a time of rising inflation and fiscal deficit, has raised in minds of investors scenarios under which its reserve currency status cannot anymore be taken for granted (A debate about central-bank independence is overdue, *The Economist*, Oct 20, 2018).

Barry Eichengreen, Professor of Economics and Political Science at the University of California, Berkeley, covers superbly, in his recent piece (2018), this critical feedback role of the market:

"There are good reasons why countries ... delegate monetary policy decisions to technocrats appointed for their expertise. They can take the long view. They can resist the temptation to manipulate monetary conditions for short-term gain. Privileging long-term stability, as history has shown, is positive for economic performance. And it is on this performance that elected leaders, rightly or wrongly, are judged.

Thoughtful politicians understand this. And hence their support for

central bank independence and their respect for the convention that they should refrain from seeking to influence central bank decisions! Unfortunately, not all politicians are thoughtful. Not all have the patience to wait for long-term gains. Not all are pleased when appointees refuse to bow to their wishes. And not all are respectful of inherited institutions and conventions, be they central bank independence or, more broadly, the division of powers.

The question is whether they pay attention to markets."

What Barry Eichengreen is perceptively observing is that if a government were to pay attention to markets, it would realize that central bank independence is in fact its strength and the central bank a sort of a true friend, someone who will tell the government unpleasant but brutally honest truths and correct to the extent it can any adverse long-term consequences of government policies.

* Deputy Governor, Reserve Bank of India
Source : www.rbi.org.in

FOLLOW US!



facebook.com/FTAPCCI



twitter.com/FTAPCCI



[linkedin.com/company/FTAPCCI™/](https://linkedin.com/company/FTAPCCI)



instagram.com/FTAPCCI



* H Srinivasulu, IRS (Retd.)

* CA Priya Vedavalli Rangarajan

Real Estate (Regulations & Development) Act, 2016

Real Estate (Regulations & Development) Act, 2016 & Telangana Real Estate (Regulation and Development) Rules, 2017:

How RERA came into being?

- ▶ January 2009 – Proposal for law to regulate real estate sector
- ▶ June 2013 – Real Estate Bill, 2013 introduced.
- ▶ March 2016 - Real Estate Bill, 2015 - passed and approved by both Houses of parliament and President of India

RERA in Telangana:

- ▶ As per the provisions of RERA, each State / Union Territory has to notify the rules and regulations
- ▶ TS Govt notified rules in July 2017 with effect from August 2017
- ▶ RERA temporary regulatory authority announced
- ▶ RERA authority operational with effect from

September 1, 2018 – website launched

- ▶ All projects sanctioned after January 1, 2017 are to be registered by November 30, 2018 [i.e. 90 days from date of website launch]

The objective of RERA:

- ▶ Transparency (Website with all necessary information)
- ▶ Governance (Appellate Tribunal)
- ▶ Accountability (Act lays out duties of promoters & allottees)

Scope of Applicability of RERA:

- ▶ Applicable to whole of India except Jammu & Kashmir
- ▶ Applicable for all projects which are sanctioned after January 1, 2017 (Specific to Telangana)
- ▶ Sale / Purchase of real estate projects Flats (Buildings, Re-developments for sale, Commercial, Residential, Land Development for Sale)

IMPORTANT DEFINITIONS:

Definition of Real Estate Project under RERA: “Section 2(zn) - “real estate project” means the development of a building or a building consisting of apartments, or converting an existing building or a part thereof into apartments, or the development of land into plots or apartment, as the case may be, for the purpose of selling all or some of the said apartments or plots or building, as the case may be, and includes the common areas, the development works, all improvements and structures thereon, and all easement rights and appurtenances belonging thereto”

Definition of Carpet Area under RERA: Section 2(d)- “carpet area” means the net usable floor area of an apartment, excluding the area covered by the external walls, areas under services shafts, exclusive balcony or verandah area and exclusive open terrace area, but includes the area covered by the internal partition walls of the apartment.

Explanation.— For the purpose of this clause, the expression “exclusive balcony or verandah area” means the area of the balcony or verandah, as the case may be, which is appurtenant to the net usable floor area of an apartment, meant for the exclusive use of the allottee; and “exclusive open terrace area” means the area of open terrace which is appurtenant to the net usable floor area of an apartment, meant for the exclusive use of the allottee;

Definition of Development, Development works – Internal & External: Section 2(s) - “development” with its grammatical variations and cognate expressions, means carrying out the development of immovable property, engineering

or other operations in, on, over or under the land or the making of any material change in any immovable property or land and includes re-development;

Section 2(t) - “development works” means the external development works and internal development works on immovable property;

Section 2(w) - “external development works” includes:

- * roads and road systems landscaping,
- * water supply, sewage and drainage systems,
- * electricity supply transformer, sub-station,
- * solid waste management and disposal or
- * any other work which may have to be executed in the periphery of, or outside, a project for its benefit, as may be provided under the local laws;

Section 2(w) - “internal development works” means:

