

# Rödl & Partner

## SUCCESSFUL TOGETHER

MODIfied India – Staus quo of regulatory changes and expectations  
Rahul Oza  
Hannover, 04.04.2019

# AGENDA

1	5 Major Government Policies	5	Employment Related Changes
2	Infrastructual Impacts	6	Other Regulatory Changes
3	Tax Changes	7	Expectations
4	Corporate Legal Changes	8	Rödl & Partner

# 5 MAJOR GOVERNMENT POLICIES

1.1 Policy objectives
1.2 Digital India
1.3 Clean India: Eliminating Corruption
1.4 Make in India
1.5 Make in India Mittelstand
1.6 Start-up India
1.7 Skill India



# 1.1 POLICY OBJECTIVES

1.

- Improve governance: Speed-up decision making and making administration more efficient

2.

- Improve business opportunities in India
- Further the Indian Economy market for other sectors than services

3.

- Economic inclusion

4.

- Improve the business environment for employees and their education

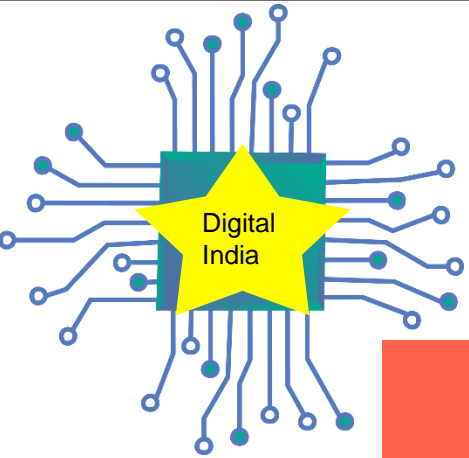
5.

- Improve critical infrastructure

6.

- Environment Protection

## 1.2 DIGITAL INDIA



**“Power to Empower”**

e-Governance

Aadhaar

GST

Indian Trade Portal

e-Assessment

GEM – National Public  
Procurement Portal

UPI (Unified Payment  
Interface)

Online Platform for  
EPFO and ESIC

e-Filing

Private sector

Automation

e-Commerce

Digital payments



# 1.3 CLEAN INDIA



Clean India

## Eliminating Corruption

### Legislations & Amendments

Prevention of Corruption  
(Amendment Act), 2018

Benami Transaction  
(Prohibition) Amendmet  
Act, 2016

Fugitive Economic  
Offenders Bill, 2018

Agreement on real time  
information sharing with  
Switzerland signed in  
2017 (starting 2019)

Prevention of Money  
Laundering Act (PMLA)  
Amendment Rules, 2018

Black Money  
(Undisclosed Foreign  
Income and Assets) Act,  
2015

### Use of Technology

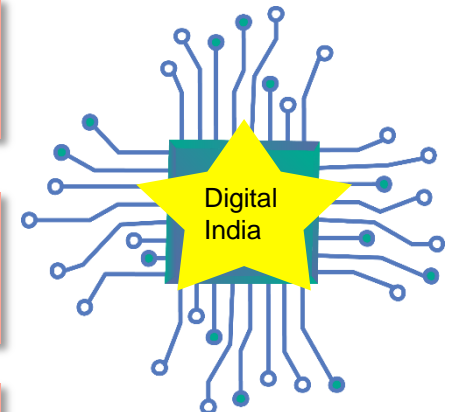
Demonetisation

Aadhaar

GEM Online Platform

e-Governance

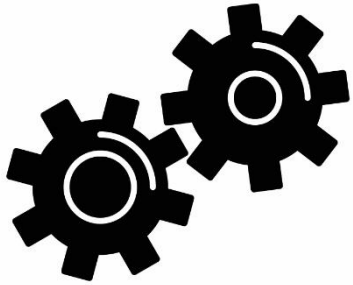
Jan Dhan Yojna



More transparency = More possibilities

e.g.: e-Tender

# 1.4 MAKE IN INDIA



Make in India



Foreign  
Direct  
Investment

- Pharmaceuticals
- Railways
- Medical Devices
- E-Commerce
- Retail
- Trading - Wholesale

Strengthens FDI in  
sectors other than  
services!

Ease of  
Doing  
Business

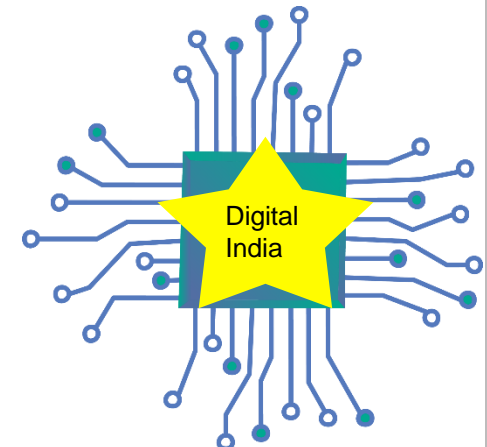
- Industrial and urban infrastructure development
- „Invest India“ Guide
- Japan Plus and Korea Plus
- Central Board of Excise and Customs (CBEC)



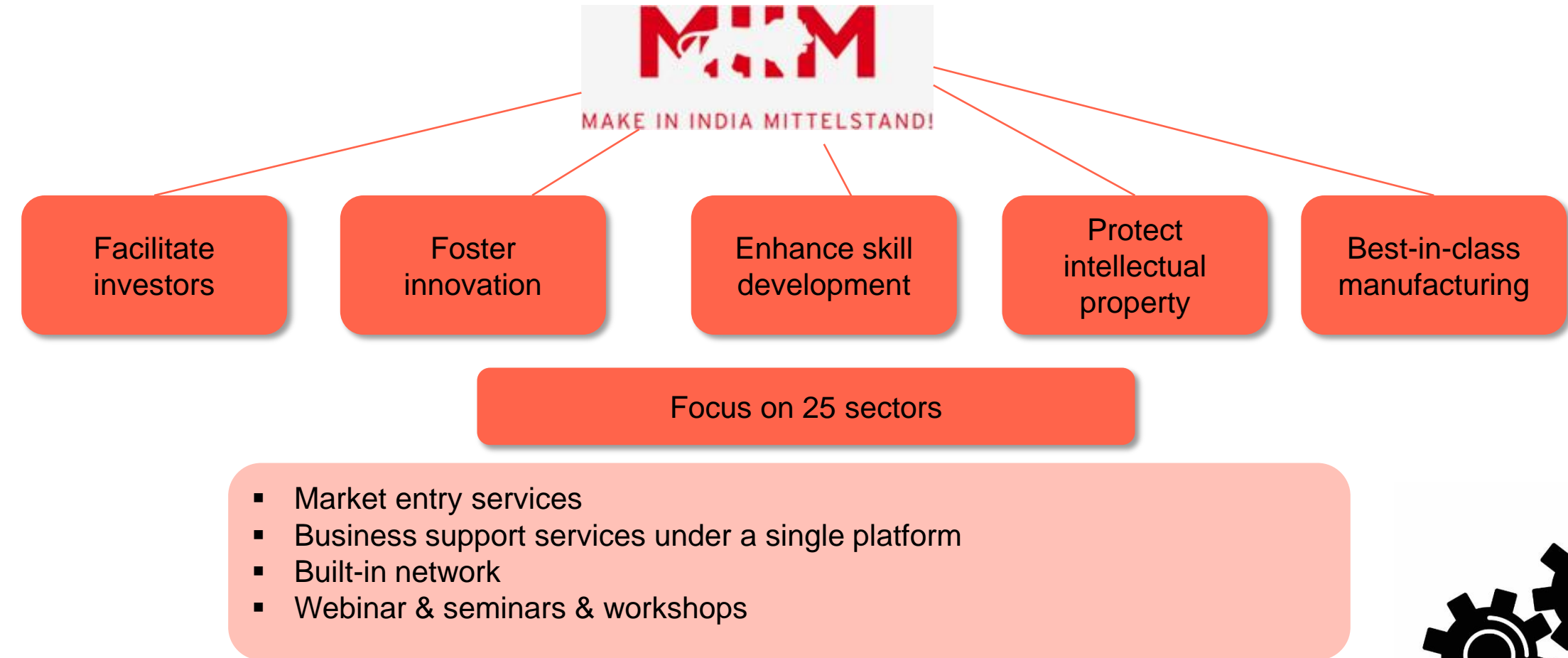
Skill India

Intellectual  
Property  
Rights  
(IPR)

- IPR Awareness
- Generation of IPRs
- Modernization of the administration & Management



