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India regains status of fastest-growing economy, GDP grows 7.2% in Oct-Dec

India grew at a rate of 7.2% in the December quarter (Q3), riding on a pick up in manufacturing and spending. The number is a breather for an economy recovering from twin policy shocks of note ban in November 2016 and GST rollout on 1 July 2018.The data is also a booster for Prime Minister Narendra Modi, who faces criticism over mounting bad loans of state banks and a $1.77 billion fraud at state lender Punjab National Bank PNB, the biggest in the country's banking history.

The number helps India regain the status of the world's fastest-growing major economy by topping China's 6.8 percent annual pace for October-December.

Economic growth recovered to a five-quarter high of 7.2 per cent during October-December, backed by strong manufacturing and investment activity as the disruption caused by the goods and services tax (GST) bottomed out. The robust third-quarter performance led to a marginal upward revision in the second advance estimate for 2017-18 to 6.6 per cent from 6.5 per cent in the first estimate, though it was still lower than the 6.75 per cent projected by the Economic Survey. Gross domestic product (GDP) growth has been revised up to 6.5 per cent for the second quarter against 6.3 per cent estimated earlier. Growth stood at 6.8 per cent for the third quarter of 2016-17, which was the period of demonetisation. India overtook China's 6.8 per cent growth in October-December after a three-quarter gap, regaining its status as the world's fastest-growing major economy.

The Economic Survey for 2016-17 had forecast GDP to grow 6.75- 7.5 per cent in the current financial year, but the Survey for 2017-18 revised it down to 6.75 per cent. The services sector as a whole expanded by 7.5 per cent compared to 6.6 per cent growth in the previous quarter, on account of a sharp improvement in construction activity. Construction sector growth recovered to 6.8 per cent in Q3 as against 2.8 per cent in the previous quarter and 1.5 per cent in Q1. Agriculture growth rose to 4.1 per cent in Q3 from 2.7 per cent each in the first and the second quarters. "Better construction and agri sectoral performance bodes well for employment creation prospects. Higher rural incomes (on higher MSPs) and pre-election spending are likely to be supportive of FY19 numbers,"

Recently, Modi told industrialists that his government, which got a "twin balance sheet" problem resulting from bad debt in banks and many businesses, was determined to put the economy back on a higher growth trajectory. Modi is trying to accelerate growth through higher state spending including $32.36 billion for recapitalisation of state banks, beset with mounting bad loans of nearly $148 billion.

He has stepped up spending on infrastructure and welfare projects to boost growth ahead of national elections in 2019. This has widened the fiscal deficit for the current fiscal year, ending in March, to 3.5 percent of GDP, instead of the earlier projected 3.2 percent.

In November, Moody's raised India's investment grade rating one notch, the rating agency's first upgrade in nearly 14 years.

India jumped 30 places to break into the top 100 for the first time in World Bank's Doing Business report 2018.

The International Monetary Fund forecasts India's economic growth could reach 7.4 percent in 2018 and 7.8 percent in 2019, overtaking rates projected for China of 6.5 percent and 6.4 percent, respectively.

The world's seventh largest economy, which grew at more than 9 percent a year from 2005 through 2008, is still far from firing on all cylinders. Domestic demand and private investment remain weak.

RBI governor Urjit Patel earlier this month said the economic recovery was at a nascent stage and called for a cautious approach. The central bank has kept its key rate unchanged since a 25 basis points cut in August. India's investment rate fell close to 30 percent of GDP in 2017 from a peak of 40 percent in 2011.

New Delhi is worried that higher global crude oil prices pose a major risk to its efforts to regain growth momentum as this could hit domestic investment and push up consumer price inflation.

Government's infrastructure projects, social welfare schemes may create 5 million jobs a year

The government's infrastructure development projects and social welfare schemes can generate at least five million jobs every year, absorbing nearly half of the 10 million people who annually enter the country's workforce, an analysis of Budget data shows.

The Budget has, for the first time, discussed the number of jobs/mandays that will be created in laying highways and other infrastructure, building toilets under the 'Swachh Bharat' mission and rural houses under MGNREGS, creations of cold chains and food parks and the extended 'Pradhan Mantri Rojgar Protsahan Yojana'.

The pace of job creation is often considered an important barometer of the government's performance. A senior government official told ET that the government is seized of the fact that a huge number of jobs is created under its own initiatives. However, these are never taken into account, but going forward, these numbers can be used to highlight the job opportunities in the country.

"We will compile these numbers at the end of the year, depending on the achievements against the target set under each scheme, to showcase the government's role in job creation," the official said.