- * Roads, Footpaths, Water supply, Sewers, Drains, Parks, Tree planting, Street lighting
- * provision for community buildings and for treatment and disposal of sewage and sullage water, solid waste management and disposal, water conservation, energy management, fire protection and fire safety requirements,
- * social infrastructure such as educational health and other public amenities or any other work in a project for its benefit, as per sanctioned plans;

Definition of Apartments – Section 2(e):

Can be called: block, chamber, dwelling unit, flat, office, showroom, shop, godown, premises, suit, tenement, unit or by any other name

Means: a separate and self-contained part of any immovable property, including one or more rooms or

enclosed spaces located on one or more floors or any part thereof, in a building or on a plot of land

Used or intended to be used for: residential or commercial use, Residence, Office, Shop, Showroom, Godown, For carrying on any business, occupation, profession or trade, Any other type of use ancillary to the purpose specified

Definition of Common Areas – Section 2(e): “Common Areas” mean—

(i) the entire land for the real estate project or where the project is developed in phases and registration under this Act is sought for a phase, the entire land for that phase;

(ii) the stair cases, lifts, staircase and lift lobbies, fire escapes, and common entrances and exits of buildings;

(iii) the common basements, terraces, parks, play areas, open parking areas and common storage spaces;

(iv) the premises for the lodging of persons employed for the management of the property including accommodation for watch and ward staffs or for the lodging of community service personnel;

(v) installations of central services such as electricity, gas, water and sanitation, air-conditioning and incinerating, system for water conservation and renewable energy;

(vi) the water tanks, sumps, motors, fans, compressors, ducts and all apparatus connected with installations for common use;

(vii) all community and commercial facilities as provided in the real estate project;

(viii) all other portion of the project necessary or convenient for its maintenance, safety, etc., and in common use;

Definition of Garage & Parking

Area: Section 2(y) of RERA Act, 2016 – “garage” means a place within a project having a roof and walls on three sides for parking any vehicle, but does not include an unenclosed or uncovered parking space such as open parking areas; Rule 2(h) of TS RERA Rules, 2017 – “Parking area” means a covered or open area which is sufficient in size to park vehicles and which may be provided in the basements and/or stilt and/or podium and/or in the form of independent structure built for providing parking spaces and/or parking provided by the mechanized parking arrangements.

Definition of Cost of Construction:

Rule 2(i) of TS RERA Rules, 2017 – For the purposes Section 4(2) (l)(D) of the RERA Act, 2016 and for the purposes of registration of a real estate project “Cost of construction” shall include:

- i.) all such costs, incurred by the Promoter towards the on-site and off-site expenditure for the development of the Real Estate project such as mobilization advances to contractors, procurement advances to vendors, construction equipment, site preparations and so on and onsite and offsite construction activities, payments/ instalments to local authority, and all other items of expenditure for the construction, marketing and sale of the project;
- ii.) Fees, Charges, Interest etc. and taxes and penalties to any competent authority or statutory or local authority of the Central or State Government under any laws or rules or regulations for the time being in force; and
- iii.) Principal sums and Interest, paid or payable to any financial institutions including scheduled banks or nonbanking financial

companies etc. or any lender for the Real Estate Project

Definition of Estimated Cost of Real Estate Project: Section 2(v)– “estimated cost of real estate project” means the total cost involved in developing the real estate project and includes the land cost, taxes, cess, development and other charges

REGISTRATION OF REAL ESTATE PROJECT UNDER RERA

- ✓ Every Real Estate project which is of a size more than 500 sq.mts or more than 8 units shall mandatorily be registered
- ✓ Ongoing projects which have received sanctions from and after 01.01.2017 shall be registered on or before November 30, 2018.
- ✓ Grant / Rejection of Registration: Upon receipt of application the Authority shall within 30 days
 - * Grant Registration and provide registration number, Login ID and password

[OR]

- * Reject the application for reasons to be recorded in writing
- ✓ Deemed Registration : If authority fails to grant or reject the application within 30 days,

the project shall deemed to have been registered and the Authority shall within period of 7 days after the said period of 30 days shall provide a registration number and Login ID and password to the Promoter.

- ✓ Validity of Registration: Registration shall be valid for the period declared by the promoter in the application for registration.
- ✓ Extension of Registration: Registration may be extended by the Authority due to Force Majeure (force majeure shall mean a case of war, flood, drought, fire, cyclone, earthquake or any other calamity caused by nature affecting the regular development of the project)

Definition of Promoter – Section 2(zk) of RERA Act, 2016:

Section 2(zk)– “promoter” means—

- ✓ Builder / Developer of buildings or land
- ✓ any development authority or any other public body
- ✓ an apex State level co-operative housing finance society and a primary co-operative housing society



- ✓ any other person who acts himself as a builder, coloniser, contractor, developer, estate developer or by any other name or claims to be acting as the holder of a power of attorney from the owner of the land
- ✓ such other person who constructs any building or apartment for sale to the general public.

