QUARTERLY BUZZ

GMC/ Vol. 2/2016

FOREWORD

After three successive quarters with USD 1 trillion+ volume, global M&A has fell to USD 758.5 billion and USD 951.6 billion in the first two quarters of 2016, amid concerns on Brexit looming over Europe. There were just 16 USD 10 billion+ mega deals announced in this first half compared to 24 in the corresponding period last year and a record of 35 in second half of last year.

Technology led the global M&A for the first time on record with USD 294.8 billion, followed by Real Estate (USD 180.6 bn) and Healthcare (USD 156.1 bn). Few top deals of this quarter include Bayer's USD 62 billion offer for Monsanto, Abbott Laboratories' USD 30.5 bn takeover of St Jude Medical and Microsoft's proposed USD 28.1 bn acquisition of LinkedIn, Comcast's USD 3.8 billion acquisition of DreamWorks Animation, etc.

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In India too, the first half of this year has seen a decline, both in M&A activity and PE investments due to a decline in sectors like e-commerce which had propelled the transactions to record highs last year. Some of the top deals include Tata Power's USD 1.4 billion acquisition of renewable energy business of Welspun Group, JSW Energy's USD 975 million acquisition of a power plant from Jindal Steel & Power, Blackstone's USD 827 million acquisition of HP's stake in Mphasis Ltd, etc.

On the regulatory front, DIPP has further liberalized FDI policy in various sectors including defense, pharmaceuticals, airports, private security agencies, etc. FDI policy in investment vehicles viz. REITs and InvITs has also been specified. The Govt. has also relaxed provisions in setting up a branch office, liaison office and project office in India. In the companies law, the limits triggering intervention of Competition Commission of India in an M&A transaction have been further relaxed.

In Direct Taxes, the Finance Act, 2016 was passed on May 14 with certain amendments and new provisions. The India Mauritius tax treaty has been amended giving India the right to tax capital gains arising from transfer of shares of Indian companies. The Income Declaration Scheme, 2016, the Direct Tax Dispute Resolution Scheme, 2016 and Equalization Levy have all been made effective from 1st June, 2016.

On the Indirect Taxes front, the most notable change has been levy of service tax on government services. Further, a budget proposal taxing senior advocates on forward charge basis has been withdrawn. In customs, an integrated declaration form has been introduced to replace Entry Bill to act as one single form to obtain all necessary approvals. New regulations have also been introduced for customs warehouses. A draft model law of GST has also been released with the Government mulling support of various state governments to get it passed in the oncoming monsoon session of the parliament.

The Government has recently released new National Civil Aviation Policy to accelerate the growth and expand the civil aviation services. A new National IPR Policy has also been introduced spelling out the broader vision for spreading awareness and commercialization of IPRs, among others.

This newsletter aims to captures the key investments of Q2 of 2016 as well as the major tax & regulatory developments of this quarter. We hope you find the same an interesting read.

GM Corporate Solutions

M&A Trends in India

The first half of 2016 has been a resilient period with transactions over USD 21.8 billion across 750 deals, just ahead of the same period last year. Domestic M&A and outbound transactions have contributed to the larger pie at USD 15.7 billion. A key highlight has been lesser volume but a substantial upsurge in high-value deals.

On monthly basis, April saw a significant uptrend with over a two-fold jump over corresponding period last year, at USD 3.64 billion. The momentum moderated in May with deals to the tune of USD 1.9 billion, registering a decline of 9% from last year.

Sector-wise, e-commerce startups witnessed maximum number of deals due to increasing consolidation. Manufacturing, energy & natural resources and IT & ITeS also saw significant activities.

Few M&A deals of Q2 - 2016

Tata Power Co. Ltd has signed an agreement to buy renewable energy business of Welspun Group for USD 1.4 billion including debt. This is the largest deal in India's renewable energy sector so far.

JSW Energy has agreed to acquire a 1,000 MW thermal power plant in the state of Chattisgarh from Jindal Steel & Power Ltd for up to USD 975 million, including debt, in an all cash acquisition. The transaction will be completed by June, 2018.