## 1.5 MAKE IN INDIA MITTELSTAND

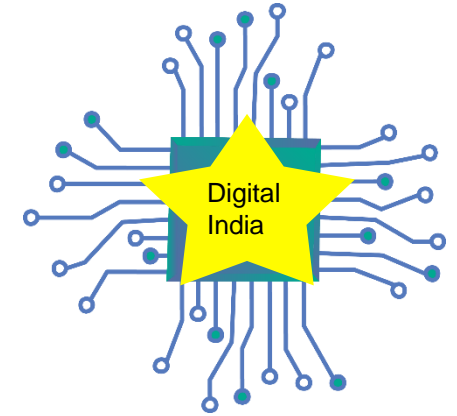
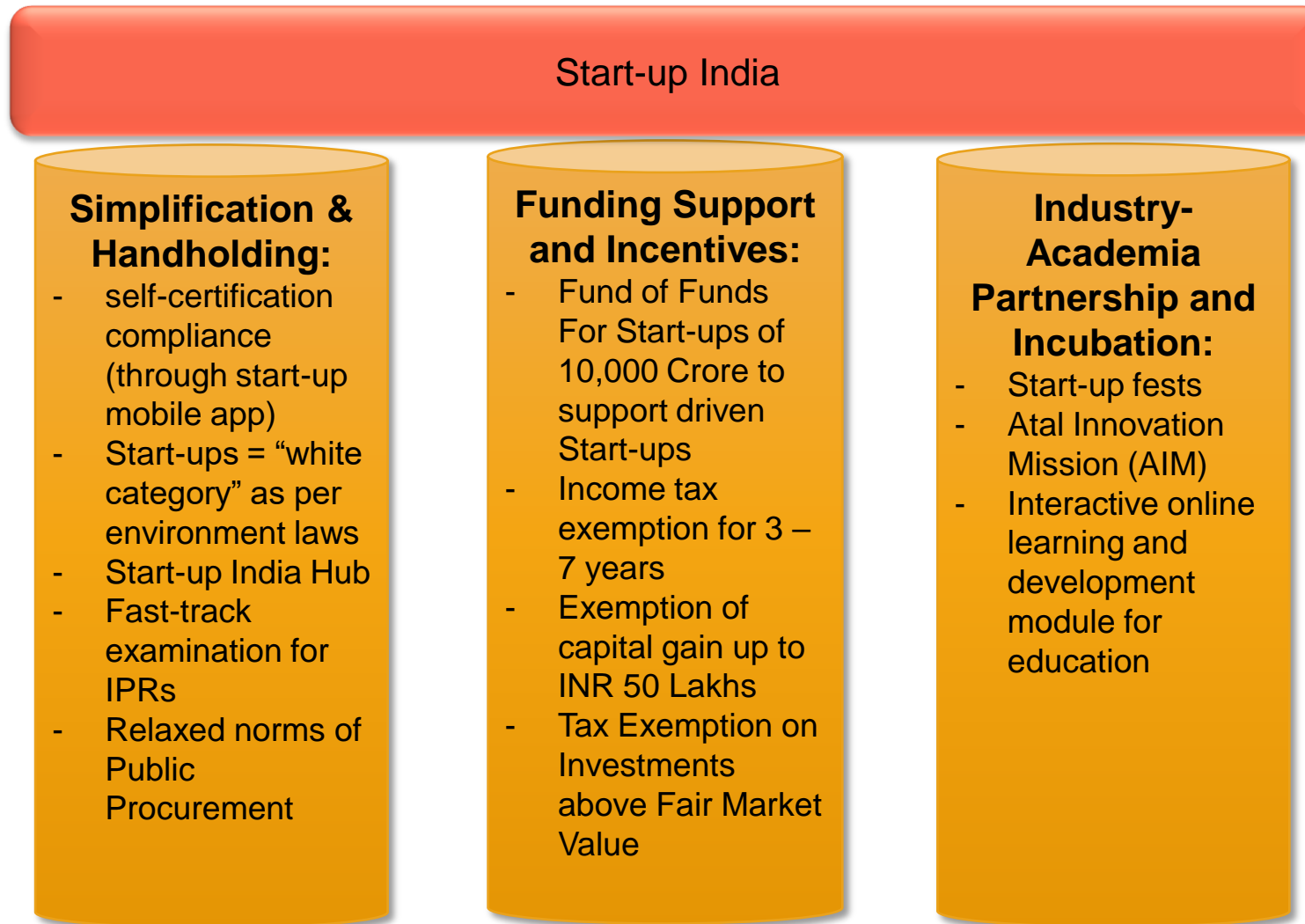


- ➡ Encouraged German small and medium industry (SME)
- ➡ Remaining problems such as: Hague Apostille Convention





## 1.6 START-UP INDIA



➔ **M&A opportunities!**

# 1.7 SKILL INDIA



**National Skill Development Corporation India (NSDC)**

**Pradhan Mantri Kaushal Vikas Yojana (PMKVY)**

- Industry-relevant skill training

**Skill Loan Scheme**

**National Policy on Skill Development and Entrepreneurship**

- Regulating common standards within the country

## Indo-German Programme for Vocational Education and Training (VET)

- Qualified workforce for manufacturing companies
- Workplace-based trainings in 3 industrial cluster: automobile component cluster in Aurangabad, electronics cluster in Bangalore, construction cluster in Bhiwadi
- at least 100 Indian companies should be involved
- Also gender-sensitive approach: needs of women and men in the VET system

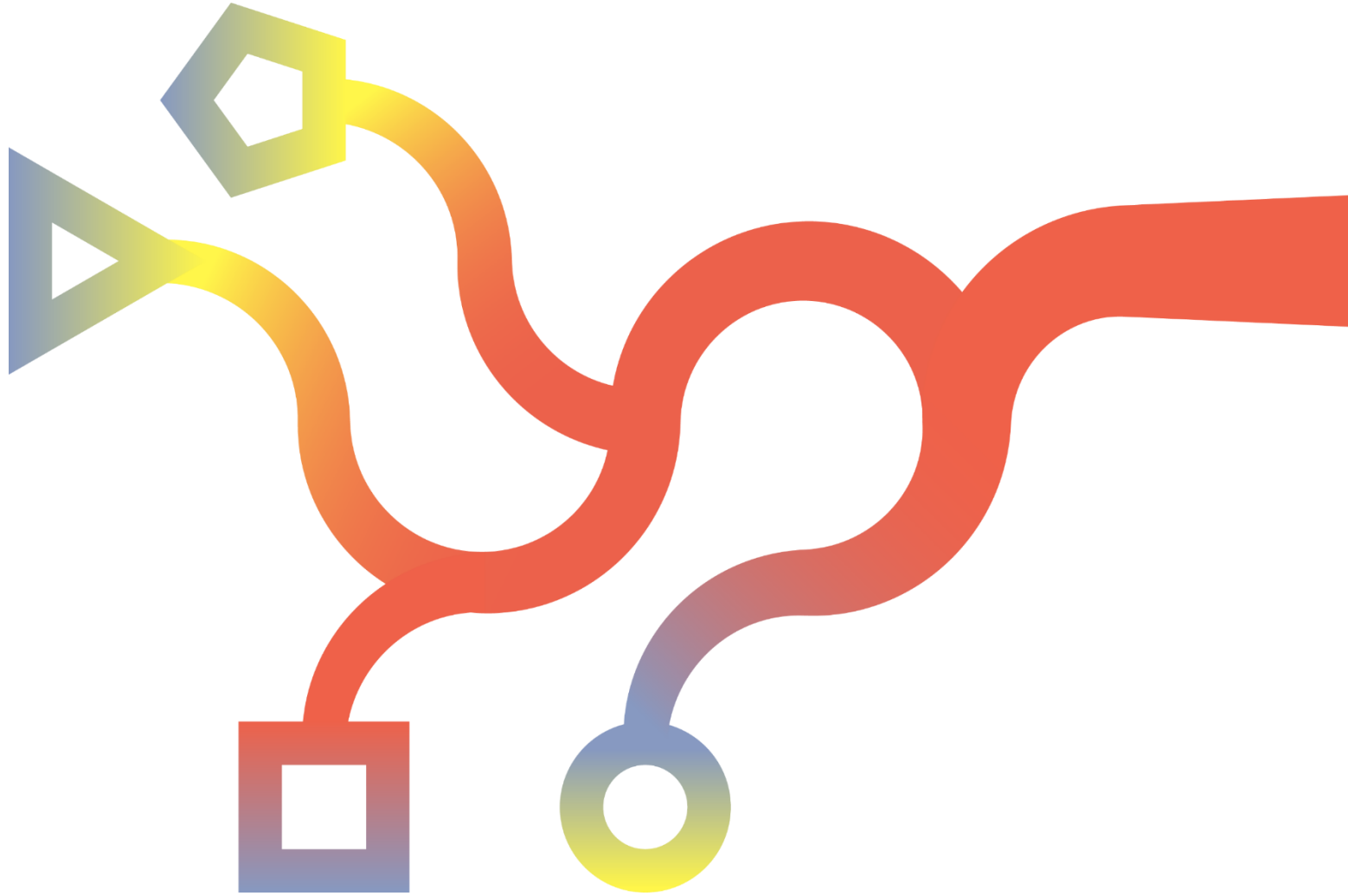
### Remaining Problems:

- Skill development in rural areas
- India's demographic dividend
- Only short-term skill schemes available
- Hard to find skilled employees