Explanation—For the purposes of this clause, where the person who constructs or converts a building into apartments or develops a plot for sale and the persons who sells apartments or plots are different persons, both of them shall be deemed to be the promoters and shall be jointly liable as such for the functions and responsibilities specified, under this Act or the rules and regulations made there under;

Functions & Duties of Promoter – Chapter III

Registration of Project: The Promoter shall

- ✓ Register the project with RERA authorities
- ✓ Create his web page on the website of the Authority and enter all details of the proposed project
- ✓ Advertising / Prospectus/ Models
- ✓ Mention prominently the website address of the Authority and registration number on the advertisements / prospectus
- ✓ Compensate for loss or damage to any person due to any incorrect, false statement included in such advertisement / prospectus

Return investment with interest to the person affected any incorrect, false statement contained in the notice, advertisement or prospectus, or the model and intends to withdraw from the proposed project

Information to Allottees: The promoter shall provide the allottee

- ✓ Approved Sanctioned plans, layout plans, along with specifications (by display at web site as per TS RERA Rules, 2017)
- ✓ Stage-wise time schedule for completion of project
- ✓ Details of provision for civic infrastructure like water, sanitation and electricity

Agreement of Sale: The Agreement of sale shall be in the Form prescribed in Annexure of TS RERA rules, 2017 and specify the particulars of development of Project including:

- ✓ The construction of building and apartments along with specifications
- ✓ Internal development and external development works
- ✓ Dates and manner of payments to be made by allottees
- ✓ Date of handing over of possession
- ✓ Rate of interest payable in case of defaults by either Promoter or Allottee
- ✓ The Total Price based on the Saleable area with detailed break-up of amounts for verandahs, common areas, exclusive terrace/ balcony areas, preferential location charges etc

Deposits and Advances

- ✓ The Promoter shall not accept more than 10% of cost without entering into a written agreement for sale.

Completion Certificate / Occupancy Certificate: The Promoter shall

- ✓ Obtain the occupancy / completion certificate or both as applicable
- ✓ Make it available to the allottees individually / association of allottees as the case may be
- ✓ Formation of society: the

Promoter shall enable the formation of society or association or co-operative society of the allottees under the A.P. Societies Registration Act, 2001 (as applicable to the state of Telangana) within two months from the date on which the occupation certificate in respect of such project is issued and a minimum of sixty per cent of the total Allottees in such a project have taken possession and the Promoter has received the full consideration from such allottees.

- ✓ All the Allottees on payment of full consideration shall become members of such Association of Allottees formed by the Promoter.

Structural Defects/ Quality / Provision of Services / Obligations as per agreement of Sale:

- ✓ The Promoter is responsible when defects are brought to his / its / their notice within a period of 5 years from the date of handing over of possession
- ✓ Such defects shall be rectified without any additional charge by the Promoter
- ✓ The period for rectification is within 30 days from notice by Allottee.
- ✓ In case of failure by promoter to rectify – Allottees entitled to receive compensation

Maintain a separate account for moneys received from Allottees:

- ✓ 70% of the amounts realised for the real estate project from the allottees, from time to time, shall be deposited in a separate account to be maintained in a scheduled bank to cover the cost of construction and the land cost and shall be used only for that purpose

- ✓ the promoter shall after certification, withdraw the amounts from the separate account, to cover the cost of the project, in proportion to the percentage of completion of the project
- ✓ the amounts from the separate account shall be withdrawn by the promoter after it is certified by an engineer, an architect and a chartered accountant in practice that the withdrawal is in proportion to the percentage of completion of the project

Audit:

- ✓ the promoter shall get his accounts audited within six

months after the end of every financial year by a chartered accountant in practice, and shall produce a statement of accounts duly certified

- ✓ it shall be verified during the audit that

- * the amounts collected for a particular project have been utilised for the project
- * the withdrawal has been in compliance with the proportion to the percentage of completion of the project

Insurance:

- ✓ the promoter shall obtain the following insurances

- * Insurance as notified by the State Government [Yet to be notified in TS]
- * title of the land and building as a part of the real estate project
- * construction of the real estate project
- * The Promoter shall pay premium and charges in respect of such insurance
- * All documents relating to the insurance shall be handed over to the association of the allottees, upon its formation.

Definition of Allottee under RERA:

FTAPCCI
MEMBERSHIP
Advantages



The Federation of Telangana and Andhra Pradesh Chambers of Commerce and Industry (FTAPCCI) established in 1917, is an apex Federation representing the interests of Industry, Trade & Commerce in Telangana and Andhra Pradesh. FTAPCCI has 3000 direct and 25000 indirect through its affiliated 160 Associations/Chambers as members. This year, FTAPCCI has completed a mile stone of 100 years. FTAPCCI has its nominees in many Govt. and Semi-Govt. organizations to represent members' interest. This makes FTAPCCI one among the largest Chambers in the country. FTAPCCI has become an important forum for interaction between Govt. and business and industry in a global perspective. For further details of FTAPCCI, please visit - www.ftapcci.com.

FTAPCCI provides greater opportunities and technical information and professional networking more particularly on GST, Exports/Imports, Finance, Energy, Corporate Laws & Legal, Agro & Food Processing, Infrastructure & Real Estate, Pharma & Healthcare, Pollution, HR Practices, Information Technology, e-commerce and Starts ups, etc.....