In his Budget speech, finance minister Arun Jaitley had said that creation of 2 crore toilets under SBM would require 16.92 crore mandays, construction of 51 lakh rural houses would need 46.55 crore mandays, creation of rural roads under PMGSY would require 28.35 crore mandays, while work under MGNREGA would provide 230 crore mandays, totalling 321.8 crore mandays. Considering 8 hours of work each day for 26 days in a month and 12 months in a year, per person mandays works out to 2,496. This translates into 12.89 lakh jobs a year for creation of rural infrastructure alone.

Besides, 95,000 direct and indirect jobs will be created under mega food parks being set up, while 75,000 jobs will be created for building cold chains and other infrastructure for agriculture. Even the 'Pradhan Mantri Employment Generation Programme' under MSME is estimated to create 294,000 jobs.

The government estimates that the massive drive for road construction under the Bharatmala Project will generate 14.2 crore mandays, while about 5 crore mandays will be generated under all railway projects across divisions, which is miniscule compared with road construction because of higher mechanisation in the railways. This translates to 56,000 jobs in the roads sector and 20,000 jobs in railways.

If calculated on a pro-rata basis, about 30 lakh jobs are expected to be created under a budgetary allocation of Rs 1,600 crore for 2018-19 under Pradhan Mantri Rojgar Protsahan Yojana, against Rs 500 crore used in 2017-18 to provide jobs to nearly 10 lakh people in 2017-18.

This amounts to 48 lakh (4.8 million) jobs in 2018-19 under half a dozen government-run programmes and schemes. This is significant as it does not include farm-sector jobs or the self-employment that would be created using Rs 3 lakh crore of Mudra loans that the government plans to disburse in 2018-19.

Budget 2018-19, the last full budget of the Narendra Modi government before the next general elections, has proposed a slew of measures to boost job creation. These include extending fixed-term contract hiring to all sectors beyond apparels, besides expanding the coverage of the 'Pradhan Mantri Rojgar Protsahan Yojana', under which the government will pay the 12% employers' contribution to provident fund for all new hirings.

While the former will make it easy for employers to hire and fire workers, thereby encouraging them to hire more, the latter will help incentivise employers to create more jobs in the formal sector.

Government plugs loopholes that companies use for evasion of tax

The Budget proposes that loans and advances to a shareholder or to an entity in which the shareholder is interested, will be subject to DDT.

The Budget has plugged a few loopholes that enabled unscrupulous corporate tax payers to avoid tax, be it avoidance of dividend distribution tax (DDT) via amalgamation, or distribution of loans to shareholders or other entities in which the shareholders were interested. This, in some circumstances, resulted in a tax arbitrage.

Treatment of loans to shareholders or other entities: At present, if a loan or advance is given by a company to a shareholder or to an entity in which such a shareholder has significant interest, it is taxed in the hands of the recipient as 'deemed dividend'. On the other hand, in the normal course, when dividend is distributed, the dividend-paying company pays a DDT (the rate according to Budget proposals is 20.56%).

"If the recipient had a loss, the deemed dividend would be offset against such loss, mitigating the tax liability," explains Abhishek Goenka, partner and direct tax head at PwC India. In those cases, where the loan was given to an entity in which the shareholder had a significant stake, an issue arose on whether it should be the shareholder who should be taxed or the entity receiving the loan.

"The taxability of deemed dividend in the hands of the recipient posed serious problems for collecting the tax liability and also led to litigation," says the explanatory memorandum to the Finance Bill, 2018.

The government has sought to prevent camouflaging of dividend in various ways such as via loans and advances and also end litigation. The Budget proposes that loans and advances to a shareholder or to an entity in which the shareholder is interested, will be subject to DDT. This tax will be payable by the company and not by the shareholder or receiving entity, adds the explanatory memorandum. However there is a catch. Pranav Sayta, tax partner at EY India, says, "While removing ambiguity and providing clarity is welcome, it must be noted that the levy of dividend distribution tax is at a higher rate of 30%."

Curbing abuse in case of amalgamations: There were instances where a large company, having huge accumulated profits, amalgamated into a smaller company that had little or no profits. This was done to avoid payment of tax on distribution of profits by the large company. The Budget proposals provide that the accumulated profits of the amalgamated company shall include the profits of the amalgamating company (i.e. the large company).

"Some companies adopted skewed plans to escape DDT. With these moves, the tax authorities are attempting to close the debate on any transaction that lacks substance or warrants debate," said Girish Vanvari, partner and tax leader at KPMG India.

Vipul Jhaveri, managing partner (tax and regulatory) at Deloitte, said, "Some corporates took to innovative restructuring. By making these amendments, the government has nipped it in the bud before more companies take to such mechanisms. The government could have let it remain and invoked GAAR. However, this would have taken time to be resolved, leading to litigation. They have brought about certainty in law."