**Make in India**

# INFRASTRUCTURAL CHANGES



## 2. INFRASTRUCTURAL CHANGES: PROJECTS



Mumbai-  
Ahmedabad  
High Speed  
Rail

North-East  
Railway



National  
Highways  
Development  
Project (NHDP)

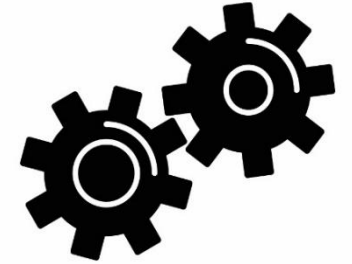
- Widen major highways
- Higher standard

Implementation  
of projects  
through EPC-  
route



Sagarmala  
Project:

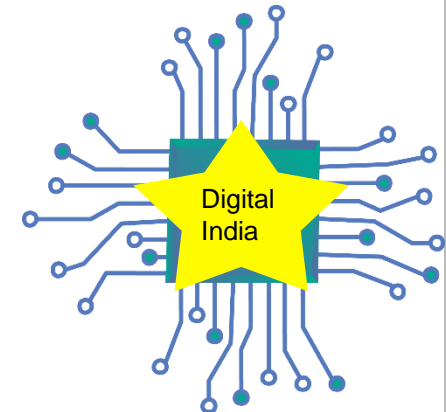
- New mega ports
- Modernizing existing ports
- 14 Coastal Employment Zones (CEZs)
- Coastal Employment Units



Make in India



Skill India



## 2. INFRASTRUCTURAL CHANGES: PROJECTS



Boosting airport capacity and improving regional connectivity

Digi Yatra – Paperless boarding & Digital Facial Recognition for Boarding



Smart Cities

Mission: Develop 100 cities across the country

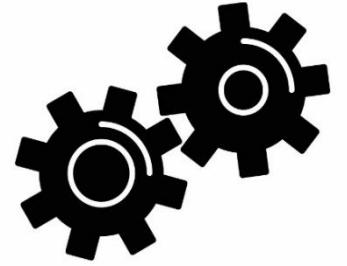
Delay: Deadline extended to 2023

e.g.: “Digi Thane” in collaboration with Israel

Industrialization & Urbanization

Industrial Corridors and 21 new nodal Industrial Cities

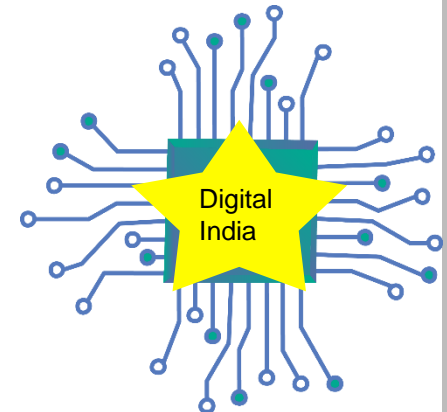
e. g.: Delhi-Mumbai Corridor:  
- USD 100 billion project  
- Financial and technical aids from Japan  
- Overall length of 1,483 km



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## 2. INFRASTRUCTURE CHANGES: OPPORTUNITIES

### Examples:



- Revival of inland waterways to ease traffic pressure and lower transportation costs
- November 2018 first riverine multimodal terminal on river Ganga
- PepsiCo, Emami Agrotech, IFFCO Fertilizers, Dabur India and now even **MAERSK** use inland waterways



- India and Japan signed Loan Agreement for
  - Construction of Mumbai-Ahmedabad High Speed Rail Project (I)
  - Kolkata East West Metro Project (III) with Japan International Cooperation Agency (JICA)



- Indo-Swedish Partnership for Smart-Cities, this includes:
  - CALE: Parking solutions
  - Scania: Transform local waste to fuel, for local transport
  - Volvo: Hybrid fuel solution (Nagpur)
  - ABB Solution Network Manager SCADA: Energy efficiency (Karnataka and Delhi)
  - Fortum: Solar power (Madhya-Pradesh)

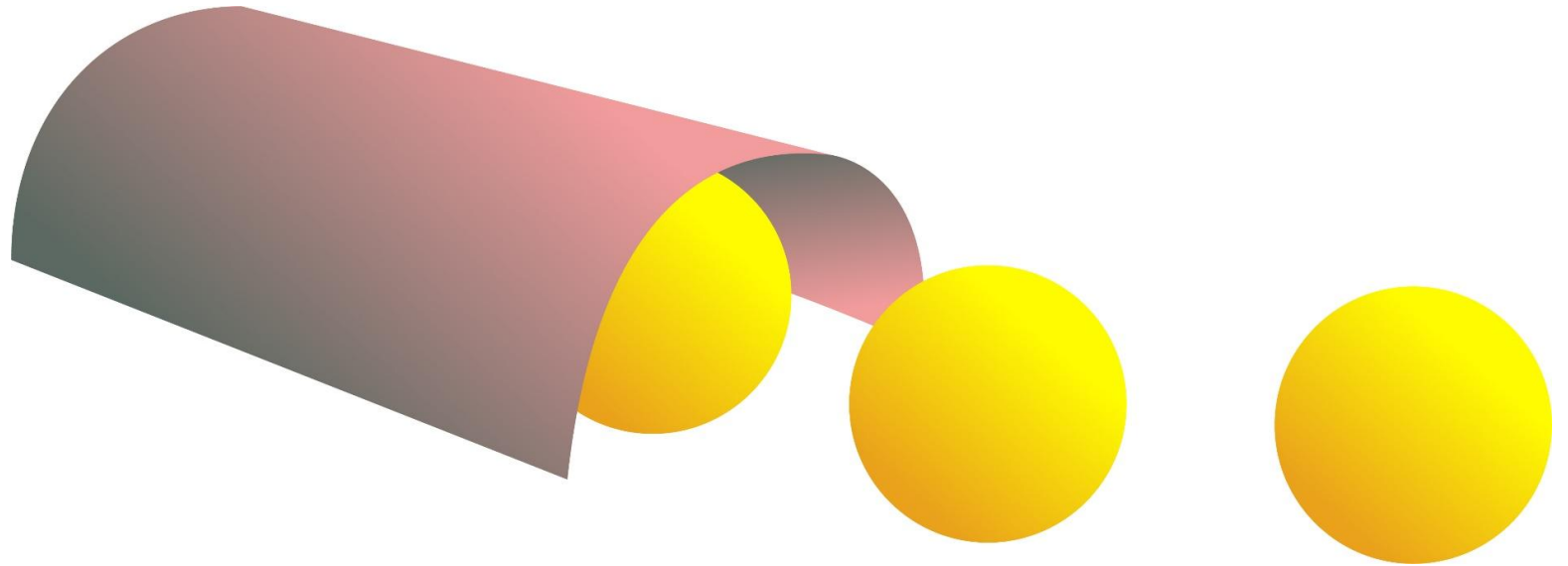


# TAX

3.1 Indirect Tax Regime

3.2 From shattered taxes to GST

3.3 Income Tax



## 3.1 INDIRECT TAX REGIME

<i>VAT</i>	<i>Basic Customs Duty</i>	<i>CST</i>
<i>Electricity Duty</i>	<i>GST</i>	<i>Excise Duty</i>
<i>Service Tax</i>	<i>CVD</i>	<i>Entry Tax / LBT</i>



## 3.2 FROM SHATTERED TAXES TO GST

### Improvements

Improvement of the input tax deduction

No internal customs borders

Streamlined administration and online procedure

Reduction of tax types

### Remaining problems

Classification problems because of different tax rates

Slowdown of MSME sector & export growth

High Compliance requirements

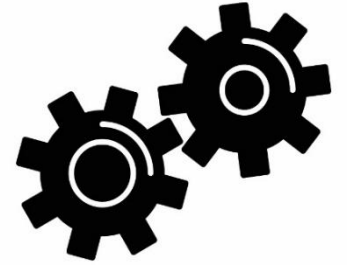


### Customs Improvements

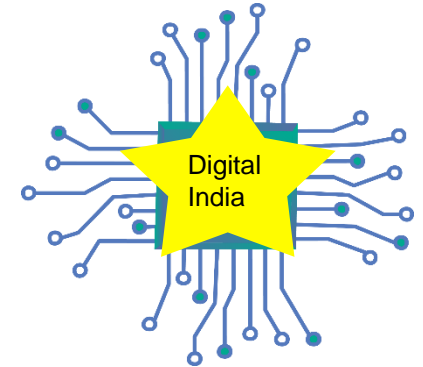
SVB Process simplified + Investigation report