Bharti Airtel has signed a USD 525 spectrum trading deal with Aircel Ltd to expand its 4G mobile phone services across eigh telecom service areas. This is the second such deal struck by Airtel within a month's time.

Tata Communications Ltd has signed definitive agreements with ST Telemedia, a unit of Temasek, to sell 74% of its data center business in India for USD 467 million and an equal stake in Singapore data center business for USD 168 million.

Tata Communications Ltd has inked a new agreement to sell its South African telecom arm Neotel Pty Ltd to Liquid Telecom, in a deal worth USD 428 million, after a proposed deal with a subsidiary of Vodafone Plc came unstuck.

GMR Infrastructure Ltd has signed a pact to sell 30% stake in its unit GMR Energy Ltd to Tenaga Nasional Berhad, the largest power utility in Malaysia, for USD 300 million.

HCL technologies has agreed to buy IT services business of Geometric Ltd, promoted by Godrej Group in an all stock deal valued at around USD 200 million. The deal would help HCL broaden its engineering and automotive services portfolio.

Tech Mahindra Ltd has agreed to acqired UK-based fintech firm Target Group in an all cash deal valued up to USD 175 million, including debt to strengthen its offerings in the banking and financial services segment.

Larsen & Toubro Ltd has inked an agreement to sell its general insurance arm to HDFC Ergo for USD 82 million, marking its exit from insurance business.

PE Trends in India

Private equity investments have seen a sharp decline in the first six months of the year to USD 6.2 billion across 667 deals. Last year, the corresponding period had investments worth USD 11.9 billion across 776 transactions.

Month-wise, April saw 111 deals aggregating to USD 2 billion. However, there was a sharp decline in value terms in May and June with deals worth USD 448 million and USD 208 million respectively.

A significant quantum of decline is attributed to the slowdown in Indian e-commerce. Sector-wise, IT & ITeS continued to lead the deal tally followed by healthcare and life science companies.

Few PE deals of Q2 - 2016

Blackstone Group has entered in to a definitive agreement to buy up to 60.48% of Bangalore headquartered IT services firm Mphasis Ltd from Hewlett Packard Enterprises for USD 827 million. This is Blackstone's largest deal in India.

Renewable energy firm Greenko Energy Holdings has signed an agreement to raise USD 230 million from affiliate of Singapore's sovereign fund GIC and Abu Dhabi investment Authority (ADIA).

Fairfax India Holding Corporation, part of Canadian billionaire Prem Watsa's Fairfax Group, has agreed to invest USD 250 million as part of a large deal in Sanmar Chemicals Group, one of the largest makers of PVC in India.

Global PE firm Providence has sold half of its remaining stake in its decade old investment in Idea Cellular for USD 205 million through a secondary market transaction.

Janalakshmi Financial Services has raised USD 150 million in a round led by PE firm TPG with participation from an investment fund managed by Morgan Stanley PE Asia and Havells India.

Arisaig Consumer Fund sold 1.9% and 1.2% stakes in Marico and Britannia Industries for USD 84 million and USD 60 million respectively.

Malaysian sovereign wealth fund Khazanah Nasional Berhad has invested USD 100 million in data analytics company Fractal Analytics, valuing the company at USD 300 million.

Equitas Holdings Ltd, the holding firm for the fifth-largest micro lender in India has raised USD 100 million from a bunch of 16 anchor investors including PremjiInvest, and a host of mutual funds and insurance firms.

Altico Capital has closed three transactions worth USD 86.6 million across mid income residential projects in Tier I markets of Mumbai, Pune and Bangalore.

Listed company PC Jewellers has raised USD 64 million from existing investor DVI Fund to be utilized towards capital expenditure for expansion.

