



FORMER CHESAPEAKE CEO AUBREY MCCLENDON CHARGED WITH BID-RIGGING OF LAND LEASES

ZYNGA CEO MARK PINCUS TO STEP DOWN AGAIN IN FAVOUR OF GAME VET FRANK GIBEAU

Trade only on Regulated Commodity Exchanges

Will address EPF taxation worry in Budget debate: FM

Various Options On Plate, Says Labour Minister Dattatreya

TIMES NEWS NETWORK

New Delhi: Finance minister Arun Jaitley on Wednesday acknowledged that there were concerns about his proposal to tax a part of the employee provident fund corpus at the time of withdrawal and said that he will address it in Parliament.

This is Jaitley's first statement on the issue amid howls of protest from salaried middle class. Separately, labour minister Bandaru Dattatreya told Parliament that various options were being considered. "We are in discussion with stakeholders. There are many stakeholders. Now I cannot reveal many things."

The finance minister explained the rationale for the move: "It is a suggestion which came to us. All pension

Jaitley defends higher duty on drugs

New Delhi: Finance minister Arun Jaitley defended the government's recent decision to impose customs duty on certain medicines and medical devices, arguing that the move was meant to encourage domestic production. At the same time, he slammed some of the Indian companies that were crying foul.

"When it comes to medicine and medical devices, Indian manufacturing was not adequate. You had to import because you wanted healthcare to be cheaper. Once domestic industry has come up, then the priority is Make in India. I am not apologetic about it." He also acknowledged that in case of three medicines the government had erred as domestic substitutes were not available and decided to continue with the low import duty regime. **TNN**



schemes must converge in the same direction... the objective is not to raise revenue but to create disincentive to consume... I have seen the sentiment, when it comes up in Parliament, we will address it." The minister said the Budget had taken other steps as well

to ensure that individuals planned for their old age. This was intended to incentivise people in the private sector also to use it as a kind of pension fund and to disincentivise those who otherwise would indulge in consumption of that fund," Jaitley said.

He pointed out that the move will impact seven million out of the 37 million EPF subscribers and also said he wanted to take up the issue of creating a pension-based society to know if it was better to have a pensioned society instead of an "unpensioned" one.

The statement came amid protests from trade unions. "There is Employees' Pension Scheme, 1995 run by EPFO which provides for pension after the age of 58 years to its subscribers. Where is the need for encouraging pension?" RSS-backed Bhartiya Mazdoor Sangh president B N Rai said. All India Trade Union Congress secretary and an EPFO trustee D L Sachdev accused the government of pushing the plan to benefit insurance companies, where 49% FDI had been allowed.

SBI seeks Mallya arrest, wants his passport impounded

TNN & AGENCIES

Mumbai: The country's largest lender, State Bank of India, has approached the Debt Recovery Tribunal (DRT) seeking arrest of Vijay Mallya in a bid to recover loans to Kingfisher Airlines, which was promoted by the liquor baron. SBI also wants his passport impounded and a complete disclosure of his personal assets. The move comes after Mallya struck a \$75-million deal with Diageo to exit United Spirits. He had also indicated that he was likely to relocate to the UK.

SBI leads a consortium of 17 lenders to the grounded Kingfisher Airlines, which has defaulted on loans worth Rs 7,000 crore. According to sources, SBI has sought to secure the lenders' first right on Diageo's payout to Mallya.

Earlier in the day, the CBI blasted lenders for not coming forward with a complaint in the Kingfisher Airlines "fraud", saying the delay helped the company "divert funds and destroy evidence". "The message to the public is that the rich and powerful are able to avoid consequences of cheating and fraud, while the ordinary citizens are promptly booked. This undermines faith of people in rule of law, which has dangerous consequences in a democracy," CBI Director Anil Sinha said at a bankers' conference here.

Citing the Kingfisher case, he said, "Despite our repeated requests, the banks did not file a complaint with the CBI. We had to register the case on our own." Regretting that only "one among the 17 lenders" had declared Kingfisher a "wilful defaulter", Sinha said the loans in question were taken between 2004 and 2012, while the CBI filed the case only in July 2015.

Long-term capital gain: Investors get final say

I-T Dept Can't Dispute If They Seek Tax Sops On Income From Shares Sold After 12 Mths

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Mumbai: Domestic investors now have the final say on whether income arising on sale of listed shares and securities (sold by them after a holding period of 12 months) should be treated as capital gains (which does not attract tax), or as business income. If the domestic investor opts to treat the income arising on such a sale as capital gains, it cannot be disputed by the tax authorities.