Abolition of CVD

IGST sett off against GST liability

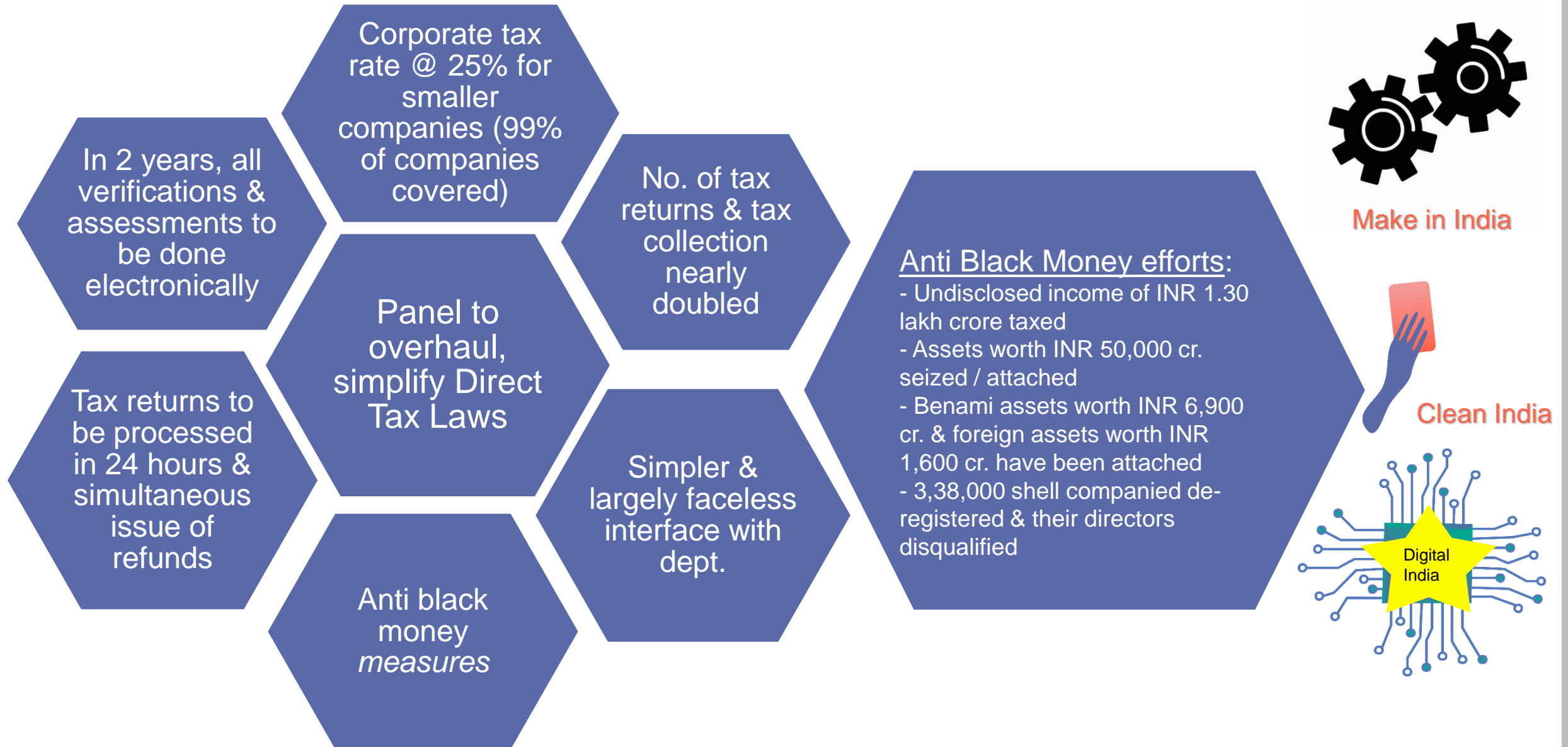


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Clean India

## 3.2 INCOME TAX



# CORPORATE LEGAL CHANGES

4.1 Company Incorporation Process

4.2 New Corporate Compliances

4.3 Foreign Exchange Management Act

4.4 External Commercial Borrowings



## 4.1 COMPANY INCORPORATION PROCESS



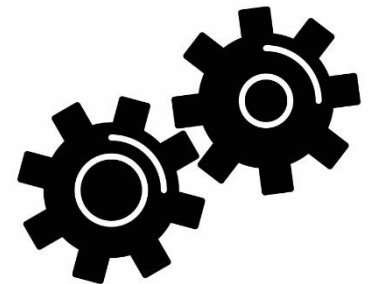
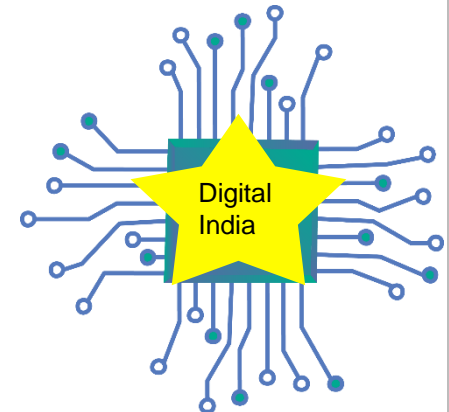
- One general incorporation form
- Fast incorporation (within one week)
- With incorporation directly PAN and TAN
- Centralised, digitalised procedure



- Slow process in case of foreign shareholder
- Practical issues
- Bank Account Opening



Start-up India



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## 4.2 NEW CORPORATE COMPLIANCES

DIR-3 KYC

SBO

SMF & EMF

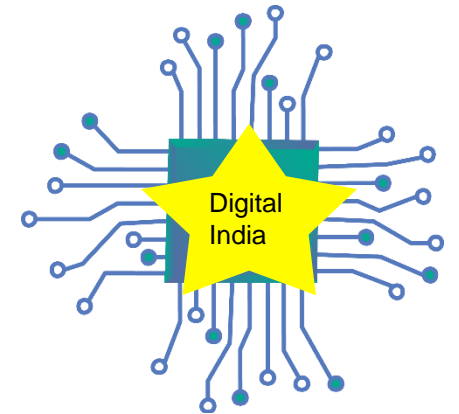
ARF (Advanced  
Remittance  
Form)

Licenses  
(Factories Act, Shop &  
Establishment Act)

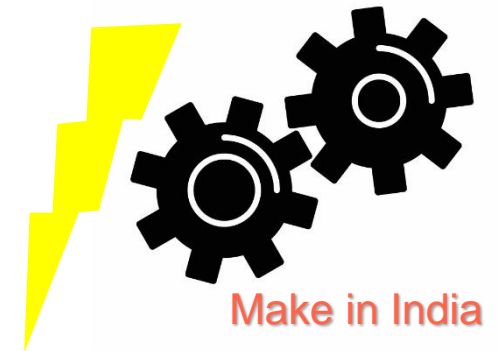
MSE Reporting



Clean India

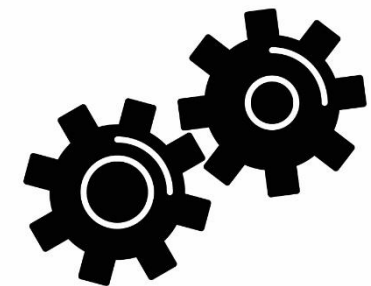
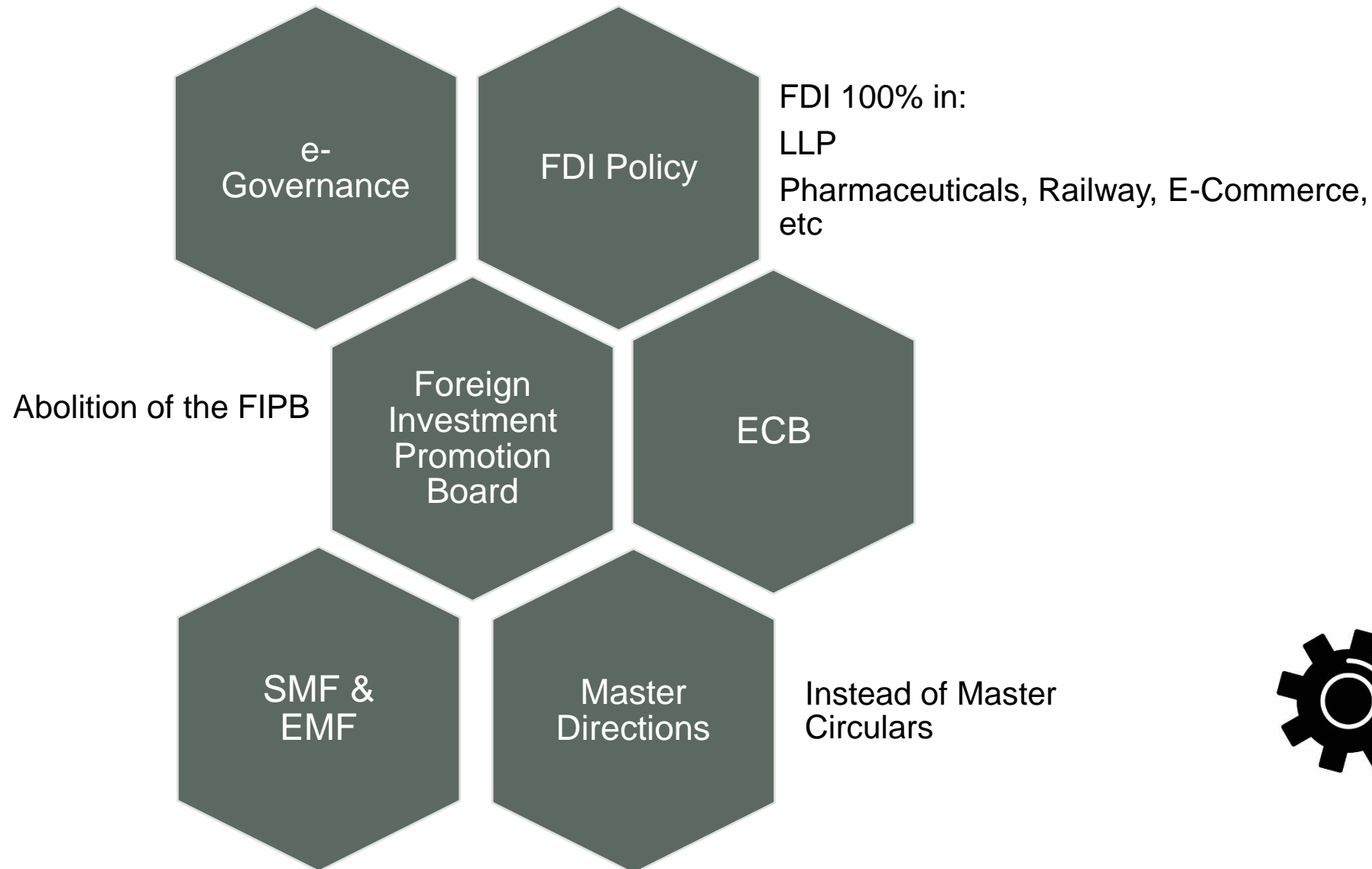