EY India's Sayta says, "While it is perfectly legitimate to take steps to check tax avoidance, the proposed amendment is applicable across the board including those cases wherein there may have been no motive of tax avoidance. Further, this amendment is proposed to be made effective from financial year 2017-18 (which goes against the avowed policy of not making retrospective amendments). This it seems may have been unwarranted especially considering that we already have elaborate GAAR provisions to address transactions motivated with the purpose of tax avoidance."

No deduction if I-T return is not filed: For claiming various deductions, it is already essential that the I-T return is filed on time. For instance, a developer of an SEZ unit has to file an I-T return on time to be eligible for a tax holiday under section 80-1AB. Now this requirement is extended to various other sections. Business entities operating in backward areas or engaged in low-cost housing projects, will have to file their I-T returns on time to claim the appropriate tax benefits.

(This article was originally published in The Times of India)

TCS ranked among top 3 employers in North America

Tata Consultancy Services (TCS) has been named as one of the 'Top Three Employers' in North America by the Top Employers Institute, an independent organisation that certifies employers around the world for excellence in creating a total work environment for their employees.

This is the fourth consecutive year TCS has been certified as a Top Employer in the US and the third consecutive year for TCS in Canada.

Top Employers Institute in its annual international research recognises leading employers that provide excellent employee conditions, nurture and develop talent throughout all levels of the organisation, and strive to continuously optimise employment practices.??

The criteria in assessing TCS' strong employee offerings included talent strategy, workforce planning, on-boarding, learning and development, performance management, leadership development, career and succession management, compensation and benefits, and company culture, a TCS release stated.

''Our employees are TCS' strongest asset, and we are committed to enabling their growth and development through the best programs available to build digital skills, enable career advancement and retain the best talent,'' said Sury Kant, President, North America, UK and Europe, TCS. ''TCS is proud to be certified as one of the Top Three Employers in North America in 2018.''

TCS has been among the top two hirers of US and Canadian IT services talent over the past five years and was recently listed as one of the Top Regarded Companies and one of the World's Best Employers in the Forbes 2017 Global 2000 list. It has also received more than 25 prestigious awards in 2017, including the Achievers 50 Most Engaged Workplaces (US and Canada), six Stevies at the 2017 American Business Awards, two 2017 Golden Bridge Awards, a 2017 Employee Engagement Award, and being named to the prestigious Civic50 as a top community minded company.

''Optimal employee conditions ensure that people can develop themselves personally and professionally. Our comprehensive research concluded that?Tata Consultancy Services provides an outstanding employment environment, and offers a wide range of creative initiatives, from secondary benefits and working conditions, to performance-management programs that are well thought out, and truly aligned with the culture of their company,'' Dennis Utter, Global Business Director for the Top Employers Institute, said.

Crucial to the Top Employers Certification is the completion of a stringent research process, and meeting the required standard in order to achieve certification.

A part of the Tata group, India's largest multinational business group, TCS has over 390,000 of the world's best-trained consultants in 46 countries. The company generated consolidated revenues of $17.6 billion for year ended 31 March 2017. The company is listed on the BSE and the NSE.

Mumbai world's 12th richest city with 28 billionaires, $950 bn in wealth

Mumbai, with a total wealth of $950 billion, came in 12th in New World Wealth's list of top 15 wealthiest cities globally, ahead of Canada's Toronto, Germany's Frankfurt and France's capital Paris. India's financial capital is home to 28 billionaires, putting it among the top 10 cities in terms of billionaire population.

Among the 15 cities listed, San Francisco, Beijing, Shanghai, Mumbai and Sydney were the fastest growing in terms of wealth growth over the past 10 years, the report said.

Mumbai is expected to be the fastest growing city in terms of wealth growth over the next 10 years, the report said. Mumbai is also home to the Bombay Stock Exchange, which is the 12th largest stock exchange in the world.

''Total wealth held in the city amounts to $950 billion. Mumbai is the economic hub of India. It is also home to the Bombay Stock Exchange (BSE), the 12th largest stock exchange in the world. Major industries in the city include financial services, real estate and media,'' the report said.

The list was topped by New York, with a total wealth of $3 trillion, which is home to the two largest stock exchanges in the world. Areas around New York such as Connecticut and Long Island also contain a large amount of wealth that is not included in this figure, the report said.

London ranked second in the list with $2.7 trillion, followed by Tokyo ($2.5 trillion) and San Francisco Bay Area ($2.3 trillion). Others in the list include Beijing ($2.2 trillion), Shanghai ($2 trillion), Los Angeles ($1.4 trillion), Hong Kong ($1.3 trillion), Sydney ($1 trillion), Singapore ($1 trillion) and Chicago ($988 billion).

Mumbai was followed by Toronto at the 13th spot with a total wealth of $944 billion, Frankfurt (14th, $912 billion) and Paris (15th, $860 billion).

Total wealth refers to the private wealth held by all the individuals living in each city. It includes all their assets (property, cash, equities, business interests) less any liabilities. Government funds are excluded from the figures.

