SERIES ON DOING BUSINESS IN INDIA

6TH RELEASE ON APPROVAL BY GOVERNMENT FOR DOING INVESTMENT IN INDIA

FEMA. FDI. INCOME TAX. GST. LAND. LABOUR

TAX CONNECT

Mumbai : A/1001, Cirrus Bldg, Cosmos Paradise; Pokhran Road No. 1, Thane (West), Maharashtra – 400606
Bangalore :No 12, Ground Floor,7th Main Road, 4th Cross, 27th Main Venugopal Swamy Layout Ejipura, Vivek Nagar Post, Bangalore – 560047
New Delhi :B 42 Retreat Apartments, 20 IP Extension, Delhi 110 092
Kolkata :1, Old Court House Corner, "Tobacco House" 1st Floor, R.No.-13 (North), Kolkata-700001
:17L/1A Dover Terrace; Kolkata-700069
Dubai :Azizi Feirouz, 803, 8th Floor, AL Furjan, Opposite Discovery Pavillion, Dubai, UAE

Contact : **+919831594980; +919312439214, +913340016761**

Website : www.taxconnect.co.in
Email : info@taxconnect.co.in

GOVERNMENT APPROVES SETTING UP OF AN "EMPOWERED GROUP OF SECRETARIES (EGOS) AND PROJECT DEVELOPMENT CELLS (PDCS)" IN MINISTRIES/DEPARTMENTS FOR ATTRACTING INVESTMENTS IN INDIA

The Union Cabinet has given its approval for setting up of an "Empowered Group of Secretaries (EGoS) and Project Development Cells (PDCs) in Ministries/Departments of Government of India for attracting investments in India". This new mechanism will reinforce India's vision of becoming a US$ 5 trillion economy by 2024-25.

Government is determined to put in place an investment friendly ecosystem that strongly **supports the domestic investor as well as FDI and will boost the economy manifold**. DPIIT proposes strategic implementation of an integrated approach that will eventually bring about synergies between Ministries/Departments and among the Central and State Governments in our investment and related incentive policies.

In the midst of current ongoing COVID-19 pandemic, India is presented with an opportunity to attract FDI inflows into the country especially from large companies which seek to diversify their investments into new geographies and mitigate risks. Also, ramping up production across product lines will help to serve big markets in the US, EU, China and elsewhere. The proposal aims to take advantage of these opportunities from the global economic situation to make India among the largest players in the global value chain.

In order to provide support and facilitation to investors for investing in India and to boost growth in key sectors of the economy, an Empowered Group of Secretaries (EGoS) is approved with the following composition and objectives:

- Cabinet Secretary (Chairperson)
- CEO, Niti Aayog (Member)
- Secretary, Department for Promotion of Industry and Internal Trade (Member Convenor)
- Secretary, Department of Commerce (Member)
- Secretary, Department of Revenue (Member)
- Secretary, Department of Economic Affairs (Member)
- Secretary of Department concerned (to be co-opted).

Objectives of EGoS:

- To **bring synergies** and ensure timely clearances from different departments and Ministries.
- To attract **increased investments** into India and provide investment support and facilitation to global investors.
- To facilitate investments of top investors in a targeted manner and to usher policy stability & consistency in the overall investment environment.
- To evaluate investments put forward by the departments on the basis of their **(i) project creation (ii) actual investments** that come. Further, these departments would be given targets for completion of various stages by the Empowered Group.

A 'Project Development Cell' (PDC) is also approved for the development of investible projects in coordination between the Central Government and State Governments and thereby grow the pipeline of investible projects in India and in turn **increase FDI inflows**. Under the guidance of the Secretary, an officer not below the rank of Joint Secretary of each relevant central line Ministry, who will be in-charge of the PDC will be tasked to conceptualize, strategize, implement, and disseminate details with respect to investable projects.

PDC will have the following objectives:

- To create projects with all approvals, land available for allocation and with the complete Detailed Project Reports for adoption/investment by investors.
- To identify issues that need to be resolved in order to attract and finalise the investments and put forth these before the Empowered Group.

The Decision will make India a more investor-friendly destination and give a fillip to the mission of Aatmanirbhar Bharat envisioned by handholding and further **smoothening investment inflows** into the country. This will give a boost to the economy and open up immense direct and indirect employment potential in various sectors.

INVESTMENT OPPORTUNITY IN RURAL INDIA

i) Amendment in Essential Commodities Act

The Cabinet approved amendment to the Essential Commodities Act. This is a visionary step towards transformation of agriculture and raising farmers' income.

Background: India has become surplus in most agri-commodities, farmers have been unable to get better prices due to lack of investment in cold storage, warehouses, processing and export as the entrepreneurial spirit gets dampened. Farmers suffer huge losses when there are bumper harvests, especially in case of perishable commodities. With adequate processing facilities, wastage can be reduced.

Benefits: With the amendment to Essential Commodities Act, commodities like cereals, pulses, oilseeds, edible oils, onion and potatoes will be removed from list of essential commodities. This will remove fears of private investors of excessive regulatory interference in their business operations.