Exclusive Member Advantages, FTAPCCI...

- * Provides a platform to interact with Experts, Institutions, State and Central Governments.
- * Enlightens and imparts information related to policy & regulations, economy, industry, investments, taxation by conducting meetings & seminars.
- * Extends exclusive Services to the Members: Certificate of Origin, Export Documents attestation, Visa Recommendation letter to Embassies & References to the visiting foreign members.
- * Provides FTAPCCI Halls at concessional tariff for Members for holding conferences, meetings, seminars and exhibitions.
- * Special Discounted air fare by Jet Airways and New Indian Express Newspaper at subsidized rates and many other facilities are in pipeline
- * Recognition of outstanding contribution/achievements through Awards
- * Daily business updates/happenings by email
- * Extends complimentary copy of the FAPCCI Review, a weekly update on Business news and events.
- * Free library services for in-house reading.
- * Gives opportunity to participate in Management Development Programs, Meetings, Seminars, Workshops, Trade Fairs, Exhibitions and B2B Meetings and many more Membership application form and latest issue of FAPCCI review is enclosed for your information.

We cordially invite you to join FTAPCCI family today. For further assistance in enrolment, please call Membership Desk on 040-23395524, 9100199978 or Email: membershelpdesk@ftapcci.com

Section 2(d)– “allottee” in relation to a real estate project, means the person to whom a plot, apartment or building, as the case may be, has been allotted, sold (whether as freehold or leasehold) or otherwise transferred by the promoter, and includes the person who subsequently acquires the said allotment through sale, transfer or otherwise but does not include a person to whom such plot, apartment or building, as the case may be, is given on rent;

Rights & Duties of Allottees – Chapter IV

Rights of Allottees

- ✓ Entitled to obtain the information relating to sanctioned plans, layout plans

along with the specifications, payment schedules, stage-wise completion schedule of project etc.,

- ✓ Entitled to have the necessary documents and plans, including that of common areas, after handing over the physical possession

Duties of Allottees

- ✓ Responsibility to make necessary payments in the manner and within the time as specified in the said agreement for sale including taxes, maintenance charges etc., as specified.
- ✓ Liable to pay interest in case of delays
- ✓ Participate towards the formation of an association or society

- ✓ Take physical possession of the apartment, plot or building as the case may be, within a period of two months of issuance of the occupancy certificate

Concepts introduced by RERA Act, 2016

- ✓ Carpet Area is defined and all pricing shall be quoted to the buyer on the basis of carpet area
- ✓ Agreement of Sale format is laid out wherein price is to be quoted on total area, carpet area and also break-up of all other areas offered to the Buyer.
- ✓ Promoters commitment to insurance policies
- ✓ Maintaining of separate account which covers 70% of construction costs

OBSERVATIONS ON RERA ACT 2016 & TS RERA RULES, 2017

The Telangana State Rules lay down that the applicability of the Act is for projects approved on or after 01.01.2017	There is no such provision in the RERA Act, 2016 Act became operational from May 2016
Definition of Land Cost in TS RERA Rules, 2017 for the purposes of Section 4 (2) (I) (D) of the Act includes any security deposits, payments payable to land owner(s) in connection with the Joint development agreement	This is against accounting convention as security deposits are refundable, for example deposits payable to Land owners under JDA are refundable
Definition of Land Cost in TS RERA Rules, 2017 for the purposes of Section 4 (2) (I) (D) of the Act includes amounts paid for acquisition of Transferable Development Rights	The Central RERA Act, 2016 is silent on Transferable Development Rights.
Definition of Cost of Construction in TS RERA Rules, 2017 for the purposes of Section 4(2) (I) (D) of the Act includes amounts paid as Advances to parties, Principal sums paid or payable towards borrowings.	This may lead to double accounting of same sum as liability and expenditure
Saleable Area is introduced in TS RERA Rules, 2017	The intention of the Central RERA Act, 2016 is to go by the concept of “Carpet Area”
TS RERA Rules 2017 has introduced the concept of “Parking Area” which includes both open and covered parking areas where as Central RERA Act 2016 only contains “Garage”	“Open Parking Areas” are part of common areas in Central RERA Act, 2016 whilst TS RERA Rules 2017 includes it under Parking Areas. As per Central RERA Act, 2016 open parking areas cannot be sold as they are part of common areas. This is to be taken into consideration by buyers and developers.
The concept of FSI is not covered in RERA	This is currently governed by the local laws.

Presentation made during Tax Symposium on 25th November, 2018

Seminar on “Companies (Amendment) Act-2017” & Companies (Amendment) Ordinance- 2018



CA Ganesh Balakrishnan, Partner, Deloitte addressing the seminar

FTAPCCI has organised a Half a day Seminar on “Companies (Amendment) Act-2017 & Companies (Amendment) Ordinance-2018” on 10th November 2018

CA Arun Luharuka, President, FTAPCCI in his welcome address said that Hon’ble President has given his assent to Companies (Amendment) Ordinance, 2018 with effect from 02nd November 2018. The twin objectives of the Ordinance are promotion of Ease of Doing Business along with better corporate compliance.

