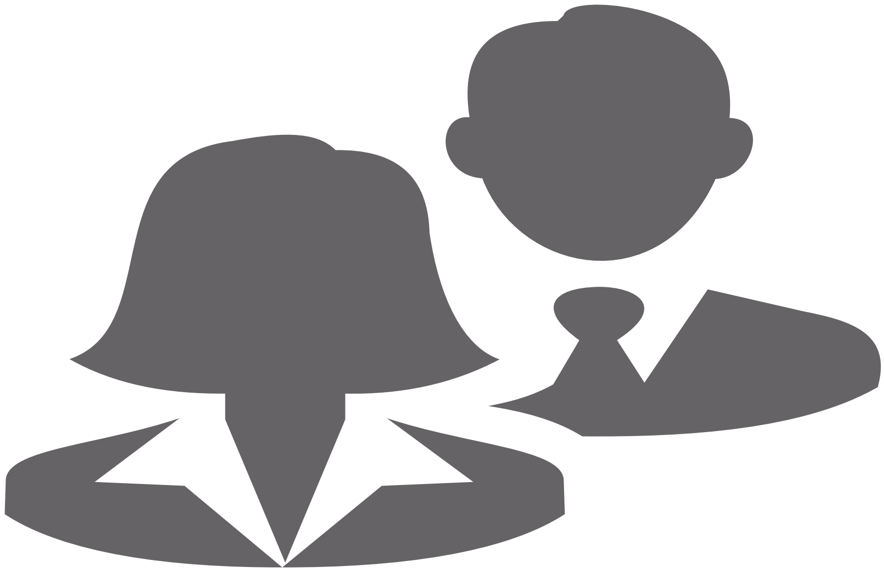
The Institute of Chartered Accountants of India
(Set up by an Act of Parliament)

AMRITSAR BRANCH OF NIRC
NEWSLETTER MAY - 2020

Vertebra of Indian Economy



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From the Desk of the Chairman.

"The only constant in life is change"-Heraclitus

Esteemed Professional Colleagues

I hope you & your family are well & Safe. We all face changes every day – whether it is a simple change in the weather, our schedule or expected change of seasons. Change affects us all and we each deal with change differently. The Accounting profession is in very dynamic phase & is witnessing continuous change in this era. The world is beholding challenging times due to the advent of the Covid-19 pandemic, It is posing critical challenges to global economies and it will have a lasting impact for many businesses. Most organizations have already kickstarted measures to reconfigure their short term and long-term business objectives and investments keeping in mind the Covid19 situation and the re-emergence of their workforce to the offices. They also need to cut their costs and expenses to the extent possible so as to cope up with this situation.

Friends, our profession depend upon prosperity of business, we have to change & make strategic Digital transformation to run our offices. Digital transformation is no doubt a complex endeavor, one that brings with itself a host of attractive benefits in addition to unforeseen challenges .it hardly comes as a surprise these days that digital transformation is one of the key priorities for businesses/profession looking to make an impact in the competitive market today.

The concept of "Virtual Accounting Firms" is emerging as a hot trend amongst the Global Organizations. It is evident that even after post Covid scenario social distancing will be norm in medium to long term, technology will be at centre stage for accomplishment of various activities and Virtual Office will change the way we are working hitherto. Virtual accounting allows a qualified professional/firms to provide accounting services to their clients virtually rather than physically working at the client's office. Virtual office offers all of the same benefits of hiring an accountant for organizations but is more cost effective and offer more flexibility.

We have to reorganize processes & systems to package together the required capabilities in a cost effective operational model. we have to set direction for cost reduction as a strategic profession transformation . Priorities include enables for periodic review & instilling a culture of awareness & continuous improvement in the profession. The only way to make this work is to think big from the outset-be radical ,don't tinker.

Every Change has a hidden tutor making us better for the near future.

Heartiest gratitude has been expressed by honorable Prime minister of India Sh Narinder Modi ji for invaluable contribution to PM -Cares Fund by ICAI to fight against Corona pandemic. I Appreciate members of Amritsar branch who have come forward for this noble cause.

Valuable suggestions/feedback are always welcome.

With Warm regards.
CA SANJAY ARORA
Chairman, 2020-21
Amritsar Branch of NIRC of ICAI

May, 2020

Chairman

From the Desk of the Editor...

Secretary

Respected Members,

Warm Greetings,

As we have read, heard that Experienced that " Success usually comes to those who are too busy to be looking for it". It is an automated cause and effect process and essentially true for all of us. The best part is that we wouldn't want it to be any other ways. We want our work to speak for us. Amongst all professions, Chartered Accountants are among the few who are aware and keep themselves in sync with global trends.

Coming forward, in this May month, we are expecting to end this COVID-19 outbreak, happily so that businesses and professions could start with new pace and motion with new ideas. I hope every member has gained a lot of knowledge during lockdown from the series of webinars organized by Amritsar branch individually and jointly with other branches, NIRC and ICAI. Team Amritsar branch has tried his best for the organizing best webinars with best topic and best speaker. In this month of May 2020, we will continue to organize this series of webinars as per the interest of members. I also request the members to continue to support us and suggest us regarding the topics of webinars of your interest in the coming future.

Members we have issued circular for one time annual seminar lumpsum fee for the members and last date of which was 30th April. Branch has received lumpsum fee from many members during the April month. Now keeping in view the feed back of members and inability to pay lumpsum fee due to cheque books lying in the offices and due to lockdown, we have extended the due date upto 20th may 2020. Now members who have yet not paid lumsum fee can avail the benefit of this scheme and may pay the lumpsum fee upto 20th May 2020.