Key Regulatory Highlights

FEMA & FDI – Key Updates

- ***FDI Policy changes***
- **Effective from 24th June onwards:**
  - For setting up a place of business in India, in case principal business is defense, telecom, private security or information & broadcasting, RBI approval is not required where FIPB approval or license / permission by concerned Ministry / regulator has already been granted
  - 100% FDI under Government approval route has been allowed for trading, including through e-commerce, of food products manufactured / produced in India
  - For FDI in defense sector beyond 49%, the requirement of access to state-of-the-art technology has been replaced with fulfilling access to modern technology in the country or for other reasons to be recorded in writing. The same limits have also been made applicable to manufacturing of small arms & ammunitions covered under Arms Act, 1959.
  - FDI involving more than 49% in broadcasting carriage services has now been covered under automatic route
  - In case of brownfield pharmaceuticals, FDI has now been brought under automatic route, to the extent of 74%, beyond which Govt. route shall continue to be applicable
  - The limit of FDI under automatic route in brownfield airport projects has been extended from 74% to 100%. Further, in case of scheduled air transport service, domestic scheduled passenger airline and regional air transport service, FDI limit has been increased from 49% under automatic route to 100%, with FDI beyond 49% allowed under Govt. route.
  - In case of private security agencies, FDI limit is increased from 49% to 74% with FDI up to 49% now covered under automatic route and beyond this under Govt. route
  - In case of single brand retail trading involving FDI beyond 51%, local sourcing norms have been relaxed up to 3 years from commencement of business where products being traded have state-of-the-art and cutting-edge technology and where local sourcing is not possible.
- **Effective from 06th May onwards:**
  - FDI up to 100% is now wholly covered under automatic route. Further, FIIs / FPIs can now invest up to 100%, as against earlier limit of 74%, of each tranche of Security Receipts issued by registered ARCs.
- ***Highlights of new consolidated FDI Circular, 2016:***
  - Inclusion of foreign investment allowed in investment vehicles - REIT / InvIT (already effective from Nov. 16, 2015)
  - New definitions of ESOP, Investment Vehicle, Sweat Equity shares, unit (of investment vehicle), private security agency, private security and armored car service have been included
  - NRIs made eligible for subscribing to National Pension System
  - Clause relating to issue of shares under ESOP amended to include issuance of sweat equity shares also
- ***Deposits from non-resident directors:*** As per Companies Act, 2013, a person intending to nominate himself / any other person as director in an Indian company is required to place a deposit with the company. It has been clarified by RBI that such deposits are a current account transaction and thus, does not require any approval from RBI. Similar shall be the treatment of refunds of such deposits.
- ***Foreign Investment in Investment Vehicles:*** To facilitate foreign investment in collective investment vehicles for real estate and infrastructure sectors and to rationalize existing regime for AIFs, Govt. has made certain changes in foreign investment policy. Few salient features of the new regime are:
  - A non-resident including registered FPI and a NRI may invest in units of investment vehicles
  - Investment vehicles means registered REITs, InvITs and AIFs
  - Downstream investment by investment vehicles shall be regarded as foreign investment if either the Sponsor or Manager or Investment Manager is not Indian 'owned & controlled'
  - The extent of foreign investment in investment vehicle will not be a factor to determine as to whether downstream investment of investment vehicle is foreign investment or not
- ***Establishment of temporary offices in India:*** As a measure towards ease of doing business, w.e.f. 31st Mar, 2016, the Govt. has provided that except for a few sectors viz. defense, telecom, private security, information & broadcasting and NGOs and except a few countries, the power to grant approvals for establishment of Branch Office (BO)/Liaison Office (LO)/Project Offices (PO) in India by foreign entities, would be delegated to the AD Category I Banks. Further, anyone who has been awarded a contract for a project by a Government authority / PSU would be automatically given approval to open a bank account.