CA Ritesh Mittal, Co-Chairman- Corporate Laws Committee, FTAPCCI in his introductory remarks said that The Companies (Amendment) Act- 2017 addresses difficulties in implementation, facilitates ease of doing business, helps achieving better harmonisation with other statutes such as Reserve Bank of India Act, 1934 and regulations made there under, and rectifies inconsistencies in the 2013 Act.

Sri Ramakanth Inani, Vice President, FTAPCCI also participated in the Meeting.

CA Ganesh Balakrishnan, Partner, Deloitte gave a presentation on Kotak Committee Recommendations & LODR (Listing Obligations and Disclosure Requirements) (Amendment) regulations 2018.

The Kotak Committee has submitted the report proposing amendments to the SEBI (Listing Obligations and Disclosure Requirements) regulations, 2015(LODR) with the objective of enhancing fairness and transparency in the corporate governance landscape.

The Committee recommendations without any modifications includes:

- Reduction in the maximum number of listed entity directorships from 10 to 8 by April 1, 2019 and to 7 by April 1, 2020.
- Expanding the eligibility criteria for independent Directors.
- Enhanced role of the Audit Committee, Nomination and Remuneration Committee and Risk Management Committee.
- Disclosure of Utilization of funds from QIP/ Preferential issue
- Disclosures of Auditor credentials, Audit fee, Reason for resignation of Auditors etc.
- Disclosure of expertise/skills of Directors

- Enhanced disclosure of related party transactions (RPTs) and related parties to be permitted to vote against RPTs.
- Mandatory disclosure of consolidated quarterly results with effect from FY 2019-20.
- Enhanced obligations on the listed entities with respect to subsidiaries
- Secretarial Audits to be mandatory for registered entities and their material unlisted subsidiaries under SEBI LODR regulations

Committee recommendations with modifications which included in the following:

- Maximum 6 Directors in the top 1000 listed entities by market capitalization by April 1, 2019 and in the top 2000 listed entities by April 1, 2020 .
- At least 1 women independent director in the top 500 listed entities by market capitalization by April 1, 2019 and in the top 1000 listed entities by April 1, 2020
- Separation of CEO/ MD and Chair person (to be initially made applicable to the top 500 listed entities by market capitalization

with effect from April 1, 2020.

- Quorum for board meetings (one third of the size of the board or three members whichever is higher) in the top 1000 listed entities by market capitalization by April 2019 and in the top 2000 listed entities by April 1, 2020.
- Top 100 entities to hold AGMs within 5 months after the end of FY 2018-19 i.e. by August 31, 2019.
- Shareholder approval (majority of minority) for royalty/ brand payments to related party exceeding 2% of consolidated turnover (instead of the proposed 5%).

Sri Surya Narayana, Advocate explained in detail “How to represent before NCLT in IBC Matters”.

Sri P.S.Rao, Practicing Company Secretary gave a presentation on “Companies (Amendment) Act 2017 & Companies (Amendment) Ordinance-2018”. He has given holistic view on Companies (Amendment) Act -2017 and explained the key changes pertaining to: Related Party Transactions, Corporate Governance, Loans & Investments, Financial Reporting, Dividends, Audit & Auditors, Board Matters and managerial remuneration, Corporate Social Responsibility, and Other matters.

The Major Amendments proposed in the Companies (Amendment) Ordinance -2018 include increase in Power of Registrar of Companies and Regional Director. As at many places the Word Tribunal has been replaced by Central Government. Compounding threshold for going to NCLT to be revised, again introduction of Certificate of Commencement of Business, Stricter Norms for Independent Directors, alteration in relation to time period for charge registration and satisfaction and new ground for strike off of company has been given to ROC.

Meeting on Practical Issues in Corporate Insolvency Resolution Process Vis a Vis Role of Interim Resolution Professional (IRP) and Resolution Professional (RP)



CA Arun Luharuka, President, FTAPCCI addressing the seminar

CA Arun Luharuka, President, FTAPCCI in his welcome address said that when the debt repayment has become a big issue the corporate Insolvency and Bankruptcy Code, 2016 has come as a relief. This Code provides the provision for an application for insolvency and bankruptcy of startups, individuals, partnership firms, Limited Liability Partnership, and Companies.

CA Abhay Kumar Jain, Chairman, Corporate Laws Committee in his introductory remarks said that the Code make a clear distinction between Insolvency and bankruptcy. The former is a short -term inability to meet liabilities during the normal course of business, while the later is a longer term view on the business.

Sri Ramakanth Inani, Vice President, FTAPCCI also participated in the meeting.

CA Subodh Kumar Agarwal in his presentation said that

There are two ways to check for corporate insolvency:

* **The cash-flow test:** is the company currently, or will it in the future, be unable to pay its debts as and when they fall due for payment?

* **The balance sheet test:** Is the value of the company's assets less than

the number of its liabilities, taking into account as-yet uncertain and future liabilities?