In this month another important professional responsibility of work for some members is to finish the statutory bank branch audits. At one stage where it seemed that RBI may take step back for Audit of bank branches due to Covid-19. But our torch bearers of ICAI played vital role to give representation to RBI. Now RBI vide his circular clarified that branches with 90% advances shall be covered under audit and banks have allotted the branches to members except 2-3 banks who have yet to allot branches. I request all the members to try to do bank audit work online as much as possible and take necessary safeguards and precautions during visiting the branches.

Dear Students, As we know due to covid, ICAI has again rescheduled the CA exam for May 2020 now commencing from 29th July 2020. You have to justify the quote "Accept the challenges so that you can feel the exhilaration of victory". Every one of you is going through a challenge to crack this a very noble Professional CA course. Due to covid-19, students have chance for best preparation for exams. Keep on working for your exams, develop the habbits of self motivate and set your goals for the future. You will surely achieve your targets as nothing is impossible in the world.

last but not least most importantly keep yourself safe and stay healthy in the pandemic.

March, 2020

With Warm regards.
Sd/-
CA Shashi Pal
Editor in Chief
Secretary, ICAI Amritsar Branch

WEBINAR DETAILS

Detail of Webinars conducted by the Amritsar Branch of NIRC of ICAI during Lockdown Period via Zoom :-

BY CA SAHIBA ARORA
The Author can be reached at
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Date	Webinar Topic	Duration	Organiser	Speakers	Video Link of Youtube
03.04.20	Taxation of companies section 115BA, 115 BAA and 115BAB along with taxation of charitable trust	2 Hours	Amritsar	CA Rohit Kapoor	https://www.youtube.com/watch?v=HrkFEDgy3_U
04.04.20	Income Tax Amendments on Finance Budget 2020	2 Hours	Amritsar	CA Dr Girish Ahuja	https://www.youtube.com/watch?v=4lCGzmjVmf0
07.04.20	Career Opportunities and Trends for CA's in Today's Scenario	2 Hours	Amritsar	CA Nitish Kalia	-
08.04.20	Companies Fresh Start Scheme, 2020 (CFSS) and LLP Settlement Scheme, 2020	2 Hours	Amritsar	CS Amit Vinayak	https://www.youtube.com/watch?v=v6bt5Ff2hf4
09.04.20	Recent Amendments in GST Act	2 Hours	Amritsar	CA Anchal Kapoor	https://www.youtube.com/watch?v=KZk-tQArKF8&t=2937s
11.04.20	Introduction to Cloud Based Accounting and Training on Quickbooks*	2 Hours	Amritsar	Mr Sandeep Patil	https://www.youtube.com/watch?v=IwTZeCqAzCU
13.04.20	Easy your filing process during this lockdown with ClearTax, your Work from Home GST Partner	2 Hours	Amritsar	Mr Amiya Jha	Clear Tax used his own App
15.04.20	Analytical discussion on development of refund related provisions under GST including practical issues of refunds	2 Hours	Amritsar	CA Navya Malhotra	https://www.youtube.com/watch?v=gNgxmWHvKj0&t=4166s
16.04.20	Simplifying office to work from home strategies, Tools, Tips, Gearing up for future	2 Hours	Amritsar	CA Narasimhan Elegovan	https://www.youtube.com/watch?v=sLDF8Kn3Dow
20.04.20	Impact of COVID-19 on accounting and Auditing of Financial Statements	2 Hours	Amritsar jointly with Ludhiana, Patiala and Yamuna Nagar	Ca Amarjit Chopra And CA Archana Bhutani	Ludhiana Branch
23.04.20	Covid impact on Equities, Bonds and Gold Mkt and our Portfolio	2 Hours	Amritsar jointly with Ludhiana and Chandigarh	CA Aman Chugh	Ludhiana Branch

29.04.20	Capacity building path in this challenging Time	2 Hours	Amritsar jointly with Ludhiana and Himachal	Mr Suneel Keswani	Faridabad Branch
30.04.20	Statutory Bank Audit	2 Hours	Amritsar jointly with Bathinda, Chandigarh , Patiala, Sangrur, J&K and Himachal	CA Sanjay Vasueva and CA MM Khanna	Chandigarh Branch

Regards,

Sd/-

CA Shashi Pal
Secretary – ICAI Amritsar Branch
ICAI Bhawan,New Amritsar-143001
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Impact of COVID-19 on Real Estate Sector

BY CA SHIKHA MATANI
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The COVID-19 pandemic is now a truly global phenomenon with 2.6 billion people (a third of the world's population) now living under some sort of lockdown quarantine. The short-term human and economic impact is undeniable as people stay home, offices and shops close, and production stalls. Once the risk to human life has reduced and steps are taken back toward a fully productive economy, it is worth spending some time envisaging what this' new normal' might look like.

In the real estate sector, we can see that the pandemic has accelerated some trends already in evidence, whereas other trends may reverse

Implications in real estate

Measures implemented by policymakers to support the economy will take time to flow through but as virus concerns recede, these steps should help the economy regain its footing. Given this, the implications to real estate markets will be most evident over a longer period of time rather than being immediately apparent. Importantly, by nature, demand for the provision of real estate is relatively inelastic. While businesses or individuals may be affected by the outbreak, their demand for real estate is likely to be delayed rather than disappear. A continued low interest rate environment and supportive central bank policies may offset some of the macro headwinds and provide further confidence to investors' real estate strategies. In a low-yield environment, real estate has proven to be an asset class that provides investors with a good risk-adjusted return.

A few notable trends likely to emerge in Commercial Real Estate Sector amidst the current COVID-19 situation

1. **Delays in construction activities to impact supply -** The office segment has been growing at an impressive rate over the last three years. The supply has been on the rise each year and the absorption has also been good. Based on the trends, it was estimated that the supply would have been around 47 Mn in 2020. Some developments that are still to secure leases and commitments from occupiers may get spilled over to the next year as some developers may not be willing to pay out large fee for Occupancy Certificates (OC) if majority of their projects' space is not leased. However, owing to the prevailing crisis, the supply is surely going to be affected.