Key Regulatory Highlights

Companies Law key updates

- ***CARO, 2016*** – the MCA has issued the Companies (Auditor's Report) Order (CARO), 2016, applicable for financial year commencing on or after 1st Apr, 2015. This order has been issued in supersession of CARO, 2015.
  - The threshold limits for applicability of CARO 2016 to private companies has been increased now. However, regardless of the threshold limits, CARO has been made applicable to all private companies which are subsidiaries / holding companies of public companies.
  - CARO 2016 consists of 16 clauses instead of 12 in CARO 2015. There has been an increase in auditor's reporting requirements in certain areas like related party transactions, utilization of moneys raised from IPOs / FPOs (including debt instruments for intended purposes, managerial remuneration, etc.
  - Few reporting requirements have also been deleted like for adequate internal control system, procedures for physical verification of inventory, companies more than 5 years' old and having substantial losses, etc.
- ***Limits triggering notification to CCI for M&A:*** The MCA has relaxed the limits which trigger notification to the Competition Commission of India (CCI) with respect to M&As through following amendments:
  - Increasing by 100%, on the basis of wholesale price index, the threshold values of assets and of turnover which are used to check if the transaction results in a combination regulated by CCI
  - Extending for a further period of five years the following exemptions contained in an earlier notification which was set to expire this year:
    - Extending the threshold of voting rights from 26% to 50% in other enterprise to be adjudged as part of a group
    - Acquisitions where enterprises being acquired were below specified asset / turnover thresholds. The thresholds have also been increased now with assets limit increased from INR 2.5 bn to INR 3.5 billion and turnover limited increased from INR 7.5 billion to INR 10 billion
- ***CSR Amendment:*** CSR Rules have been amended to allow companies to undertake CSR activities through section 8 company, registered trust or registered society <u>established by central / state government or by any statutory corporation</u> regardless of such section 8 company, registered trust or registered society having an established track record of at least 3 years in undertaking similar programs or projects.
- ***Managerial Personnel:*** MCA has relaxed Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. Key amendments are:
  - No return of appointment required to be filed in case of appointment of CEO, CFO or Company Secretary
  - Certain disclosures in board's report like % increase in remunerations, explanation on increase in remunerations w.r.t. company's performance, etc. have been dispensed with

Key Tax Highlights

Direct Tax key updates

- ***Amendments to Finance Bill, 2016:*** Following are some key amendments made to Finance Bill, 2016:
- In the budget speech, period of holding for getting benefit of long term capital regime in case of unlisted securities was proposed to be reduced from existing 3 years to 2 years. The same has been incorporated in the bill now.
- A budget proposal taxing at the time of withdrawal 60% of the EPF contributions created after 01-Apr-2016 has been rescinded
- For assets declared under Income Declaration Scheme, 2016 and tax, surcharge and penalty thereon being paid as per the Scheme on the fair market value of such assets, the cost of acquisition shall be such FMV while computing capital gains on the transfer of the assets
- In the Section 80-IAC introduced for allowing deduction of profits to startups, besides company, limited liability partnerships have also been considered as assessees which can be recognized as an eligible startup for such deduction
- W.e.f. AY 2017-18, concessional short term capital gains tax @ 15% (+ surcharges) is also applicable on sale of equity shares or units of equity oriented mutual funds or units of business trusts, undertaken in foreign currency on a recognized stock exchange in an IFSC
- W.r.t. concessional tax rate @ 10% applicable on royalty income from patent developed and registered in India, it has been provided that:
  - if the assessee does not exercise this option for any of the 5 AYs subsequent to the first AY in which option is exercised, then this option shall not be available to the assessee for the next 5 AYs subsequent to the AY in which this option is not exercised
  - To be recognized as developed in India, it would be sufficient if only at least 75% of expenditure incurred on developing the patent has been made in India
- ***Clarifications on certain matters:***
- **Interest on refund of excess TDS**: As per Circular 7/2007, no interest was payable on refund of excess TDS deposited under section 195. In view of a recent judgment of Supreme Court, CBDT has now provided that interest would be payable on such refunds.
- **Claim of Bad Debt**: After the amendment made w.e.f. 1st Apr 1989, claim of debt written off in the books of accounts and satisfying conditions stipulated in this behalf is admissible. The assessee is no longer required to establish that the debt, in fact, has become irrecoverable.
- **Tax Collection at Source**: Seller shall collect TCS @ 1% on retail sales of motor vehicles of value exceeding INR 1 million – this is not applicable on sales to dealers / distributors. Further, this is applicable to each individual sale and not to aggregate value of sale made during the year. In case of cash sales, where consideration exceeds INR 200k but not INR 1 million, TCS @ 1% is leviable by virtue of being in excess of INR 200k applicable for general goods and services. In case of sales, where consideration exceeds INR 1 million, TCS @ 1% is leviable irrespective of mode of payment.
- ***Tax Deducted at Source:*** Following amendments have been made in income tax rules in respect of TDS compliances:
- Employees have to furnish to their employers in Form 12BB evidence for claiming house rent allowance (name and address of landlord, PAN if rent exceeds INR 100k), leave travel concession, deduction of interest in house property income (name, address, PAN of lender) and deduction under chapter VI-A (evidence of investment, expenditure)
- In case of TDS on immovable property, due date of depositing TDS and furnishing Form 26QB has been extended from seven days to 30 days from the end of the requisite month
- Due dates of TDS return have been extended w.e.f. 1st June, 2016. For quarters ending 30th June, 30th Sept and 31st Dec, due dates are 31st July, 31st Oct and 31st Jan respectively. For quarter ending 31st Mar, due date is 31st May.
- ***Cost Inflation Index:*** CII for FY 2016-17 has been specified as 1125.
- ***Threshold limits of tax audit and presumptive income:*** As per extant provisions, a person is required to get his accounts audited if his total sales, turnover or gross receipts exceed INR 10 million. Also, if a person follows presumptive taxation scheme, he is not required to get his accounts audited if total turnover or gross receipts does not exceed INR 20 million. It has been clarified that this higher limit of INR 20 million for non-audit of accounts is applicable only for assessees opting for presumptive taxation.
- ***Income Declaration Scheme, 2016:*** The Scheme, introduced as Chapter IX of Finance Act, 2016 has been made effective from 1st June, 2016. It provides an opportunity to persons who have not paid taxes in past to come forward and declare undisclosed income and pay tax, surcharge and penalty totalling in all to 45% of such undisclosed income declared. Key highlights:

Key Tax Highlights

Direct Tax key updates contd ...

- Last date of filing declaration is 30th Sept, 2016 and last date of payment of tax, surcharge & penalty is 30th Nov, 2016
- In few cases, like where assessment notices have been issued in respect of certain AYs, the assessees are ineligible to file declarations in respect of undisclosed income for such AYs
- In certain circumstances like covered under Black Money and Imposition of Tax Act, offences under Indian Penal Code, Prevention of Corruption Act, etc. the assessees are ineligible to file declarations under the scheme
- For the declaration to be valid, full payment of tax, surcharge and penalty is to be made by 30th Nov, 2016
- CBDT has issued circulars clarifying various aspects related to the scheme
- A valid declaration under the Income Declaration Scheme would confer following benefits on the declarant:
  - Undisclosed income declared shall not be included in total income of any assessment year; similarly, asset declared shall not be chargeable to wealth tax for any assessment years
  - Contents of declaration not to be admissible in evidence in any penalty or prosecution proceedings under income tax act or wealth tax act
  - Immunity from Benami Transactions (Prohibition) Act, 1988 subject to fulfillment of condition

- ***Amendments in India-Mauritius Tax Treaty:*** To prevent treaty abuse and round tripping of funds, curb revenue loss, prevent double non-taxation, streamline flow of investment and stimulate flow of exchange of information, the protocol amending India-Mauritius DTAA was signed on 10th May, 2016. Key Highlights:
- For shares acquired on or after 1st Apr, 2017 in a company resident in India and transferred on or after 1st Apr, 2019, capital gains arising thereon shall be charged to tax in India
- For shares acquired on or after 1st Apr, 2017 but transferred before 1st Apr, 2019, the tax rate applicable shall 50% of the domestic tax rate in India. This benefit of reduced rate of tax shall be subject to Limitation of Benefits, whereby a resident of Mauritius would be required to satisfy main purpose test and bona fide business test to avail the benefit.
- Shares acquired before 31st Mar, 2017 have been grandfathered from the Indian tax ambit.
- In respect of debt claims / loans made by Mauritian resident banks in India after 31st Mar, 2017, a withholding tax in India @ 7.5% shall be leviable on interest income. For debt claims / loans made on or before 31st Mar, 2017, interest income thereon is exempt from tax in India.