The freedom to produce, hold, move, distribute and supply will lead to **harnessing of economies of scale and attract private sector/foreign direct investment** into agriculture sector. It will help drive up **investment in cold storages and modernization of food supply chain.**

Some business opportunities in rural India due to amendment to Act are:-

- **Investment in building warehouses for storing the commodities.**
- **Investment in building up a new cold storage to safeguard the goods from hazardous insects and germs, to make the goods perishable for long time.**
- **Exporters can purchase the goods directly from the farmers to decrease agricultural intermediary which will result in reduction of price of the commodities.**
- **Investment in purchasing the tools of agricultural produce.**

ii) Barrier-free trade in agriculture produce

Cabinet approved 'The Farming Produce Trade and Commerce (Promotion and Facilitation) Ordinance, 2020'.

Background: Farmers in India today suffer from various restrictions in marketing their produce. There are restrictions for farmers in selling agri-produce outside the notified APMC market yards. The farmers are also restricted to sell the produce only to registered licensees of the State Governments. Further, Barriers exist in free flow of agriculture produce between various States owing to the prevalence of various APMC legislations enacted by the State Governments.

Benefits: The Ordinance will create an ecosystem where the farmers and traders will enjoy freedom of choice of sale and purchase of agri-produce. It will also **promote barrier-free inter-state and intra-state trade and commerce outside the physical premises of markets** notified under State Agricultural Produce Marketing legislations. This is a historic-step in unlocking the vastly regulated agriculture markets in the country.

It will open more choices for the farmer to reduce marketing costs and help them in getting better prices. It will also help farmers of regions with surplus produce to get better prices and consumers of regions with shortages, lower prices. The ordinance also proposes an **electronic trading in transaction platform** for ensuring a seamless trade electronically.

The farmers will not be charged any cess or levy for sale of their produce under this Act which will result in **low taxation and price will be low charged by the farmers from the Companies**. Further there will be a separate dispute resolution mechanism for the farmers.

One India, One Agriculture Market

The ordinance basically aims at **creating additional trading opportunities outside the APMC market yards** to help farmers get remunerative prices due to additional competition. This will supplement the existing MSP procurement system which is providing stable income to farmers. It will certainly pave the way for **creating One India, One Agriculture Market** and will lay the foundation for ensuring golden harvests for our hardworking farmers and Company.

iii) **Farmers empowered to engage with processors, aggregators, wholesalers, large retailers, exporters**

Cabinet approved 'The Farmers (Empowerment and Protection) Agreement on Price Assurance and Farm Services Ordinance, 2020'.

Background: Indian Agriculture is characterized by fragmentation due to small holding sizes and has certain weaknesses such as weather dependence, production uncertainties and market unpredictability. This makes agriculture risky and inefficient in respect of both input & output management.

Benefits: The ordinance will empower farmers for engaging with processors, wholesalers, aggregators, wholesalers, large retailers, exporters etc., on a level playing field **without any fear of exploitation**. It will transfer the risk of market unpredictability from the farmer to the sponsor and also enable the farmer to **access modern technology and better inputs**. It will **reduce cost of marketing** and improve income of farmers and companies.

This Ordinance will act as a catalyst to **attract private sector investment for building supply chains for supply of Indian farm produce to global markets**. Farmers will get access to technology and advice for high value agriculture and get ready market for such produce.

Farmers and companies will engage in **direct marketing** thereby **eliminating intermediaries resulting in full realization of price which will benefit the exporter organisation**. Farmers have been provided adequate protection. Sale, lease or mortgage of farmers' land is totally prohibited and farmers' land is also protected against any recovery. Effective dispute resolution mechanism has been provided for with clear timelines for redressal.

LETS DISCUSS FURTHER!

OUR OFFICES:

MUMBAI

Building No.9, Flat- 403, Lodha Eternis, 11th Road, MIDC, Andheri(E)-400093

Contact Person: Mr.Vivek Jalan

Contact No: +91 9831594980

Email: vivek.jalan@taxconnect.co.in

BANGALORE

Building No 12, Ground Floor, 7th Main Road, 4th Cross Road, 27th Main Venugopal, Vivek Nagar Road, Bangalore-560047

Contact Person: Vivek Jalan

Contact No: +91 9831594980

Email:vivek.jalan@taxconnect.co.in

DELHI

B42, Retreat Apartments, 20 IP Extension, Delhi-110092

Contact Person: Mr. Subhasish Sarkar

Contact No: +91 9312439214

Email: subhasish.sarkar@taxconnect.co.in

KOLKATA

1, Old Court House Corner, “Tobacco House”, 1st Floor, Room No. 13 (N), Kolkata-700001

Contact Person: Anindita Chatterjee

Contact No: +91 9830791914

Email: anindita.chatterjee@taxconnect.co.in

KOLKATA

17L/1A, Dover Terrace, Kolkata-700069

Contact Person: Anindita Chatterjee

Contact No: +91 9830791914

Email: anindita.chatterjee@taxconnect.co.in

DUBAI

Azizi Feirouz, 803, 8th Floor, AL Furjan, Opposite Discovery Pavillion, Dubai, UAE

Contact Person: Timir Baran Chatterjee

Contact No: +91 9331042424

Email: tb.chatterjee@taxconnect.co.in

Disclaimer:

This e-article is for private circulation only. Views expressed herein are of the editorial team and are based on the information, explanation and documents available on Government portal platforms. Tax Connect or any of its employees do not accept any liability whatsoever direct or indirect that may arise from the use of the information contained herein. No matter contained herein may be reproduced without prior consent of Tax Connect. While this e-article has been prepared on the basis of published/other publicly available information considered reliable, we do not accept any liability for the accuracy of its contents.