"This will put an end to litigation which typically emanated if the domestic investor was a high net-worth individual (HNI) with a large portfolio managed by a portfolio manager. In such cases, even if these listed securities were sold after a 12-month holding period, as the volume of the sale transactions was large, the tax authorities tended to argue that the HNI was in the business of trading and was not an investor. Thus, income arising on sale was treated as business income attracting a higher tax rate," says Gautam Nayak, tax partner, CNK & Associates.

A circular dated February 29, issued by the Central Board of Direct Taxes (CBDT), says: "In respect of listed shares and securities, held for a period of more than 12 months, immediately preceding the date of its transfer (ie sale), if the taxpayer desires to treat the income arising from the transfer thereof as a capital gain, the same shall not be put to dispute by the tax officer."

The circular adds that once the taxpayer exercises his choice, the same shall also apply for subsequent ye-

ars, for the purpose of tax assessment. Thus for instance, if in a subsequent year, the taxpayer makes a loss on sale of shares, it will be treated as a capital loss. The taxpayer cannot contend that it is a business loss and that he can set off such a loss against his other business income.

Litigation relating to the nature of income on sale of listed shares and securities arises because under

"While this circular is welcome, it only resolves litigation relating to long-term capital gains vis-à-vis business income. Listed shares and securities sold before a 12-month holding period attract a short-term capital gain tax of 15%. Tax officials in such cases could still treat income on sale of short-term investments as business income, which could attract a higher tax rate," points out Anish Thacker-

PARITY WITH FPIs

- Domestic investors can now opt to treat income arising on sale of long-term listed securities as capital gains. The tax authorities cannot dispute this choice.
- Long-term capital gains on sale of listed securities do not attract any capital gains tax.
- Earlier based on certain parameters, like volume of trading, tax authorities could argue that income on sale of

long-term listed securities was business income

- Business income attracts a higher tax rate – the maximum marginal tax rate is 35.53%

Cos weigh options, ask staff to wait

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Mumbai: Ever since the FM announced the Budget proposal to tax employee provident fund (EPF) withdrawals, human resources (HR) and finance departments are busy fielding queries about the new levy.

Private sector employees want to know if they can withdraw the amount before the proposed tax kicks in. Some are even concerned about where they should invest to plan for their retirement. While companies have turned tax advisers and counsellors, they want employees to wait till the government comes up with a final decision.

"So far there has not been much clarity on the matter. However, employees have been very anxious and are raising queries with HR, finance and payroll departments. Some, we overhear, are thinking of withdrawing the amount before the tax kicks in to pay off their debts, which they can as per the provisions," said Tarun Katyal, chief HR officer, MTS India.

Experts have advised companies to consider restructuring the compensation

HOW EMPLOYERS CAN HELP

- A large number of employees make voluntary PF contributions beyond the 12% or ₹15,000 limit. Companies can restructure the compensation to keep PF contributions within the statutory limits and give an option to invest the rest in other savings instruments where withdrawal is relatively easier.
- Employers can also provide an option to invest the excess amount in National Pension Scheme (up to 10% of basic pay without a ceiling) and/or into a superannuation plan that will give an opportunity to contribute ₹1.5 lakh more and reduce tax.
- If an employee leaves an organization, the employer could help the employee transfer the superannuation balance to an NPS account – such a transfer is tax-free.

in career and life.

Some organizations already have a built-in flexible approach to salary. Emrana Sheikh, VP-HR, Asian Paints, said the company has a Flexi Grade Allowance (FGA) concept which enables employees to plan their monthly take-home salary. "The basic is fixed and the FGA component includes conveyance, HRA, LTA, etc. The basic proportion to the total salary would normally increase with seniority in grades. This also helps in addressing the different life stage needs of younger versus senior professionals," said Sheikh.

HR experts are advising employers to play a big role in ensuring that employees make suitable choices for retirement. Kulin Patel, director, Willis Towers Watson, said: "Appropriate financial planning will ensure employees choose what is right for their lifestyle and needs in retirement whilst keeping an eye on making it as tax efficient as possible. Employees should know that they will pay no tax on the corpus at all, should they choose to use the 60% corpus that is taxable to purchase an annuity."

package, by allowing employees to limit their PF contributions within the statutory caps. "Given that a large number of employees have been making voluntary PF contributions beyond the 12% of Rs 15,000 limit, a proposal to tax the withdrawal is likely to deter additional contributions, in spite of the relatively high interest earned on PF deposits. Employees may now prefer to invest the additional amount in other savings instruments where withdrawals are relatively easier," said Vikram Shroff,

head (HR law), Nishith Desai Associates, a legal and tax consulting firm.

EPF Act restricts employers from reducing salary for lowering PF contributions. Katyal agreed that limiting the voluntary contribution going forward could be one option.