The Insolvency and Bankruptcy Code, 2016 (“IBC”) combines in a single legislation. The following is the processes for resolution or liquidation of corporate which are as follows:

Step 1: Application to the NCLT

A creditor of a company (financial or operational), or the company itself, can apply to the NCLT (National Company Law Tribunal). It is applied in order to admit that company (or “Corporate Debtor” as the IBC calls it) into the CIRP (corporate insolvency resolution process).

Step 2: CRIP (Corporate Insolvency Resolution Process) starts, Interim Resolution Professional takes over, Moratorium sets in

When a corporate debtor is admitted into the CIRP (Corporate Insolvency Resolution Process), it suspends the board of directors. Also, the management is placed under an independent “interim resolution professional”. From this point on and until the end of the CIRP (Corporate Insolvency Resolution Process), the management ceases to have any control over the affairs of the company.

Simultaneously, a moratorium takes effect which prohibits:

- * Continuation or initiation of any legal proceedings against the

corporate debtor

- * Transfer of its assets
- * Enforcement of any security interest
- * Recovery of any property from it by an owner
- * Suspension or termination of the supply of essential goods and services, the moratorium

Step 3: Verification and classification of claims

Now in this step, the interim resolution professional will invite, verify claims made by the corporate debtor’s creditors also, classify them. After that, within 30 days of the admission into CIRP (Corporate Insolvency Resolution Process), form the COC (Committee of Creditors), comprising all the financial creditors of the corporate debtor.

Step 4: Appointment of the resolution professional

The COC (Committee of Creditors) appoints an independent person to function as the “resolution professional” for the remainder of the CIRP (Corporate Insolvency Resolution Process) term. The resolution professional may be the same person or the same person as the interim resolution professional. It depends on what the COC wants.

Step 5: Approval of the “Resolution Plan”

A resolution plan for the revival of the company needs to be approved within 180 days from the start of the CIRP by creditors. They are holding 75% of the financial debt. The NCLT can extend this by another 90 days.

If the resolution plan passes, then NCLT is required to order the liquidation of the corporate debtor. After the approval of liquidation, COC appoints the liquidator to sell the assets of the corporate debtor and distribute them among the stakeholders. The distribution will be made in accordance with the Section 53 of the Insolvency and bankruptcy Code 2016.

Pillar of the institutional infrastructure for implementation of the Code is a class of regulated persons, namely, insolvency professionals. An insolvency professional has key responsibilities in (a) a fresh start (b) individual insolvency resolution process (c) corporate insolvency resolution process (d) individual bankruptcy process (e) corporate liquidation process and (f) voluntary liquidation process.

The success of the insolvency and bankruptcy regime hinges to large extent on the quality of the institution of insolvency professionals.

The Consulate General of Islamic Republic of Iran, Hyderabad informed about the new construction technology, Psh (Pre- Fabricated Steel- Structure High-Rise Construction). In this method, the steel structure is designed according to the architectural plan and is made with millimeter accuracy. Then with using special fitting which fits selected materials by architects, the walls are assembled in special braces and all phases of plumbing and electrical installations, are consistently carried out on the tables for assembly and according to maps of the facilities. And finally the isolations are added inside the walls and then the walls will be moved in large panels to the plaster hall for the joinery and gasket. At last, the walls, based on their panel numbers, will be ready for shipment to the project site.

Members interested to Purchase the Psh (Pre- Fabricated Steel- Structure High-Rise Construction), P.O Box 81655/1615 Esfahan, Iran. Tehran Phone : +98 21 77 40 51 88

Esfahan Phone : +98 31 12 64 60 20; Cell Phone : +98 91 31 19 01 47; E-Mail : info@psh-tech.com; www.psh-tech.com

Two Day Tax Symposium



CA Arun Luharuka, President, FTAPCCI addressing the seminar

The Federation of Telangana and Andhra Pradesh Chambers of Commerce and Industry (FTAPCCI), The Telangana and Andhra Pradesh Tax Bar Association & CPE Study Circle, Abids & Himayatnagar jointly organised a Two Day Tax Symposium on 24th and 25th November, 2018 at KLN Prasad Auditorium, FTAPCCI.

Sri S.S. Satyanarayana, President, TAPTBA welcomed the participants.

CA Arun Luharuka, President, FTAPCCI in his address said that a good taxation system addresses issues of income distribution and also Endeavour to generate tax revenues to support government expenditure on public services and infrastructure development.

CA Abhay Kumar Jain, Chairman, Direct Taxes Committee, FTAPCCI in his introductory remarks briefed about the scope of the symposium.

On 24th Nov, 2018 Sri H. Srinivasulu IRS (Retd- CIT) gave a detailed presentation on Taxation of Real Estate Transactions under Income Tax Act, 1961 and RERA.

He informed that as per RERA rules; the developers who take up projects in 500 square meters and above will have to register with RERA. Also, permissions granted from January 2017 for the new projects by the urban planning departments in

every municipality will be registered under RERA.

He explained the Taxation of Real Estate under Income Tax

CA Pradeep Kapasi, Mumbai explained in detail under Income Tax Act. Additions U/s 68 –Cash Credits, Sec 69- Unexplained Investments, Sec 69A-Unexplained Cash etc; Sec 69B- Investments not fully disclosed, Sec 69C-Unexplained Expenditure, Sec 69D- Borrowing and Repayment on Hundi, Sec 147 & 263- Revision & Share Capital, Sec 115BBE- Special Rate of Taxation with case laws.