2. **Reduced demand -** Amidst the pandemic and the global health crisis, the demand for office space is likely to drop. As many occupiers may not be able to assess the impact until the situation is resolved, they will reassess their position. While there will be some significant slowdown in their businesses, the expansion or consolidation plans may also be shelved. Given the sluggish business environment and that is likely to be prevalent post the COVID-19 outbreak period, it will put rentals under tremendous pressure. WhileI expect that the vacancies may not rise significantly owing to the supply-demand equilibrium, the occupiers would like to re-negotiate the cost and other terms.

3. **Rentals to come under pressure -** As most corporate occupiers in Indian office space are MNCs in the IT-Sector, which are headquartered in Europe or the U.S., they are likely to revisit their business plans for the coming years. Analysis further indicates that US-based companies account for 45% occupiers, followed by India-based companies at 30%. Incidentally, countries within the European Union – one of the worst affected-contribute 10% of the overall leasing in the Indian office market.
4. **Demand for flexible spaces on the rise; relook at office space requirement -** Layout of workstations and production areas may be revisited tooptimize real estate requirements basis a new work schedule and regime. Occupiers may consider flexible working schedules based on rostered days of works; thereby reducing the space requirement resulting in reduced operations cost. Tele commuting and rostered timings may become the new norm for offices depending on the nature of business . Having experienced telecommuting during the COVID-19 pandemic, many companies may consider this as a long-term strategy, which will result in optimizing their real estate requirement and operations cost.

Does it affect Real Estate Investment ?

Real estate cannot be lost or stolen, nor can it be carried away. Purchased with common sense, paid for in full, and managed with reasonable care, it is about the safest investment in the world.

Impact on Investment Values

There are certain questions which needs to be answered. Are my investments impaired ? Does Term asset valuation becomes challenging? Actions to be taken today -

1. Model the short-and Long-term impact on cash flows through scenario analyses and probability weighting of the severity of short-Term disruptions and the length of time to economic recovery. COVID-19's impacts will vary significantly depending on property type, tier of investment and geographic location.
2. Evaluate the cash flow impact of development project delays in permitting, construction, and Lease-up times.
3. Revisit affected valuation assumptions including market rents, collection loss, downtime, renewal probability and payroll costs.

Asset Management (Rental Exposures)

Be prepared for tenants to ask for relief from rent. Rent is one of the first expenditures that companies seek to avoid in restructuring events.

Some tenants may enter bankruptcy, leading to long -term delays in collections and re-leasing.

Actions to be taken today

1. Establish a task force to model the value impact of rent relief requests.
2. Develop guidance for grating or modifying relief requests.
3. Proactively contact tenants regarding their business operations and any planned closures.
4. Hospitality and tourism, senior housing and student housing are the sectors that will likely experience the most immediate impact.
5. Consider offering early extension deals to credit tenants and tenants in industries less affected by the virus.

Debt Considerations

Debt covenants could be trigged by deteriorating cash flows or value declines. Debt service could become difficult. Near-Term refinancing could be at risk.

Actions to be taken today

1. Determine whether your investments have adequate debt services coverage and sensitize the impact of COVID 19 on your ability to make payments.
2. Begin discussions and negotiations with lenders regarding near term modifications and extension now
3. Price your Financing options and resulting investments returns. In this climate, it is possible that entity level lending will be more attractive that mortgage financing.

Impact on India Residential Sector

1. **Construction delays -** Amidst the current COVID-19 outbreak, more than 15.62 Lakh units launched between 2013 till 2019 across the top 7 cities of India are in various stages of construction. With India being locked down until mid-May 2020 there will be massive disruptions in the construction material supply even after the lock down ends, leading to disturbances and delay in the construction activity. The delays may even be to the tune of a couple of years.
2. **.Decline in new launches –** Amidst the current COVID-19 outbreak, we are likely to witness major disruptions due to construction delays and financing issues. Moreover, this time around the festive season and summer vacation period which is the most opportune for new launches may take a beating. In this backdrop, in my opinion, in 2020, new launches are likely to register an annual decline to the tune of 25%-30%.
3. **Sales Slowdown -** Considering that residential real estate sales are highly dependent on physical site visits, interactions, discussions and physical documentation, we believe that sales in 2020 might be significantly hit due to the current COVID-19 outbreak in India. Many home buyers will consider postponing their decisions either to stay away from the project sites or in the expectations of a price correction. In my opinion, in 2020, residential real estate sales are likely to register an annual decline of around 25%-35%.
4. **Unsold inventory to remain stable-** With new launches coming to a screeching halt at least for the next few months until we see COVID-19 containment in the country, homebuyers may spring into action during the second half and select from the existing unsold inventory from projects across various stages of construction. In my opinion, in 2020, unsold inventory is likely to remain largely stable with a single digit annual decline of around 1%-3%.
5. **Affordable housing segment tested-** Amidst the current COVID-19 outbreak, we believe that the most affected segment of the working population is the target group for affordable housing developments. These home buyers with limited income and lack of work from home facilities may have to face loss of pay or even jobs and may reconsider their purchase decisions. In my opinion, the unsold inventory in the affordable housing segment will register an annual increase of 1%-2%.

Real estate impact in Bengaluru

Bengaluru, the IT capital of India, is among the world's fastest growing economies. It topped JLL's City Momentum Index 2019 for its fast-growing economy driving its strong real estate dynamics. This city houses large global tech corporations such as Amazon, Google, Microsoft, Apple and Capgemini, to name a few.