S Ramesh Shankar, EVP (HR-South Asia cluster), Siemens, said the company will educate employees on how to save tax, how to build a pension fund and how long-term savings are beneficial to deal with troughs

SENSEX RECORDS BIGGEST POST-BUDGET GAIN

As Arun Jaitley began his Budget speech on Monday, there was gloom on Dalal Street. But, as the speech progressed, the sensex began course correction. The rebound was on account of rate cut hopes and long-term positives from the Budget. After sliding to a 21-month low of 22,500 during the FM's speech, the sensex has rallied **1,750 points (7.8%)** in three sessions, making it the best post-Budget rally ever in terms of points, and the best in 17 years in terms of percentage gains

Year	Sensex Change		Gainers	% Change	₹1L now (₹)
	Points	%			
2016*	1,089	↑ 4.7	ICICI Bank	19.1	1,19,120
2011	786	↑ 4.4	SBI	15.7	1,15,740
2010	746	↑ 4.6	ITC	9.9	1,09,930
1992	714	↑ 25.9	Hero Motocorp	9.8	1,09,790
1997	513	↑ 15.0	Adani Ports	9.3	1,09,310
1999	368	↑ 11.4	Adani Ports	9.3	1,09,310
2006	313	↑ 3.0	LOSERS	% Change	₹1L now (₹)
2005	280	↑ 4.3	ONGC	-9.3	90,700
1991	228	↑ 16.0	M&M	-2.48	97,520
2015	161	↑ 0.5	Sun Pharma	-2.15	97,850
2014	105	↑ 0.4	HUL	-0.37	99,630
2003	-51	↓ -1.6	Bajaj Auto	-0.14	99,860

*In three sessions since Budget on Feb 29

Source: Indiabudget.nic.in, ETIG Database

China debt outlook cut to negative

Moody's downgraded its outlook on Chinese government debt to 'negative' from 'stable' on Wednesday. The reasons cited were uncertainty over authorities' capacity to implement economic reforms, rising government debt and falling reserves.

The downgrade comes just days before the National People's Congress (NPC) is due to vote on China's 13th five-year plan, which policy makers began formally drafting in 2015. Analysts will scrutinize the NPC's final text for hints on the likely trajectory of reform and policy makers' thinking on the appropriate growth strategy for China. **REUTERS**

HCL likely to buy out Godrej in Geometric

Eyes 38% In A Deal Valuing Co At \$200M

Shilpa Phadnis & Bobby Kurian | TNN

Bengaluru: Billionaire Shiv Nadar-controlled HCL Technologies has emerged as the frontrunner to acquire Geometric in a deal valuing the IT consulting company at about \$200 million. HCL is expected to acquire 38% stake held by Geometric's principal shareholders — Godrej family and CEO Manu Parpia — giving them control of the Mumbai-headquartered company, people directly familiar with the matter said.

The deal-making was in final stages and a formal announcement would come shortly. Ace investor Rakesh Jhunjhunwala and his wife, who together own 19%, are likely to sell or pare their holdings in separate open market transactions with the acquirer. India's fourth largest software exporter HCL Technologies is expected to merge Geometric with itself. **JM Fi-**



HCL, controlled by Shiv Nadar (left), is expected to acquire 38% stake held by Geometric's principal shareholders — the Godrej family & CEO Manu Parpia

nanial is advising Geometric on the transaction. Geometric started as part of the Godrej Group in 1984 and was spun off into an independent company a decade later. The company's portfolio covers global engineering services, product lifecycle management (PLM) solutions, embedded systems solutions and digital technology. It reported \$181.4 million in revenue for the 2014-15 financial year and employs 4,800 people across 13 global delivery locations in the US, France, Germany, Romania and China, apart from India.

TOI last year had reported on Geometric starting a sale process, attracting the inter-

est of several strategic bidders including HCL. The Geometric acquisition is expected to tap synergies in engineering services and PLM solutions. HCL is betting big on engineering services as its growth engine which has crossed over \$1 billion in revenue already. Geometric counts Dassault Systems and Chrysler as some of its top customers.

HCL said it does not want to comment. Geometric stated it would not comment on market rumours. Godrej holds little over 31% stake through Godrej & Boyce Manufacturing Company and Godrej Investments, while Manu Parpia and his family owns just under 7%, listing them as promoters.

'Mfg sector to be next focus area for startups'

Jaipur: In the line with the dominance of services sector that contributes about 53% to the gross domestic production of India, startups in this space outnumber their counterparts in manufacturing segment. But startup mentors feel that the time has come for their convergence.

Girish Gupta, chief executive officer of Rajasthan Venture Capital Fund said startups in the services sector with the backing of technology have disrupted the traditional delivery models. "We need similar innovations in product designing and process engineering in the

Convergence between manufacturing and services is very much a possibility which can become a reality in a few years down the line

manufacturing that can challenge the established manufacturers, at least in the MSME sector. As a fund, we have invested in several startups in manufacturing sector," said Gupta at the MSME conclave organized by CII-Rajasthan.