Key Tax Highlights

Indirect Tax key updates

- ***Krishi Kalyan Cess (KKC):*** This is an additional cess leviable on all taxable services w.e.f 1st June, 2016. CBEC has issued various notifications specifying the applicability of the cess in cases of reverse charge, abatement and composition rates. Further, the cess paid on input services used for export is eligible for rebate. Also, CENVAT credit of the cess on input service shall be allowed and utilized only for the payment of KKC on output service.
- ***Service Tax on services provided by Government:*** Any service provided by Govt. or a local authority to business entity has been made taxable w.e.f. 1st Apr, 2016. Certain Govt. services have been exempted like registration, certification, etc. or where gross amount charged does not exceed INR 5,000, etc. This is not applicable on payment of taxes, cesses, duties, fines and penalties. Other aspects like point of taxation for Govt. services, availability of CENVAT credit, treatment of interest in value of taxable services in case of deferred payments has also been clearly specified.
- ***Service Tax on services by senior advocates:*** Finance Act, 2016 had introduced levy of service tax on forward charge basis on representational services by senior advocates provided to business entities having turnover of more than INR 1 million. However, various High Courts stayed the operation of such provision. In view of this, CBEC has amended the provision, restoring the old position of taxability on reverse charge basis. It has also been specified that tax shall be paid by litigant, applicant or petitioner, as the case may be, who shall be treated as the person receiving legal services.
- ***Point of Taxation for Service Tax on Reverse Charge:*** In reverse charge, by default, point of taxation is the date of payment.

  It has now been provided that where there is a change in liability or extent of liability of the person required to pay service tax on reverse charge basis, the point of taxation shall be the date of invoice if:

- The invoice was issued before the date of change; and
- Service has been provided

  regardless of the date of payment.

- ***Common registration and return for first stage dealer and importer:*** CBEC has provided a facility to assessees who conduct business both as an importer and first stage dealer to take only one registration. Such assessees shall also have the option to file a single quarterly return giving details of transactions as first stage dealer and an importer.
- ***Changes in Customs law:*** The Finance Act, 2016 has introduced sweeping changes in the existing customs procedure by transition extant manual processes to record-based IT enabled processes.
- A Single Window Interface for Facilitating Trade (SWIFT) has been launched to replace 'Bill of Entry'. The integrated declaration form would be filed electronically and cover all information required by other government agencies. No separate application forms (both online and hardcopy) will be required to be filed for different participating government agencies.
- Major changes have also been introduced in warehousing. The system of physical control and locking of public and private warehouses by Customs is being dispensed with and replaced with record based controls. Only in case of sensitive goods, there would be special warehouses which shall be under physical control of the Customs.
- ***Levy of Excise Duty on branded readymade garments:*** Finance Act, 2016 has introduced excise duty on branded readymade garments and made-up articles of textiles of retail sale price of INR 1,000 or more. It has been clarified that affixing a brand name on the product, labelling or re-labelling of its containers or repacking them from bulk packs to retail packs or any other treatment to render the product marketable to consumer, shall classify as manufacture. It has also been clarified that merely because a retail outlet bears a name, the readymade garments, etc. sold at such retail outlet cannot, per se, be held as branded ones.
- ***Updates on GST:*** The proposed Goods and Services Tax law, which would cover a host of indirect taxes including central excise duty, VAT, CST, etc., is under active discussion by the Government with various parties and stakeholders as the Government seeks to gather necessary support to get the bill passed in the Upper House of parliament. A draft model GST law was released for public comments by the Ministry of Finance in mid June, 2016.

  The draft law has widened the ambit of 'supply' of goods & services, including items like barter which are not under tax net as per extant law. Further, transaction value would include value of goods supplied free / at concessional rates, subsidies linked to supply, reimbursable expenditure, etc. GST credit claimed needs to match with tax liability of supplier and monthly returns are required to be filed besides an annual return.