COVID-19 crises might impact differently on the Commercial and Residential sector in Bengaluru real estate space. In my opinion, given the sluggish business environment and that is likely to be prevalent post the COVID-19 outbreak period, it will put rentals under tremendous pressure which will result in business restructuring and hence forth rental pressures. The COVID 19 has bought up a new culture of "work from home" which would further be followed to reduce overall business cost. Coming to the residential space Bengaluru might get a hard hit by 25% to 35% annually because of delay in construction projects, negative consumer sentiments and delay in new launches.

KEY LEARNING FROM THE CRISES FOR REAL ESTATE SECTOR

1. **Business continuity planning -** Business continuity and disaster recovery planning prevents against disruptions and subsequent recovery from situations that potentially threat productivity and jeopardise the services of any company. This is critical during times of exigencies when it becomes challenging to maintain continuity of services. However, in situations like COVID-19 such plans are impossible to implement. Hence, the policy needs to be revisited and reinforced in the light of the prevailing situation to ensure better preparedness.

2. **Space optimisation for cost rationalization-** Prevailing crisis of COVID-19 will result in innovative solutions or rostered work shifts and timings. Many companies, depending on their nature of businesses will reduce their dependency on utilisation of office premises and resources. This may result in operating from smaller spaces which will save rent and maintenance cost. This can be an eye opener for many to revisit their plans and create case studies for space optimisations. It will be an important measure to rationalize cost, particularly in times of turbulence.

3. **Adaption to technology-** Since travel restrictions were imposed, virtual meetings gained prominence. This practice needs to be continued even after the pandemic recedes, so as to lower the cost of operations. Companies who have adapted to artificial intelligence (AI) and virtual reality (VR) are likely to be better prepared for any future disruptions. Real estate companies that have already implemented such practices would have continued with some business trickling in even during these distress times. Investment in technology upgrade will not only help companies tide during such crisis but will yield rich dividends in the long term.

3. **Focus on online presence and transactions -** Most real estate businesses are currently highly dependent on physical visits, face-to-face discussions and transactions. In the connected world of the internet, industry leaders have been propagating the adoption of an omnichannel strategy. However, many businesses have not invested enough time and effort to make it meaningful. It is imperative to increase online presence as the digital mode of business including product display, discussions, comparison and transactions is relatively less affected by such pandemic and other crisis-like situations that deter consumers from physically visiting business centers.

5. **Risk management practices-** Practices and policies pertaining to risk management need to be taken seriously by all businesses and not be restricted to the financial sector. It needs to

be practiced with all earnestness to improve the preparedness for any future disasters and ability to mitigate situations. Incessant monitoring and preparedness can help to focus the actions and steps to be taken at the time of a crisis and help protect and preserve business assets. Real estate developments require deployment of large volumes of stock and machinery. To procure and use them, huge cost is incurred. Hence their safety and availability become important and critical to a business. Developers and contractors need to focus on risk management more effectively to ensure efficiency and profitability.

Corporate re-entry check list

Workforce

'Provide confidence it is safe to come back to work'

- ☑ Eligibility / triage to return to work and identify priorities of re-entry
- ☑ Critical activities and sites identified including site proximity analysis
- ☑ Training and education program to prepare for return to work
- ☑ Social and physical distancing protocols
- ☑ Limit sharing of equipment
- ☑ Provide mental health support

Asset & people protection

'Safety, health and wellness to remain the priority'

- ☑ Full protection through hygiene solutions. Visible and well-trained cleaning staff will be critical
- ☑ Limited / controlled access to manage density
- ☑ Commuting plans and protocols
- ☑ Employee and visitor screening solutions
- ☑ Tracking and control measures using technologies
- ☑ Healthy building measures

Workstyle adaptations

'Changing protocols and workspace design'

- ☑ Reduced workplace density – redesign space to maintain new distancing standards
- ☑ New protocols to reduce gatherings while enabling collaboration
- ☑ Provide new onsite facilities to reduce need to leave
- ☑ Enable remote working to continue

The Government of India and the Reserve Bank of India have also announced several measures to combat the social and economic crisis arising out of the COVID-19 breakout

1. **Lowering the interest rates -** Repo rate and reverse repo rates were reduced by 75 bps and 90 bps, respectively. Hereafter, the revised repo rate stands at 4.4% and the reverse repo rate at 4% as on 20th April, 2020. This is going to make credit more attractive and infuse liquidity in the system. The reduction in reverse repo rate is a strategic move to discourage banks from parking their excess funds with the central bank as lower rates will now compel banks to deploy the amount for credit off take to ensure continued liquidity

2. **Reduction of the Cash Reserve Ratio (CRR) by 1%-** The Reserve Bank has reduced the CRR by 1% which is likely to release primary liquidity of around INR 1.37 Lakh crore across the banking system of the country. The minimum daily CRR balance has also been reduced from 90% to 80%. This is a one-time dispensation available up to 26th June 2020.

3. **3 months of moratorium for all loans -** Anticipating a rise in defaults following the recent COVID-19 pandemic, the Reserve Bank has allowed a moratorium of 3 months to all term loans from all institutions. The central bank has been sensitive to the ongoing issues and has assured that this will not impact asset classification downgrade. This is an important step to regulate and supervise the monetary system of the country and may help individuals and companies to manage their working capital and ensure business continuity.

Conclusion

Besides, the government of India has also announced a slew of measures to ensure that the poor can sustain during these difficult times. Under the Pradhan Mantri Gareeb Kalyan Scheme, INR 1.7 Lakh crore has been offered to protect urban and rural poor, farmers and migrant workers. This scheme aims to provide food and nourishment to the daily wagers, widows, Self Help Groups, pensioners, farmers and physically challenged. The direct benefit transfer will help to keep the rural and urban economy active. The Government of India and the Reserve Bank of India have also announced several measures to combat the social and economic crisis arising out of the COVID-19 breakout.