CA Praveen Reddy gave a presentation on Taxation of Real Estate Transactions under GST.

On 25th Nov, 2018 CA Bimal Jain, New Delhi made an in-depth Analysis of Annual Returns and Audit under GST.

He said that the common issue of deadlines for direct tax as well as GST return filings, September 30 is the deadline for availing ITC on missing purchase invoices. But what make it a tricky case are two sets of facts and laws. One, the CBDT has extended the return-filing date to October 15. Tax Auditors have been examining all possible errors of either mistaken ITC or the



CA Bimal Jain, New Delhi addressing the participants



CA Pradeep Kapasi, Mumbai addressing the participants

missing ITC to reconcile the books of account and Profit & Loss Account. If the last date for locking the books stands extended, all other statutory dates should also get extended to make it easy for the taxpayers as well as tax professionals.

Secondly, the expression used in Sec 16(4) of the CGST Act is "... after the due date of furnishing of the return under section 39 for the month of September ...". The due date for furnishing of returns for the month of September is October 20, 2018. So, the September deadline automatically gets extended to October 20. Besides, the Govt has recently extended the due date for GSTR-1 for those who have not filed them since July 2017 till October 31. So, in this background, the due date further gets extended to October 31. In addition, the Government has provided a window for those cases whose migration could not be completed earlier. This scheme further extends the ITC deadline as there would be many buyers who must have received supplies from them but they could not have availed ITC so far. In this unique scenario, it would be ideal for the GST Council to extend all such dates to December 31 and the Annual Return date to March 31, 2019 going to be largely the source for data analytics and business intelligence rather than audit.

He pointed out that in terms of second proviso to Section 16(2) of the CGST Act, 2017, reversal of ITC is required to be made where the recipient fails to pay to the supplier the amount towards value of supply along with tax payable thereon. However, on the payment of consideration, ITC can be reclaimed. In case 180 days reversal happened in 2017-18 and reclaimed in 2018-19, how to disclose, disallow or reclaim such credit. Hence Clarity required for disclosure of ITC reversed in FY 2017-18 but claimed in 2018-19.

Sri P.V.Subba Rao, Advocate explained in detail about High-Sea Supplies under GST.

Sri S. Thirumalai, Advocate gave an analysis on Liquidated damages, Intermediary, Commission payments to Directors, Clinical trials etc.

Liquidated damages U/s 73&74 of Indian Contract Act.

Exact amount of damages/penalties provided in the contract for breach by either parties are to be interpreted as liquidated damages.

Implication of Goods and Services Tax Act :

- Schedule II of the CGST Act, 2017 - "The following shall be treated as supply of services, namely – (e) agreeing to the obligation to refrain from an act, or to tolerate an act or a situation, or to do an act".
- Consideration towards non-compliance of some key contract conditions, in the nature of liquidated damages, are therefore supply of services
- GST payable on the such amounts at applicable rates
- Intermediary Meaning :
- Section 2(13) of the IGST Act - intermediary means a broker, an agent or any other person, by whatever name called, who arranges or facilitates the supply of goods or services or both, or securities, between two or more persons, but does not include a person who supplies such goods or services or both or securities on his own account
- Implication of Goods and Services Tax Act:
- Section 13 of the IGST Act - (8) The place of supply of the following services shall be the location of the supplier of services, namely – (b) intermediary services
- However, in cases where the supplies made the main supply on principal-to-principal basis, the subject services would not be supplies by an intermediary and therefore would be categorized under Section 13(2) of the IGST Act
- He further explained Research and Development Services

Interactive Meeting on “Employee Pension Scheme”

FTAPCCI organized an Interactive Meeting on “Employee Pension Scheme” on 17th November, 2018 at FTAPCCI Surana Auditorium, Federation House, Hyderabad.

The objective of the meeting was to create awareness among the pensioners about the recent Supreme Court order on EPS Scheme w.r.t higher wages.

Sri A. Siva Prasad, Co-chairman, HR& IR committee, FTAPCCI explained the eligibility and mentioned the procedure for claim of higher pension as follows:

- Member retired or VRS or superannuated i.e. 58 years before 1/9/2014 are eligible to apply.
- They will verify the returns and remittance and will give a demand notice to the member to pay to EPFO on the difference of remittance.
- Submit joint option form available in EPFO office. It is to be signed by member and employer.



Sri A. Siva Prasad, Co-chairman, HR& IR committee, FTAPCCI addressing the meeting

- Along with option form, 3A returns copy signed by employer and member need to be submitted. The 3A will have details for wages and remittance paid to EPFO. 3A need to be submitted for the period from 9/ 1995 to 1/9/2014 or date of retirement.
 - Once demand is paid to EPFO, earlier PPO will be cancelled and refix new pension & generate new PPO and will release new pension & arrears.
- Later on the queries were received and answered.