  The draft law has little more stringent penal provisions on one hand and does away with substantial penalties for minor breaches of regulations or procedural requirements on the other hand.

  Meanwhile, various parties have been stressing on amendments on following points in the draft law:

  - 1% tax on interstate movement of goods
  - Dispute settlement mechanism through GST council
  - Put a cap on GST rate in the Constitution

  The Government is hopeful of the passage of the Constitution (122nd) Amendment Bill, 2014 in the Upper House in the ongoing Monsoon Session.

Other Buzz

Other Buzz

- ***National Civil Aviation Policy:*** The Government of India unveiled the new integrated national civil aviation policy on 15th June, 2016. The new policy is very comprehensive, covering 22 areas of the sector. The new policy provides for a regional connectivity scheme aiming for INR 2,500 per passenger for a one-hour flight. It has done away with the controversial 5/20 rule replacing it with a new scheme for eligibility for international operations. Extant ground handling policy would be replaced with a new framework. Separate regulations will be notified for helicopters and state governments will be persuaded to make maintenance, repair and overhaul activities as VAT zero-rated.
- ***National IPR Policy:*** India's National IPR Policy was approved on 12th May, 2016. This policy is a vision document aiming to create and exploit synergies between all forms of IP, concerned statutes and agencies. It sets in place an institutional mechanism for implementation, monitoring and review. It aims to incorporate and adapt global best practices to the Indian scenario.

  The policy lays down seven objectives viz. IPR awareness, strong legal & legislative framework, modern and service oriented administration, emphasis on commercialization, strong enforcement and adjudication mechanisms and development of required human capital. To achieve these objectives, detailed action points would be specified for various Ministries / Departments.
- ***Insolvency and Bankruptcy Code:*** The Bill was passed in May, 2016. This law aims to consolidate the laws relating to insolvency of companies and limited liability entities (including LLPs and other entities with limited liability), unlimited liability partnerships and individuals, presently contained in a number of legislations, into a single legislation.

  The essential idea of the new law is that when a firm defaults on its debt, control shifts from the shareholders / promoters to a Committee of Creditors, who have 180 days in which to evaluate proposals from various players about resuscitating the company or taking it into liquidation. Debt Recovery Tribunal and NCLT have been specified has adjudicating authorities for individuals & unlimited partnership firms and for companies & limited liability entities respectively. Further, insolvency professionals would handle the commercial aspects of insolvency resolution process. They would be regulated by insolvency professional agencies who in turn would be overseen by proposed Insolvency and Bankruptcy Board of India.

Glossary

Abbreviation	Description	Abbreviation	Description
AD	Authorized Dealer	FY	Financial Year
AIF	Alternative Investment Funds	IFSC	International Financial Services Center
AMT	Alternate Minimum Tax	INR	Indian National Rupees
ARC	Asset Reconstruction Companies	InvIT	Infrastructure Investment Trust
CBDT	Central Board of Direct Taxes	IPR	Intellectual Property Rights
CBEC	Central Board of Excise and Customs	IRDA	Insurance Regulatory and Development Authority
CCI	Competition Commission of India	IT	Information Technology
CENVAT	Central Value Added Tax	ITeS	Information Technology enabled Services
CEO	Chief Executive Officer	LLP	Limited Liability Partnerships
CFO	Chief Financial Officer	MAT	Minimum Alternate Tax
CSR	Corporate Social Responsibility	MCA	Ministry of Corporate Affairs
CST	Central Sales Tax	NBFC	Non-Banking Financial Institution
DIPP	Department of Industrial Promotion and Policy	NRI	Non-resident Indian
EPF	Employees Provident Fund	PE	Private Equity / Permanent Establishment
ESOP	Employees Stock Option Plan	PSU	Public Sector Undertaking
FDI	Foreign Direct Investment	RBI	Reserve Bank of India
FIPB	Foreign Investment Promotion Board	REIT	Real Estate Investment Trust
FMV	Fair Market Value	TDS	Tax Deducted at Source
FPI	Foreign Portfolio Investor / Investment	VAT	Value Added Tax

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