Insight into Indian Start up and Salient aspects of Start Up Funding and Government Initiatives in the direction -

BY CA VIDIT VAKUNTH VANSIL
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A Good Idea with a potential monetization is a great space to start off a START UP. For a tree to be grow, a seed is sown. Similarly, Once the idea for startup has been crystallized it needs business plan, customers, capital, team, suppliers etc. to grow and survive. As per the current market scenario more and more people including professionals, students etc. with an entrepreneurial bent of mind are quitting high paying and secure jobs to venture into unknown world of startups. Many young graduates with no work experiences but with a dream in their heart and an idea in their mind, are drifting towards this route. As we dig deeper into the startup ecosystem, successful startups, at all the levels, depend on leadership with the ability of a few to organize both day-to-day and long-term goals. On the face of it, this sounds simple, but the reality is that not everyone is cut out to lead and to run a successful startup. It requires a certain mindset and armory skills.

India's' early stage ecosystem has come a long way over the past decade. Investors, mentors incubators, accelerators, universities, government initiatives and coworking spaces are all basic building blocks of this ecosystem. Each of these enablers has had a positive rub-off on the overall ecosystem. India is currently the third largest tech ecosystem after US and China on a few dimensions including number of startups, capital deployed and number of unicorns pawned out. This article describes the various stages of funding that a startup goes through in its journey to become a mature company along with various schemes and initiative taken by the GOI (Government of India) for the startups and its ecosystem in India.

Growing a startup without breaking the finance

We have been listening several Indian startup stories who started with no large funding and monies. Some stories include but are not limited to Wow! Momos, Ola Cabs, Address Health, Fresh Menu, Dunzo, Razorpay, 1MG etc. and eventually these moved towards VC (Venture Capital) and P.E (Private Equity) Funds for expansion. Yes! It is possible to just start with low financial budget, Before you get into anything else, focus on fundamentals. Develop a clear understanding of your core product and services being offered. Focus on what makes you different (or better) than others in the market. As there is already a fierce competition out there, make sure you have a unique selling point (USP). More importantly, being aware of it so that you can strategize the marketing keeping your USP in mind. Having a kickass team with creative bent of mind, strong social media presence, collaborations with established brands, initial customer satisfaction, optimum utilization of available resources will help you to take off your startup successfully with no large funding in hand.

Startup Funding

The funding requirements and sources are different at various stages of growth. The very first stage of funding usually comes from the founder. This seed capital, infused by the founder, is used for setting up the commercial structure and working on the revenue model. Any shortfall in the capital requirements can be met by close Family and Friends (F&F). Having the support of F&F gives a cushion to the risk and sends a positive signal, about their confidence in the entrepreneur and his idea, to external investors who will evaluate this business in future. It is a win- win for both sides. When raised at the appropriate stage of the business this round of funding can prove to be the lifeline for budding startups. The next few sources of fund raising comes from angel investors and/or angel networks. Presently, India is home to more than 800 angel investors and/or angel networks and an increase in this substantial number is inevitable.

The next stage for the funding comes from the HNI (High Net worth Individuals), Institutional Investors and VC Funds. This stage commences when startup has overcome the initial challenge and has got into a better shape. Starts up post the 1st stage can now approach VC funds with a holistic business plan. A VC fund can bring many things in addition to providing capital including strategic guidance, international connections, framework for rapid scalability, corporate governance, etc. At this stage the business model should be stable. It should have become a steady source and a roadmap for the next stage of growth. As the business model matures and becomes sustainable, further round of capital comes into picture i.e. Private Equity (P.E) funds that typically invest in more mature business compared to VC's. These P. E's not only help startups to look into global market expansion but also help them go public through IPOs. Lately, I have seen many P.E investing in early stage of startups narrowing the gap between PE and VC funding time and stages. As the Indian Start-up ecosystem matures, I am witnessing an interesting phenomenon, where investors are seeking to invest capital into a concentrated pool of opportunities, as can be seen in the over US$10 billion of invested capital in each of the last two years, coupled with rising average deal sizes. Startup investments have become an interesting alternative to the old asset classes and investors are showing keen interest to be part of these journeys.

GoI (Government of India Initiative)

The Indian government has recognized that digitization and technology are the need of the hour. Technology supported the Prime Minister's Jan Dhan Yojana, one of the widest financial inclusion plans globally and also Aadhaar, a biometric based identification, which boasts of having linked over 870 million bank accounts. Demonetization of 2016, has paved the way for citizens and businesses to start transacting digitally on the back of these two initiatives. Of all the support provided by the government, the following two have helped the investment and entrepreneurial environment the most:

Alternative Investment Funds :-

Alternative Investment Fund or AIF means any fund established or incorporated in India which is a privately pooled investment vehicle which collects funds from sophisticated investors, whether Indian or foreign, for investing it in accordance with a defined investment policy for the benefit of its investors. AIF does not include funds covered under the SEBI (Mutual Funds) Regulations, 1996, SEBI (Collective Investment Schemes) Regulations, 1999 or any other regulations of the Board to regulate fund management activities. Further, certain exemptions from registration are provided under the AIF Regulations to family trusts set up for the benefit of 'relatives' as defined under Companies Act, 1956, employee welfare trusts or gratuity trusts set up for the benefit of employees, 'holding companies' within the meaning of Section 4 of the Companies Act, 1956 etc. [Ref. Regulation 2(1)(b)].