Digital  
India



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## 4.3 FOREIGN EXCHANGE MANAGEMENT ACT - FEMA

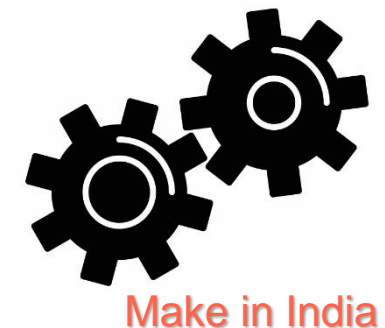


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## 4.4 EXTERNAL COMMERCIAL BORROWINGS – ECB'S

ECB's since  
January 2019

- Two-tier track
- In general Minimum Average Maturity Period (MAMP) will be 3 years for all ECB's (exceptions possible)
- „Eligible borrower“ aligned with the FDI policy, all entities that are eligible to receive FDI are now classified as „eligible borrower“
- Therefore, scope of eligible borrowers widened: also **LLP** and **service/trading sectors**
- ECB proceeds shall not be used for activities that are prohibited under FDI
- Purchase of **land is permitted now !!!**



# EMPLOYMENT RELATED CHANGES

4.1 Objectives

4.2 Ease of Compliance

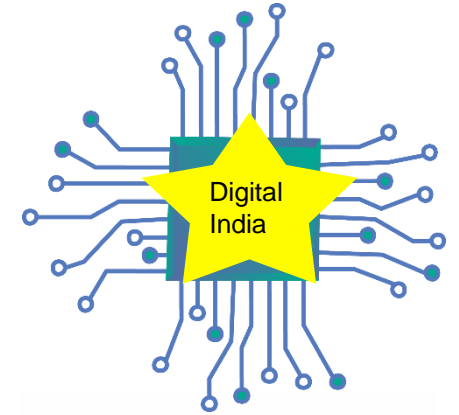
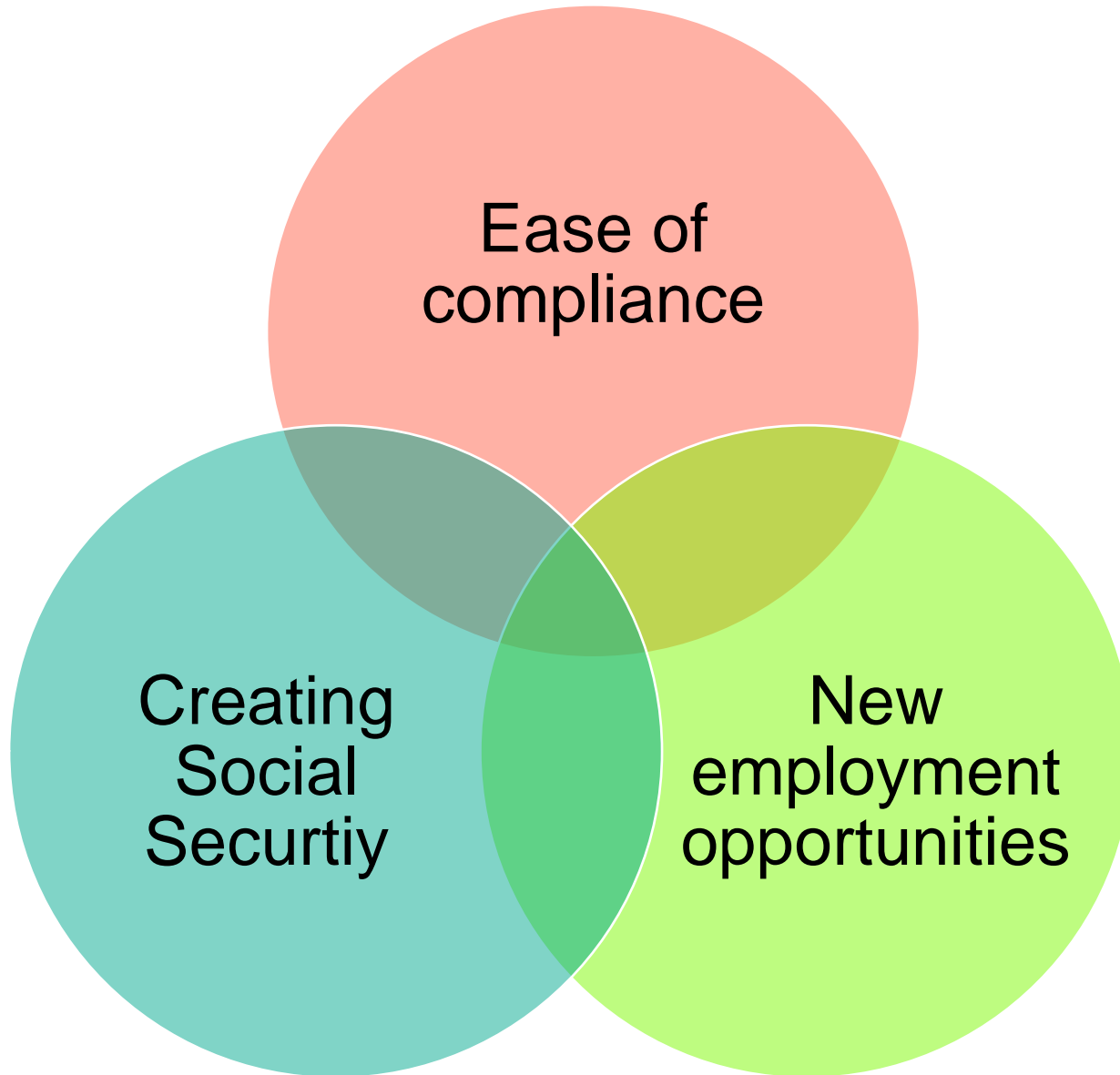
4.3 New Employment Opportunities