The report identifies individuals with $1 billion or more in net assets as billionaires.

Notable cities that just missed out the top 15 include Houston, Geneva, Osaka, Seoul, Shenzhen, Melbourne, Zurich and Dallas.

World's highest paid expats are booking a passage to India; here is why

Mumbai, India's financial, commercial and entertainment capital, tops global rankings for expat salaries, according to a survey conducted by HSBC Bank International Ltd. Foreigners moving to the subcontinent's most populous city reported average annual earnings of 7,165.

Go East, expatriates looking to make the big bucks. Mumbai, India's financial, commercial and entertainment capital, tops global rankings for expat salaries, according to a survey conducted by HSBC Bank International Ltd. Foreigners moving to the subcontinent's most populous city reported average annual earnings of $217,165. That's more than double the global expat average of $99,903, the HSBC Expat survey shows. Other Asian cities joining Mumbai in the top 10 expat salary rankings were Shanghai, Jakarta and Hong Kong

While expats in Asia were generally well compensated financially, all — including Mumbai, the megacity home to more than 18 million people — ranked lower in expat job opportunities than U.K. and U.S. destinations such as London, San Francisco, New York, or even Birmingham, according to HSBC.

"The financial and technology hubs of the U.S. and U.K. are the most attractive for ambitious expats eager to push their career to the next level," said Dean Blackburn, who heads HSBC Expat.

Dublin, a tech center in Europe, also ranked in the top five for expat job opportunities, but was below the global average in expat salaries. Nonetheless, 61 percent of expats in the capital of the Republic of Ireland reported an improved work-life balance.

Switzerland, the nation that has previously topped country rankings for expat salaries, had two cities in the top five. Zurich, home to banks including Credit Suisse Group AG and UBS Group AG and a tech hub for firms including Alphabet Inc., reported the third highest expat salaries, while Geneva, the base for some of the world's biggest commodities traders including Trafigura Group and Mercuria Energy Group, was fifth.

Despite Switzerland's notorious living costs, the country's high salaries and low personal tax rates saw 77 percent of expats in Zurich report that their disposable income had increased since moving. In fact, over half of Zurich expats reported that they are living in a better dwelling than they did at home even with the Swiss city's expensive rental and property markets.

And while Berlin and Prague rank toward the bottom of HSBC's list of 52, the majority of expats in those cities said the cost of living is affordable.

(This news appeared in Financial Express on 26 February)

BUSINESS INTEREST

AS STATED IN FEBRUARY NEWSLETTER EICC IS PUTTING UP IN THE FOLLOWING BUSINESS INFO FOR THOSE WHO WOULD BE INTERESTED IN VARIOUS TENDERS IN INDIA. EICC PLANS TO REGULARLY PUBLISH SUCH TENDERS IN ITS NEWSLETTER FOR THE BENEFIT OF READERS. EICC CHAIRMAN HAS AGREED TO PROVIDE US THE INFO.

Dear Sir/Madam,

We have pleasure in bringing to your notice information about Expression of Interest invited by**Government of Assam**.

For further details, please visit the website mentioned in the notice below:

	Directorate of Inland Water Transport, Government of Assam
1	**Directorate of Inland Water Transport, Government of Assam**invitesEOI for consultancy services for preparation of Detailed Project Report along with front end Engineering Design, drawings, tender documents and modularization of design elements for development of Ferry Services in Assam. Other details including Tender documents can be downloaded from website https://iwtdirectorate.assam.gov.in//. Last date for bid submission is 26.02.2018 up to 03.00 pm**.**

India Maritime*plus*
c/o Indian Ports Association
New Delhi
Tel: 011-24365625
Website: www.maritimeinvest.in

Dear Sir/Madam,

We have pleasure in bringing to your notice information about tender floated by **Kandla Port Trust.**

For further details, please visit the website mentioned in the notice below:

	Kandla Port Trust
1	**Kandla Port Trust** invites tenders for Construction of Oil Jetty No. 8 at Old Kandla. Other details including Tender documents can be downloaded from website http://www.eprocure.gov.in and www.kandlaport.gov.in. Last date for bid submission is 22.02.2018 up to 03.30 pm.

Dear Sir/Madam,

We have pleasure in bringing to your notice information about tender floated by**Tamil Nadu Maritime Board**.

For further details, please visit the website mentioned in the notice below:

	Tamil Nadu Maritime Board
1	**Tamil Nadu Maritime Board** invites tenders for Extension and Construction of Breakwater both in North and South side of Entrance channel, Construction of Coastal Berth -1 (Wharf-1), Berth-2 (Wharf-2) and Capital Dredging at Cuddalore Port. Other details including Tender documents can be downloaded from website http://www.tnmaritime.com/. Last date for bid submission is 07.03.2018 up to 03.00 pm.