In 2012, SEBI introduced The AIF Regulations to channelize capital available with high net-worth individuals (HNIs) and institutions into unlisted companies and to organize the Venture Capital (VC) and Private Equity (PE) funding in India. It was formulated as an all-encompassing regulation for pooling vehicles to enable asset managers to diversify into launching a variety of funds. Since the introduction of the AIF Regulations, there has been a surge of funds raised in India and thereby increasing investments made by made by SEBI registered AIFs. AIFs have become the go to investment option for HNIs looking to diversify beyond the traditional investment options available. AIFs have been categorized into three distinct buckets by SEBI:-

Category 1- AIFs which invest in start-up or early stage ventures or social ventures or SMEs or infrastructure or other sectors or areas which the government or regulators consider as socially or economically desirable and shall include venture capital funds, SME Funds, social venture funds, infrastructure funds and such other Alternative Investment Funds as may be specified. [Ref. Regulation 3(4)(a)]

Category 2 - AIFs which do not fall in Category I and III and which do not undertake leverage or borrowing other than to meet day-to-day operational requirements and as permitted in the SEBI (Alternative Investment Funds) Regulations, 2012. [Ref. Regulation 3(4)(b)] Various types of funds such as real estate funds, private equity funds (PE funds), funds for distressed assets, etc. are registered as Category II AIFs.

Category 3 - AIFs which employ diverse or complex trading strategies and may employ leverage including through investment in listed or unlisted derivatives. [Ref. Regulation 3(4)(c)] Various types of funds such as hedge funds, PIPE Funds, etc. are registered as Category III AIFs.

AIF structures work like the mutual fund industry wherein it involves participants like a Sponsor, a Trust, a Trustee, an Investment Manager (Asset Management Company), a Custodian, limited partners (investors) and portfolio companies (investees).

As on 31st December 2019, The following amounts have been attracted by AIF's in India (All figures in crores) :-

Type of AIF	Commitment Raised	Fund Raised	Investments Made
Category 1	38825.985	17574.849	13904.136
Category 2	260824.45	112688.573	92433.15
Category 3	48151.361	41449.478	35777.818
Total	347801.8	171712.9	142115.104

Source: SEBI Website

Angel Tax –

Section 56 (2)(viib) of the Income tax Act, 1961 was introduced by the Finance Bill, 2012 as a special section that focused solely on the excess premium on issue of shares. This section attempts to bring to tax the excessive share premium received by a private company upon the issue of shares. As per this section, if the amount collected by a company in which public is not substantially interested on issue of shares exceeds its fair market value (FMV) computed as per Rule 11UA of the Income tax Rules, 1962, the difference between the amount so collected and the FMV of the shares is taxable as income from other sources in hands of recipient company. Since most start-ups invest huge sums of money in new technologies, R&D, innovations and testing new products and services, the FMV as per traditional measures is lower than the valuation for funding in most cases. Angel investors and VCs invest at high valuations (at a premium compared to the FMV) and the start-ups ended up being taxed under section 56(2)(viib). The intention of this clause was to curb the illegal transfer of money for tax avoidance, however the technical definition was causing undue litigation for start-ups with the tax department. Though the investment received from SEBI registered VC funds were exempted from this clause, the angel investors were still being taxed and thus the name "Angel tax" came into being. In April 2018 the government came out with relaxations for investment received by start-ups. They provided an exemption from Section 56(2)(viib) of the Act if the start-up was registered with the Department for Promotion of Industry and Internal Trade (DPIIT). The process of registering with DPIIT was not easy thus leading to the exemption not being received by all the start-ups. The government further relaxed terms of exemptions in January and February 2019.

A Comparison of Relaxation vide the DPIIT Notification:-

Provisions	As per notification issued on 11 April, 2018 (as modified by notification dated 16 January, 2019)	As per notification issued on 19 February, 2019
Turnover of start-ups	The turnover limit of up to INR 25 crores in any financial Year	Increased to INR 100 crores
Duration of start-ups	Exemption could be taken only if the company was registered within the previous 7 years (10 years in case of a biotechnology start-up)	Duration was increased to 10 years for all start-ups.
Nature of work	The start-up entity must be working towards innovation, development or improvement of products or processes or services, or creating a scalable business model with a high potential of employment generation or wealth creation.	Remains the same
Threshold limit of share capital and share premium	The aggregate paid-up share capital and share premium of the start-up after the proposed issue of shares should not exceed INR 10 crores	This limit was increased to INR 25 crores in 2019. Also, investments by non-residents, VC funds and specified companies was excluded.
Type of Investors	Investor to be a person with a returned income of at least INR 0.5 crore and a Net Worth of INR 2 crores	Condition Removed
Valuation report	A valuation report from a merchant banker showing FMV	Condition Removed
Procedure for obtaining DPIIT Registration	Initially the application was to be made to DPIIT. Then the process was changed wherein DPIIT would forward the application to the CBDT and the CBDT, within a period of 45 days of receipt of application, may grant or decline such approval.	After further changes, now a start-up recognised by DPIIT (erstwhile DIPP) and fulfilling the conditions mentioned for exemption under section 56(2)(viib) of the Act, shall file a duly signed declaration in Form-2 to the DPIIT. The DPIIT shall forward it to the CBDT. No approval from the CBDT is required.