4.4 Creating Social Security

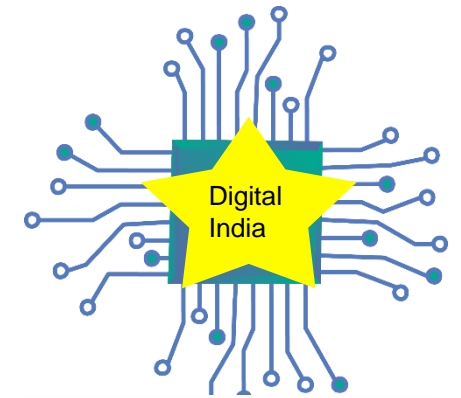
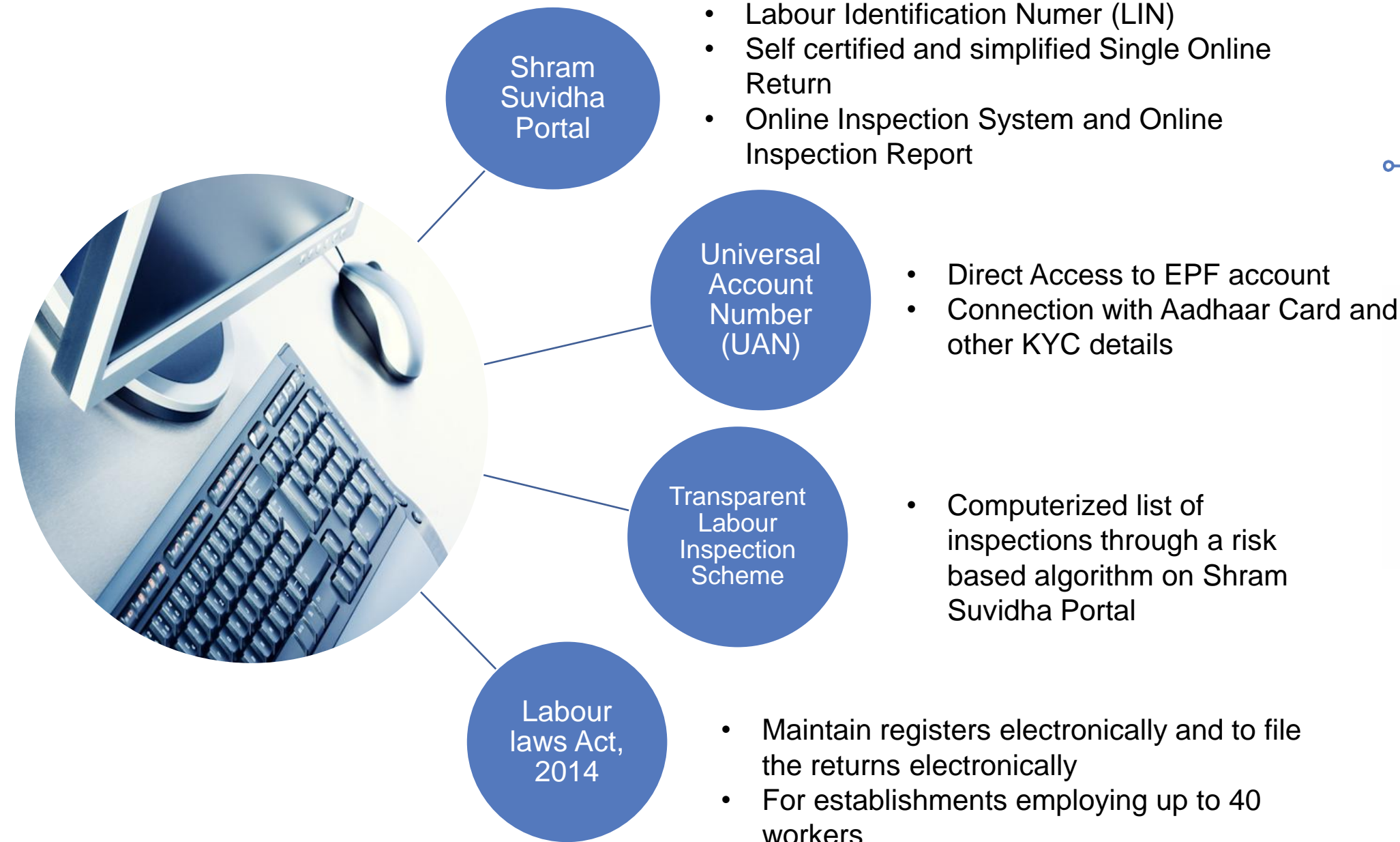




## 5.1 OBJECTIVES



## 5.2 EASE OF COMPLIANCE



## 5.3 NEW EMPLOYMENT OPPORTUNITIES



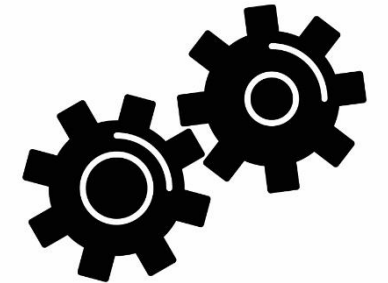
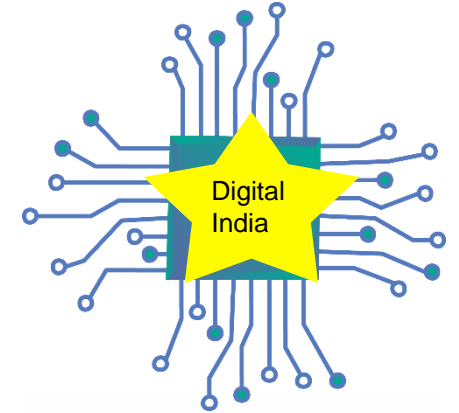
### Apprentice Protsahan Yojna Scheme:

- Government of India shares 50% of stipend for 2 years
- Support for manufacturing units and MSMEs



### International Worker:

- Bilateral Social Security Agreements with 19 countries
- Protection of Indian professionals abroad



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## 5.4 CREATING SOCIAL SECURITY

### Creating Social Security

#### Pradha Mantri Rozgar Protsahan Yojan (PMRPY):

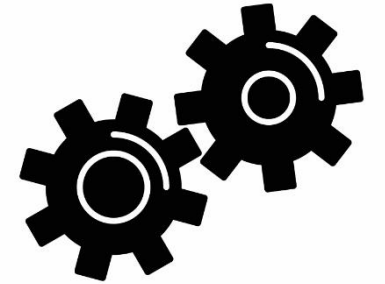
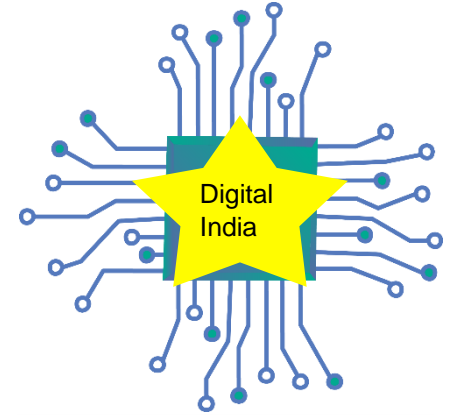
- Government to pay full employer's contribution towards EPF for 3 years
- Online Aadhaar based system
- Deadline for registration was 31<sup>st</sup> March 2019

#### Maternity Benefit Amendment Act, 2017:

- Paid maternity leave now 26 weeks
- Also for adoptive mothers
- Mandatory for establishments having 50 or more workers

#### Employee Compensation Act, 2018:

- Statutory information obligation about rights of Employees in writing or through electronic means
- Penalty possible minimum INR 50,000 to INR 100,000.



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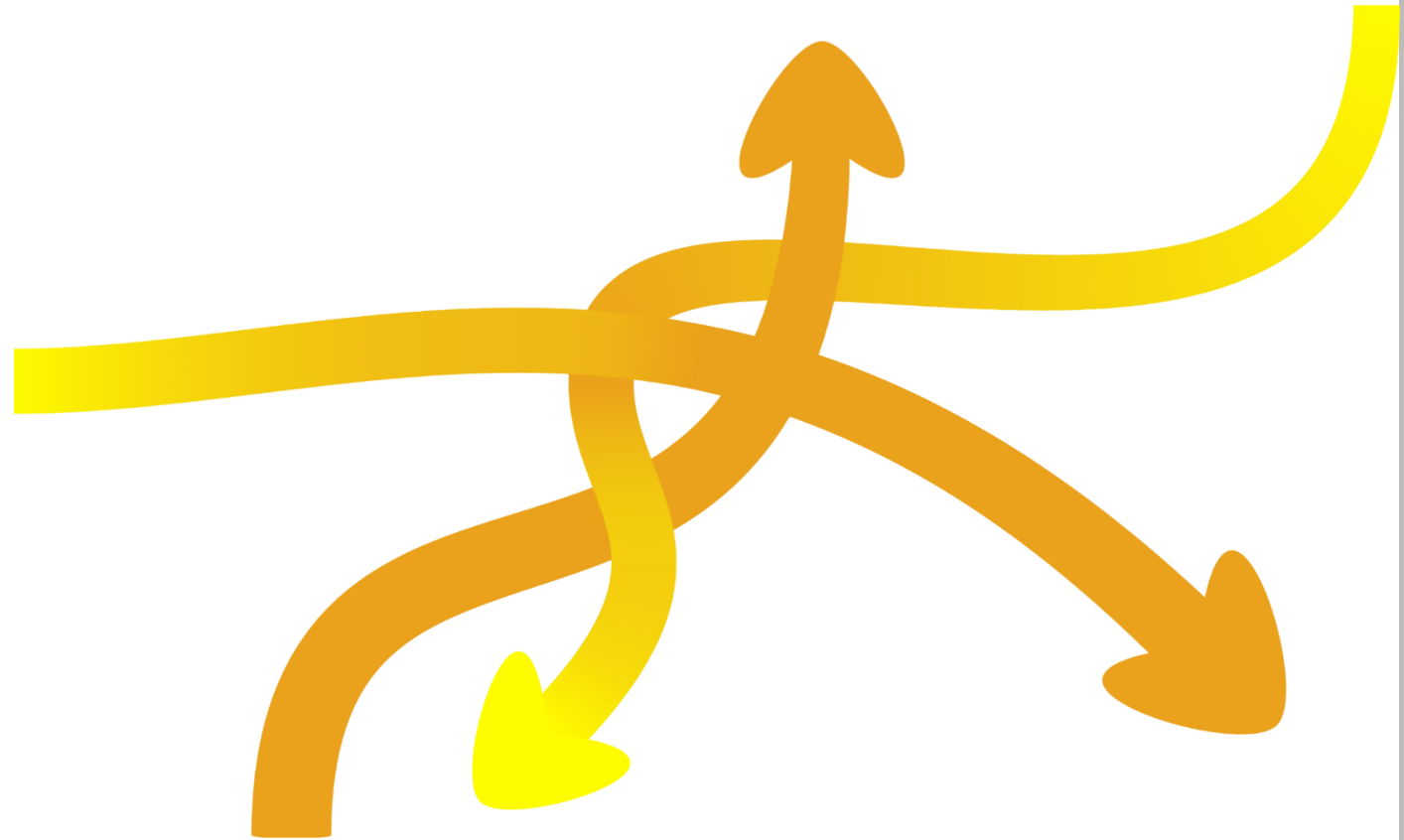