Meeting with **Department of Industrial Policy & Promotion, Ministry of Commerce & Industry, Govt.of India**



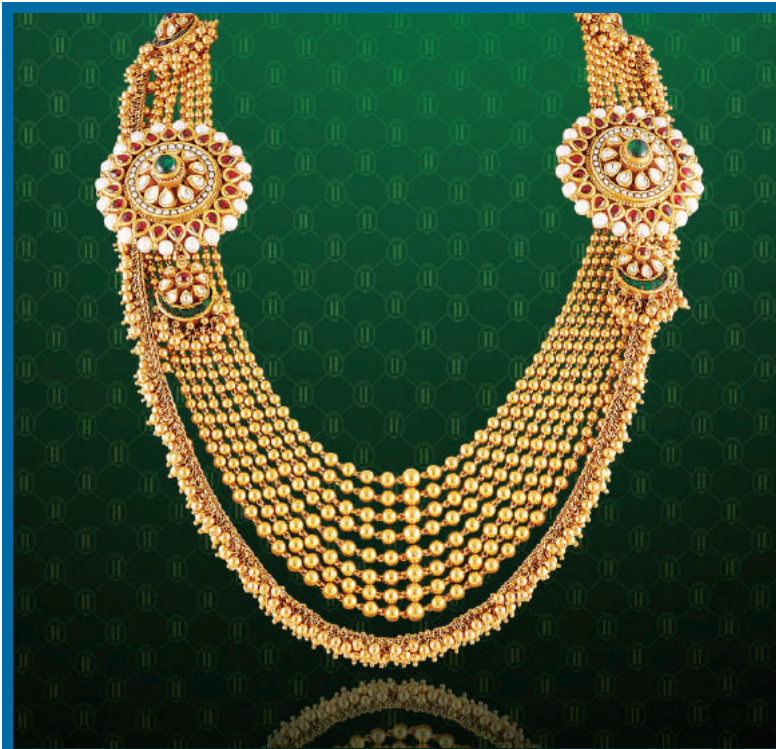
CA Arun Luharuka, President, FTAPCCI addressing the meeting.

Others are Sri Ramakanth Inani, Vice President, FTAPCCI, CA. Rajendra Kumar, President, Hindustan Chamber of Commerce, Sri R.K. Sood, Deputy Secretary, Department of Industrial Policy & Promotion, Ministry of Commerce & Industry, GOI, Sri Akhilesh Mahurkar, Director, FICCI and Sri R. Kulkarni, Joint Director, FTAPCCI.

100 years of Glorious Journey of FTAPCCCI Reminiscences...



Dr. Marri Channa Reddy, Hon'ble Chief Minister of Andhra Pradesh Sri T.L. Kapadia, Sri Chandrakant H. Shah, Outgoing President and Sri O. Swaminatha Reddy, Incoming President of FAPCCI 10 April, 1979



Discover the
Fascinating jewellery of
**SRI DURGA
JEWELLERS**

Gold, Silver, Diamonds, Pearls and Gems
Cretaed by artisan from Coimbatore,
Chennai, Kolkata, Gujarat, Rajasthan and
Mumbai

- ▶ Kundan Jewellery ▶ Diamond Jewellery
- ▶ Polki Jewellery ▶ Studded Gold Jewellery

Address : Nilgiri Aditya Enclave Shop # 21-23
Beside Metro Station, Ameerpet, Hyderabad - 500 038
Ph : **9618193972** | **9885000265**

**Recreation Garden
Convention Centre**

Family Rooms Available



Kotwalaguda, Himayatsagar Dam, via Rajendernagar
& Shamshabad, Hyderabad

For Bookings : +91 9885000243/9618193972
email : agarwalnikhilkumar@gmail.com

Heaven Garden, Convention Center Opp to pillar no 89,
attapur ring road, Mehdiapatnam, Hyderabad TS . 500032
Ph : 9618193972 email : agarwalnikhilkumar@gmail.com

Special Package for Corporate & Group Bookings



Symbol of Strength

Stronger than  THE STRONGEST TMT



Sugna Turbo Fe550

Ranajit Pat: 91 63290273

1st time 'XXX' ribbed bars in AP & Telangana Trade: 1800 3010 1604

follows on:    www.sugnatmt.com

SUMMER GREEN RESORT

Conferences

Destination Wedding

Luxury Stay

Holidays never end...

BRUT
Méthode Champenoise
SPARKLING WINE

Summer Green Resorts

(A Unit Concept enterprises & designers)

Sy.No. 90/A Main Road, Tumukunta Village, Shameerpet Mandal, Medchal Dist., T.S. India

Website : www.summergreenresorts.com, E mail : info@summergreenresorts.com

9550147777, 9502315555, 9502313333.



Printed and published by T.Sujatha, Joint Director on behalf of the Federation of Andhra Pradesh Chambers of Commerce & Industry, Federation House, FAPCCI Marg, Red Hills, Hyderabad-500004 Ph : 23395515 and printed at ORION Printers Private Limited, 11-6-871 Baig Island, Red Hills, Hyderabad-4 Ph:23370461; Editor : T. Sujatha, Joint Director