Other Benefits :-

Self-Certification – Startups shall be allowed to be self-certify compliance for 6 Labour Laws and 3 Environmental Laws through a simple online procedure. In the case of labour laws, no inspections will be conducted for a period of 5 years. Startups may be inspected only on receipt of credible and verifiable complaint of violation, filed in writing and approved by at least one level senior to the inspecting officer. In the case of environment laws, startups which fall under the 'white category' (as defined by the Central Pollution Control Board (CPCB)) would be able to self-certify compliance and only random checks would be carried out in such cases

Startup Patent Application and IPR Application related – The benefits include Patent applications filed by startups shall be fast-tracked for examination so that their value can be realised sooner. For effective implementation of the scheme, a panel of "facilitators" shall be empanelled by the Controller General of Patents, Designs and Trademarks (CGPDTM), who shall also regulate their conduct and functions. Facilitators will be responsible for providing general advisory on different intellectually property as well as information on protecting and promoting intellectual property in other countries. Under this scheme, the Central Government shall bear the entire fees of the facilitators for any number of patents, trademarks or designs that a Startup may file, and the Startups shall bear the cost of only the statutory fees payable. startups shall be provided an 80% rebate in filing of patents vis-a-vis other companies. This will help them pare costs in the crucial formative years.

Tax Exemption under 80IAC- Eligible startups can be exempted from paying income tax for 3 consecutive financial years out of their first ten years since incorporation

Tax Benefit Under section 56- Discussed in "Angel Tax"

Ease of winding up- As per the Insolvency and Bankruptcy Code, 2016, startups with simple debt structures, or those meeting certain income specified criteria* can be wound up within 90 days of filing an application for insolvency. An insolvency professional shall be appointed for the Startup, who shall thereafter be in charge of the company (the promoters and management shall no longer run the company) including liquidation of its assets and paying its creditors within six months of such appointment. Upon appointment of the insolvency professional, the liquidator shall be responsible for the swift closure of the business, sale of assets and repayment of creditors in accordance with the distribution waterfall set out in the IBC. This process will respect the concept of limited liability.

Easier Public Procurement Norms-

1. Opportunity to list your product on Government e-Marketplace: Government e Marketplace (GeM) is an online procurement platform and the largest marketplace for Government Departments to procure products and services. DPIIT Recognized Startups can register on GeM as sellers and sell their products and services directly to Government entities. This is a great opportunity for startups to work on trial orders with the Government.

2. Exemption from Prior Experience/Turnover: In order to promote startups, the Government shall exempt Startups in the manufacturing sector from the criteria of

"prior experience/ turnover" without any compromise on the stated quality standards or technical parameters. The Startups will also have to demonstrate requisite capability to execute the project as per the requirements and should have their own manufacturing facility in India.

3. EMD Exemption: DPIIT recognised startups have been exempted from submitting Earnest Money Deposit (EMD) or bid security while filling government tenders.

The technological revolution in India has given rise to array of local new age business opportunities, by taking both social and commercial interactions online. Social media giants like WhatsApp (serving 400 million monthly active users), YouTube (the top subscribed channel on YouTube hails from India: T-Series with 106 million subscribers) and Tik Tok (120 million monthly active users in India) have provided local businesses in India with community engagement opportunities. The new age business models are thriving in this age of digital disruption and have started becoming relevant capital consumers. These are very interesting times for India as technology enabled, new-age businesses become meaningful contributors to the national growth as well as wealth creators.

With advent of digital age, we must accentuate the role of start-ups for digitalization of Small-Medium Enterprises which accounts for majority of business proportions in India. These initiatives introduced by Government have made a conducive impact on the booming startup scene in India (the second largest startup ecosystem in the world), thus, gearing it to unleash its huge potentiall in this sphere.

THE NEW INDIA ASSURANCE CO. LTD.
(Government of India Undertaking)

POLICY SCHEDULE CUM CERTIFICATE OF INSURANCE
Private Car Enhancement Cover Policy
UIN - IRDAN190RP0042V01100001

Insured's Details		Policy Details	
Insured's Name:	ANKUSH SEHGAL ..	**Policy number:**	36050031200300000212
Customer ID:	PO76083837 (PAN No :NA)	**Period of cover:**	18/05/2020 12:00:01 AM to 17/05/2021 11:59:59 PM
Insureds Address:	S/O LOKESH SEHGAL,H NO ACA-415 BEHIND SAGAR HOTEL,O/S HALL GATE, AMRITSAR ,PUNJAB, 143001	**Registration no.**	PB-02-DN-4060
Prev. Policy no.	36050031190300000496	**Make/Model:**	MARUTI/SWIFT
Email:		**Receipt no.**	36050081200000000178 - 14/05/20
Phone Number :	/ / 9356002412	**Fax Number :**	NA / NA
GSTIN/UIN	NA / NA		

Issuing office		New India Contact	
Address	AMRITSAR DO (360500), COURT ROAD POST BOX 98 AMRITSAR , , , PUNJAB , 143001.	Agent / Corp. Agent / Broker / Banc Assurance / Referral Code - Name / POS/IMF/SPECIFIED PERSON	Mrs. Manju Rani - (NIA1D6340720)
		Phone no	01832572429 / /
Phone no	01832565552	Fax no.	/
Fax no.	NA / NA	Email	/
Email	nia.360500@newindia.co.in	Development officer level Name/Code	SATISH KUMAR SHARMA - (1D6342128)
Claim Contact	AMRITSAR DO (360500)	Claim Contact Detail	COURT ROAD POST BOX 98 AMRITSAR,,;01832565552//
GSTIN	03AAACN4165C1Z1		
SAC	997139 (Other non-life insurance services excl RI)		

Policy Details

Geographical Area / Zone:	India/B	**Year of manufacture:**	2018
Name of the Financier:	HDFC BANK LTD	**Chassis no./Engine no.:**	181348/7248343
Type of body:	Hatch-Back/Petrol	**Variant:**	
Automobile Association membership:	none	**Colour:**	MAGMA GRAY
Seating capacity including Driver:	5	**Cubic capacity (cc)/Wattage(kW):**	1248cc
Cover Note No/Cover Note Issue Date:	/	**Name of registration authority:**	Amritsar

IDV(In `)