Skill India

# OTHER REGULATORY CHANGES

6.1 Insolvency and Bankruptcy Code, 2016

6.2 Arbitration & Conciliation (Amendment) Act



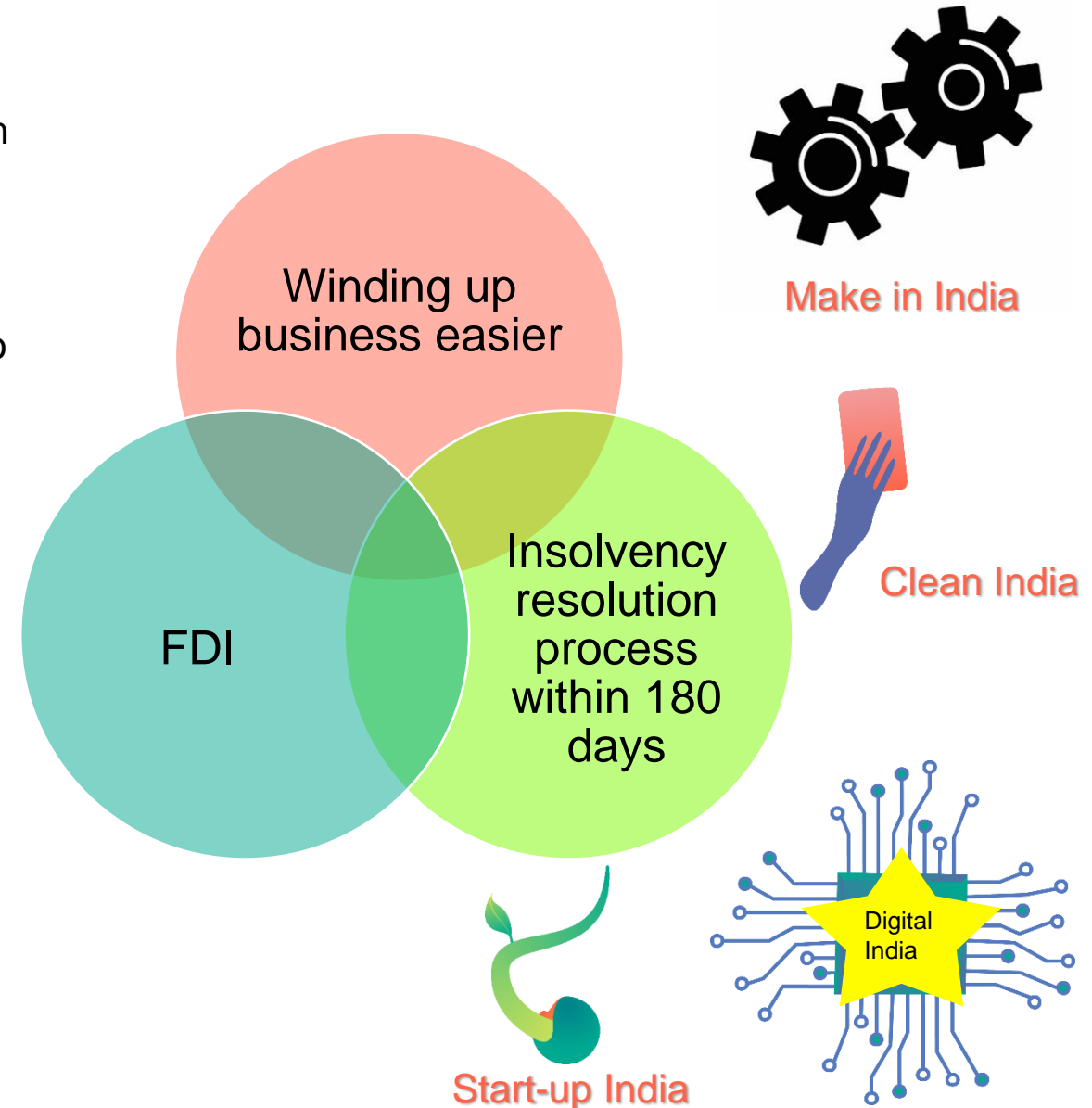
# 6.1 INSOLVENCY AND BANKRUPTCY CODE, 2016

## Key Highlights:

- Maximum time limit for completion of the insolvency resolution process for corporates and individuals
- For companies, the process has to be completed within 180 days (extension for 90 more days possible)
- For start-ups and small companies. Resolution process has to be completed within 90 days (extension for 45 days more possible)
- Insolvency and Bankruptcy Board of India as regulator of the proceedings
- Licensed professionals for the proceedings which will control the assets
- Bankruptcy and Insolvency Adjudicator

## Example:

First case under the new rules - Synergies-Dooray Automotive Ltd



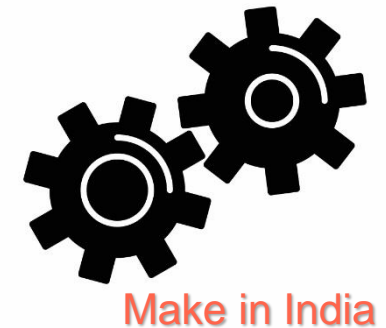
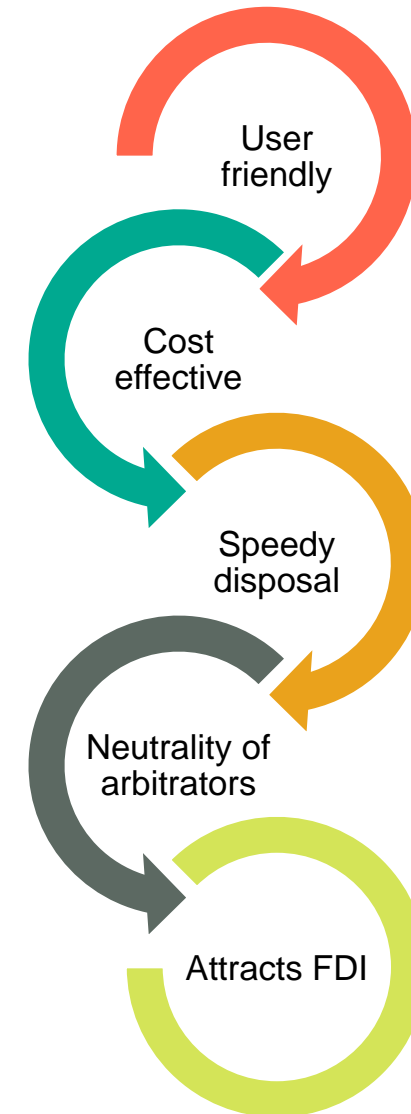
## 6.2 ARBITRATION & CONCILIATION (AMENDMENT) ACT - ACAA

### Key Highlights of Amendment in 2015:

- Arbitration agreement through electronic means is valid arbitration agreement
- Award has to be made within 12 months from the date the arbitral tribunal received notice in writing of its appointment (extension of 6 months possible)
- Counterclaim is possible
- Arbitral tribunal has power to grant interim measures

### Key Highlight of Amendment in 2018:

- Independent body: Arbitration Council of India (ACI) – Evolves policies and guidelines and maintains electronic depositary of all arbitral awards





# EXPECTATIONS





1. • Implementation, deepening and expansion of projects already started
2. • Reform of judicial system
3. • Financial Year alignment
4. • Legislation of the Data Protection Bill, 2018