Today, there are multiple startups in any given sector or segment competing for bigger share of the market. Chintan Bakshi, chief operating officer at Startup Oasis, feels that a convergence between the manufacturing and services is very much a possibility which can become a reality in a few years.

Citing an example, Bakshi said, "A laundry aggregator can change the way the traditional laundromats work. An aggregator also wants to have laundromats that consume less water, have shorter turnaround time and offer better quality. All these will reduce his cost. That's where the need for convergence would arise," added Bakshi.

GirnarSoft co-founder Anurag Jain, who along with Nishant Patni of Culture Alley narrated their entrepreneurial journeys, said while funding is required it is the power of the business idea that can decide the future of any startup. **TNN**

Senior citizens drive up travel biz

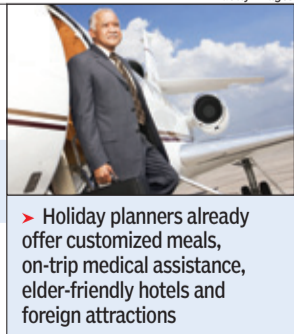
Vipashana V K & Reeba Zachariah | TNN

Mumbai: Retired senior citizens are the new globetrotters. Unlike earlier when older people chose to spend a quiet life after retirement, senior citizens are now eager to see the world. With enough money saved and not having to provide for their independent children, the seniors are splurging on holidays. In many cases, Indians working abroad are sponsoring their elderly parents' trips.

For instance, take 74-year-old Omprakash Khandelwal. He made his first foreign trip to London only after retirement in 2001 and since then he has made a couple of overseas tours. The former transport professional says that before retirement, time was a constraint and all that he could manage was inland travel. "With not many responsibilities on me any more, I have ample time to loosen up and ex-

GLOBETROTTING GEN-S

- Senior citizens who have saved enough money and have independent children are the biggest business generators for travel agencies
- In several cases, senior citizens' trips are sponsored by their children working abroad
- A study projects that the number of such travellers from India will cross 7.3m by 2030 from 1.3m in 2011



Holiday planners already offer customized meals, on-trip medical assistance, elder-friendly hotels and foreign attractions

senior travellers account for 27% of its holiday business.

Karan Anand, head (relationships), Cox & Kings, says, "This segment is formed by tourists who are retired, have enough money saved and their children are independent. They have more free time compared to those who are still working."

The trend of seniors going on leisure trips, which has been a common feature among westerners for a long time, is now also gaining popularity among elderly Indians. A Frost & Sullivan and Amadeus report pointed out that there will be 7.3 million outbound senior travellers from India by 2030.

The growing awareness among seniors to ensure they are physically fit and their flexible schedules allow them to opt for long holidays as against the younger counterparts. It is also seen that most of the elderly prefer travelling in a group as it provides them with security as well as company.

Now, ceramic hub at Ghiloth set to get gas from RSGL

TIMES NEWS NETWORK

Jaipur: In a significant step towards making Rajasthan a ceramic hub, Rajasthan State Gas Ltd (RSGL) on Wednesday signed the first gas sales agreement with Global Ceramics Pvt Ltd to supply gas for the company's Rs 116 crore plant to be set up in the ceramic zone at Ghiloth, near Neemrana.

"Even though Rajasthan has most of the raw materials required for ceramic industry, the state was not able to attract investments in the absence of natural gas supply, which is major requirement for the industry. With the facility now ready at Neemrana, gas will be available for the all the industrial units in the zone," said Deepak Upreti,

principal secretary, mines and petroleum, and chairman of RSGL. The development of ceramic zone is at the last stages of completion and there are already some companies which have expressed

INKS PACT WITH GLOBAL CERAMICS

interest to put up factories in the 750-acre zone.

"The business and project execution plan is in place to construct an additional compression facility at Neemrana via Jaipur-Delhi for meeting the increased demand from Ghiloth. A dedicated pipeline from Neemrana to Ghiloth is also planned to distribute gas through the facility being set up at Ghiloth," added Ravi

Agarwal, managing director, RSGL. Niraj Kumar Gupta, director, Global Ceramics Pvt Ltd, said Rajasthan is rich in raw materials used for ceramic products and the availability of gas was a major concern which has been addressed by RSGL. "The plant where we will make sanitary ware, will require investments of Rs 116 crore," added Gupta.

In the last budget, the state government had announced to set up a mega CNG station at Neemrana and a daughter facility at Kukas. Agarwal said that both the projects are already ready for commissioning. The stations will also be used to provide gas to the vehicles plying between Delhi-Jaipur whenever the government takes a decision on this, added Agarwal.