Vehicle	Trailer	Non-Elec Acc	Electrical Acc	Bi-fuel kit	Total Value
450164	0	0	0	0	450164

Cover Description	Cover Opted	Cover Description	Cover Opted
Additional Towing Charges	No	Engine Protection Cover	No
Return to Invoice Cover	No	Road Tax	No
No Claim Bonus Protection Cover	No	Loss of Contents Cover	No
High Value PA Cover	No	Personal Belongings Cover	No
Consumable Items Cover	No	Nil Depreciation	Yes

Schedule of Premium

Own Damage		Liability	
		Basic TP Cover	
		Compulsory PA cover for Owner Driver (Sum Insured `15,00,000),LL cover for Other Employees	
OD Premium in `	7461	TP Premium in `	3546
Net Premium in `:			11007
GST in `:			1982
Total Payable in `:			12989
Total Payable in `(in words):			RUPEES TWELVE THOUSAND NINE HUNDRED EIGHTY-NINE ONLY

Policy No. : 36050031200300000212Document generated by 18936 at 14/05/2020 21:08:52 Hours.

Regd. & Head Office: New India Assurance Bldg., 87 M.G. Road, Fort, Mumbai - 400 001. TOLL FREE No. 1 800 209 1415.

For redressal of your grievance, if any,you may approach any one of the following offices- 1. Policy issuing office 2. Regional office 3. Head office.In case, you are not satisfied with our own grievance redressal mechanism; you may also approach Insurance Ombudsman. For details of our office addresses and addresses of office of Insurance Ombudsman, please visit our website http://newindia.co.in.

THE NEW INDIA ASSURANCE CO. LTD.
(Government of India Undertaking)

Limitations as to use	Limits of Liability	
The Policy covers use of the vehicle for any purpose other than: a)Hire or Reward b)Carriage of goods (other than samples or personal luggage) c)Organized racing d)Pace making e)Speed testing f) Reliability Trials g)Any purpose in connection with Motor Trade	Limit of the amount the Company's Liability Under Section II 1(i) in respect of any one accident: as per the Motor Vehicles Act, 1988. Limit of the amount of the Company's Liability Under Section II 1(ii) in respect of any one claim or series of claims arising out of one event: Up to ` 7,50,000	
	For individual covers (OD) in`:	450164
	Imposed excess in `:	0
	Voluntary excess in `:	0
	Compulsory excess in `:	1000

Persons or classes of persons entitled to drive

Any person including the insured provided that a person driving holds an effective driving license at the time of the accident and is not disqualified from holding or obtaining such a license. Provided also that the person holding an effective Learner's License may also drive the vehicle and that such a person satisfies the requirement of Rule 3 of the Central Motor Vehicles Rules, 1989.

PA cover for Owner Driver

Name of Nominee	Age of Nominee	Relationship with the Insured	Name of the Appointee (if Nominee is a minor)	Relationship to the Nominee
NA	NA	NA	NA	NA

PA cover for named persons

Name	CSI Opted(`)	Nominee	Relationship
none	0	NA	NA

Premium and GST Details

	Rate of Tax	Amount in INR
Premium		` 11007.00
SGST	9	991
CGST	9	991
IGST	0	0

In witness where of this policy has been signed at AMRITSAR DO on this 14/05/2020
WARRANTED THAT IN CASE OF DISHONOUR OF THE PREMIUM CHEQUE, THIS DOCUMENT STANDS AUTOMATICALLY CANCELLED ABINITIO
This policy is subject to the Terms, conditions and exceptions applicable to Package/Liability policy attached/available on the web site http://newindia.co.in; IMT Endorsement Number(s) printed herewith attached 22,7.

Important notice:

The insured is not indemnified, if, the vehicle is used or driven otherwise than in accordance with this schedule. Any payment made by the company by reason of wider terms appearing in the certificate in order to comply with the Motor Vehicles Act, 1988 is recoverable from the insured: see clause headed "AVOIDANCE OF CERTAIN TERMS AND RIGHTS OF RECOVERY". It is clarified that in case Àthe declaration regarding the ncb or other previous policy details made by the insured, is found to be incorrect, all the benefits (including claim) under section-1 of this policy, will stand forfeited.

I/We hereby certify that the policy to which this Certificate relates as well as this Certificate of Insurance are issued in accordance with the provisions of Chapter X and XI of M.V. Act, 1988.NIA S.T.REGN No: AAACN4165CST178.

The policy is subject to PCEC endorsement attached.

Date of Issue: 14/05/2020

For and on behalf of The New India Assurance Company Limited

Duly Constituted Attorney(s)

THE NEW INDIA ASSURANCE CO. LTD.
(Government of India Undertaking)

PC EC-1
"PRIVATE CAR PACKAGE POLICY -ENHANCED COVERS"
(Endorsement Wording for Add on cover - NIL Depreciation)

UIN Number - IRDAN190RP0042V01100001 /A0002V02201112

ATTACHED TO AND FORMING PART OF POLICY NO. 36050031200300000212 Additional Premium: ` 3151.148

In consideration of payment of an additional premium by the Insured, it is hereby agreed and declared that notwithstanding anything to the contrary contained in the Policy, the Company hereby undertakes to indemnify:
1.Depreciation on replacement of parts including tyres, tubes, rubber/plastic for Partial Loss Claims.
2.Midterm inclusion of cover is not permitted.
3.Total Loss and Constructive Total Loss will be settled on the basis of IDV.
Subject otherwise to the terms, exceptions, conditions and limitations of this Policy.

For and on behalf of The New India Assurance Company Limited

Date of Issue: 14/05/2020

Duly Constituted Attorney(s)

Tax Invoice No : 36050020E0000417

IRDA Registration Number: 190