# RÖDL & PARTNER

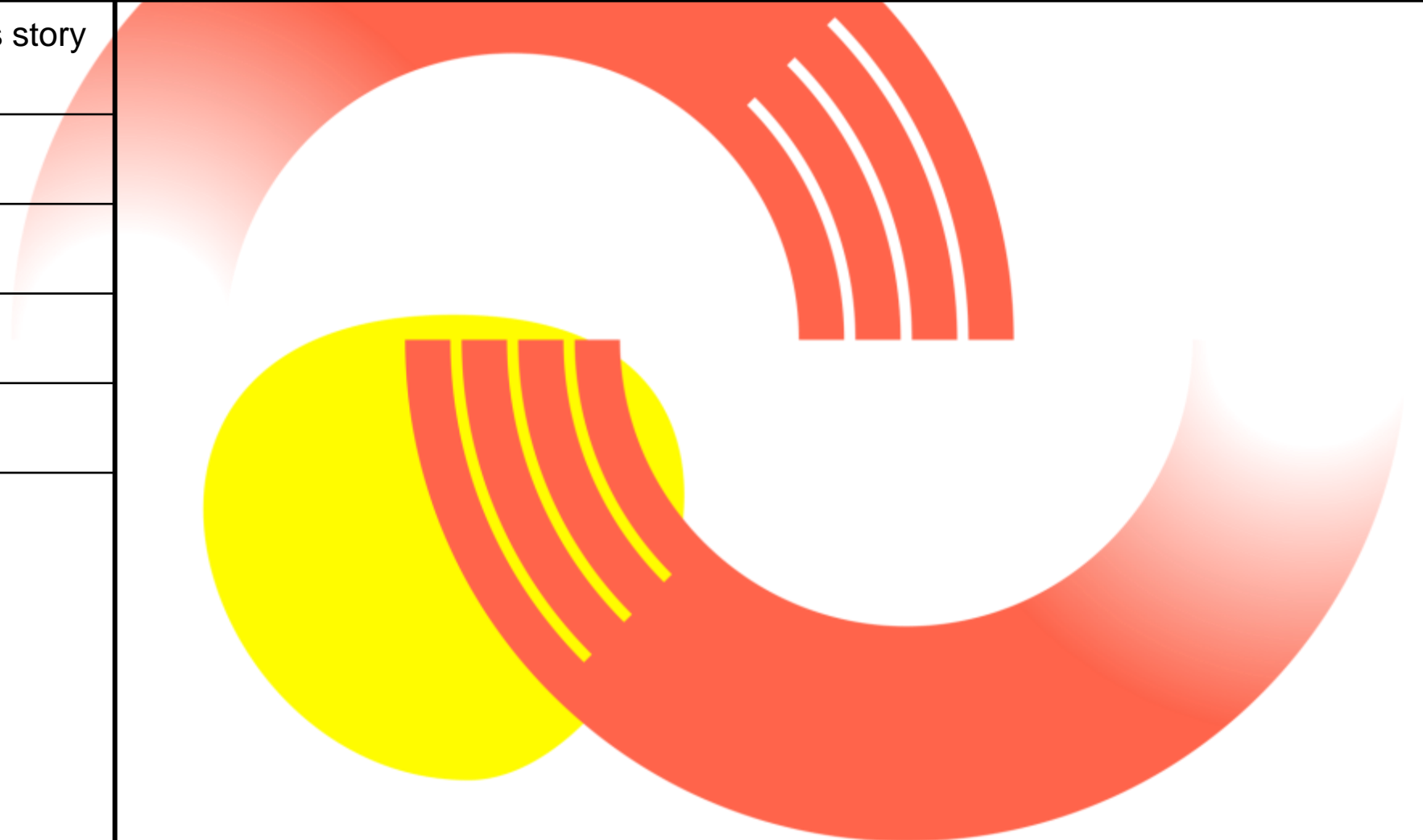
8.1 We are a one-of-a-kind success story from Germany

8.2 We in India

8.3 Where we stand

8.4 Our success

8.5 The Core Brand Values of Rödl & Partner



## 8.1 WE ARE A ONE-OF-A-KIND SUCCESS STORY FROM GERMANY

- Founded in 1977 as a single practice in Nürnberg
- 2018 worldwide 4.700 colleagues in 51 locations with 111 wholly-owned offices
- ONE firm, no network or franchise-system
- Your one-stop shop: legal, tax, tax declaration and BPO, management and IT-consulting, audit
- Committed to German internationally active family businesses



## 8.2 WE IN INDIA

- **Since 1997-** Rödl & Partner focuses on the growing Indian market and establishes a network of experts.
- **2007-** With the founding of Rödl & Partner India Pvt. Ltd. in Delhi, Rödl & Partner opened its first branch in India.
- **2008** - By opening a branch in Mumbai, Rödl & Partner fundamentally expanded the India business in the country's largest industrial and financial center.
- **2012 und 2014-** Pune branch was opened. In recent years, Pune has become a preferred investment location for German companies in India. As a result of this dynamic growth, our Pune site has quickly become our largest location in India, resulting in the founding of Rödl & Partner Consulting Pvt. Ltd.
- **2016/17-** Thereafter offices in Bangalore, Chennai and Ahmedabad were also opened.



## 8.3 WHERE WE STAND

Today

- We advise more than 300 German companies on their activities throughout India
- Our services are provided by more than 100 employees and integrated cooperation partners
- Our Indian locations are supported by two India desks in Nuremberg and Berlin
- We communicate in German, English, Hindi, Gujarati, Marathi, Malayalam, Telugu, Bengali and Urdu.

## 8.4 OUR SUCCESS

### INTERDISCIPLINARITY

We guarantee efficiency through a project team.

### CARING PRINCIPLE

You have ONE responsible contact person.

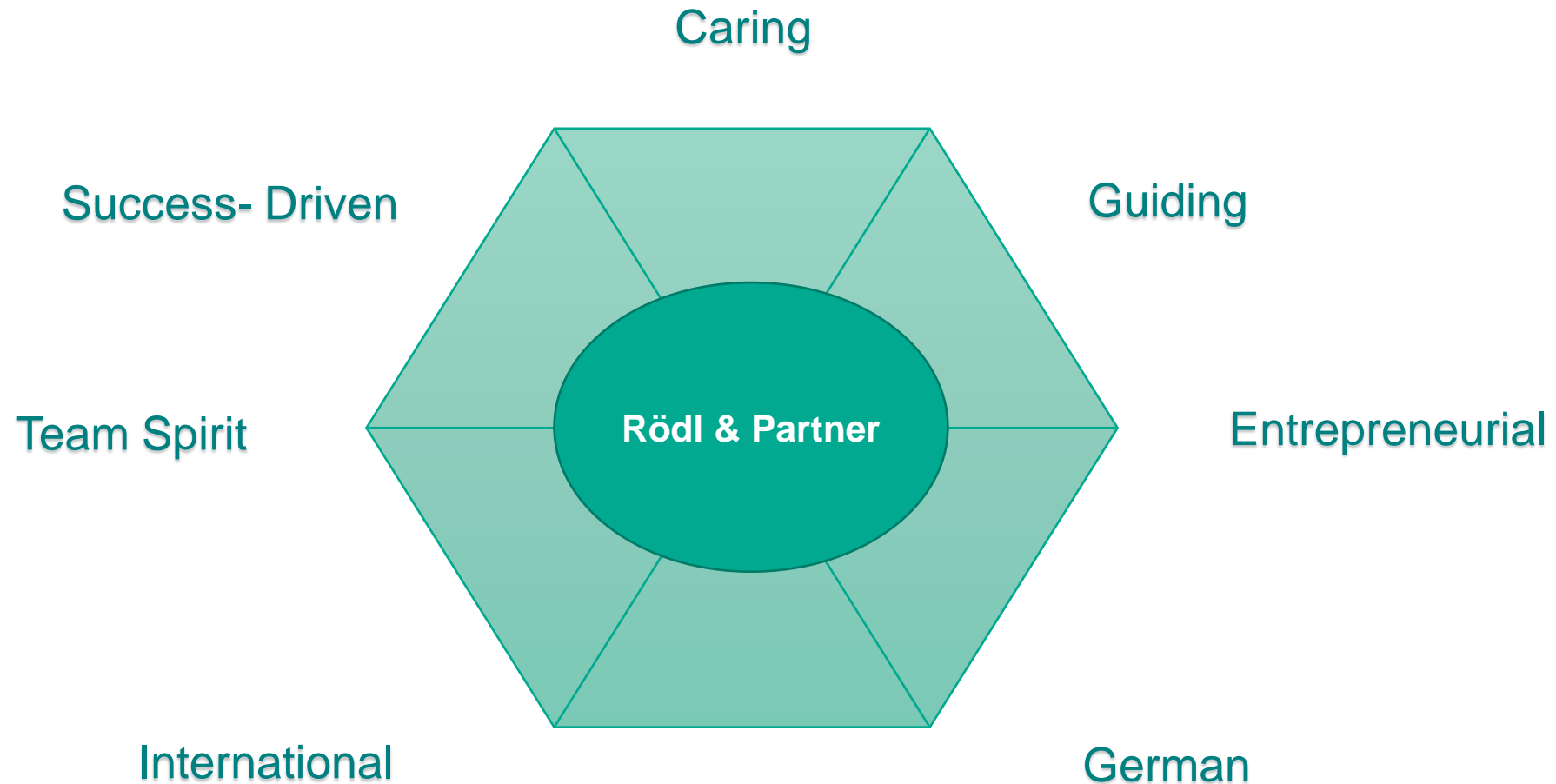
### INTERNATIONAL APPROACH

Worldwide, we are at home with wholly-owned offices.

### CLIENT ORIENTATION

Practice- and demand-oriented advisory.

## 8.5 THE CORE BRAND VALUES OF RÖDL & PARTNER



**THE AGILE CARING PARTNER FOR MITTELSTAND SHAPED WORLD MARKET LEADERS**

# Contact





# CONTACT

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