



From the President

Dear Members,

The Coronavirus (Covid-19) outbreak which originated in China has infected tens of thousands of people across the globe. India also has found some cases in a few cities and is taking all the measures to minimise its spread and also aggressively campaigning to educate people as to how to protect themselves from Covid-19. There are no confirmed reports about the number of deaths due to Covid-19 but attempts are being made by all the countries to eliminate it at the earliest so that number of casualties are reduced. But more than the threat to people's lives, it is the impact on the global economy which is more worrisome. According to the OECD, the world's economy could grow at its slowest rate since 2009 due to the Coronavirus' outbreak. The last week of February saw the worst performance of the major Stock Markets, the world over since the 2008 financial crisis. China is one of the biggest exporters in the world but manufacturing is almost stopped in China for the past one month which has impacted the global market. The travel and hospitality industries are also severely affected. We can only pray and hope that this problem of Covid -19 is arrested at the earliest so that not only the precious lives are saved but also the economy gets revived.

The Union Cabinet has finally approved the amalgamation of 10 Public Sector Banks with effect from 1st April 2020. The announcement about the amalgamation was made some time in August but pending regulatory approvals and completion of other formalities, approval by the Union Cabinet was held up. The Government believes that this exercise will create seven large public sector entities with scale and national reach and each amalgamated entity will have business of ₹ 8 lakh crore. This is a step in the right direction and in the long run it would help the Indian Banking Industry and monitoring of these Banks by the Government would be easier. While this is positive news, the superseding the Board of the Yes Bank by the Reserve Bank of India is quite shocking for the reason that till about two years back, Yes Bank was considered to be amongst the top five Private Banks. Thankfully, the RBI has come out with a scheme to bail out the Bank as per which 49% of the shares will be held by the State Bank of India. But for this action, the Yes Bank would have collapsed and the worst sufferers would have been the depositors. As per the newspaper reports, the RBI was aware of the problems with the Bank and it acted slower than what is expected from a regulator. But the larger issue which makes

one think, is about the Governance , various audits which a bank is subjected to ,inspections by the regulator, the systems etc. When all these are in place, how can a Bank of the size of Yes Bank collapse? On top of it, one of the promoters of the Bank is taken into judicial custody for enquiry on charges of Money Laundering! Isn't this strange? The only conclusion which one can draw from the collapse of Yes Bank, and other Banks in the past, is that, in the absence of ethics and morality, no systems, audit or governance can work.

Recently, the Union Cabinet cleared a proposal to introduce 72 changes in the Companies Act, which cut down provisions pertaining to criminality and in turn reduce litigation. These are welcome amendments and should help in reducing the cost of running business. Another important legislation is the Vivad se Vishwas Scheme as per the proposal in the Finance Bill, 2020. There are about 4.5 lakh income tax cases pending with various appellate authorities and the disputed amount is to the tune of approximately ₹ 8 lakh crore. The Government expects sizeable amount of revenue from this scheme. It is understood that the Income-tax Department is approaching the taxpayers to settle the cases and avail the benefit of the scheme. Though the scheme is good for those litigants whose cases are weak on merit, the urge by the tax authorities to taxpayers to ask those taxpayers to take benefit of the scheme whose cases are strong on merit, may be questionable.

The Law and Representation Committee is always in the forefront in making representations on matters concerning the stakeholders in a timely manner. The Committee made representations on the Finance Bill, 2020 and Vivad se Vishwas Bill, 2020. The representations are available on Chamber's website. In February, the Ministry of Corporate Affairs issued a notice inviting suggestions and comments along with justifications on a consultation paper to examine the existing provisions of law and make suitable amendments therein to enhance audit independence and accountability. The Committee is in the advanced stage of making representation to the MCA and will be sent in due course.

The past month witnessed as many as twenty three events (including four webinars) conducted by various committees and Study Group at Pune and Bengaluru. The lecture meeting on Vivad Se Vishwas Bill, 2020 by Senior Advocate Firoze Andhyaryujina met with an overwhelming response and so did the workshop on Finance Bill, 2020 jointly with the WIRC of ICAI. The musical evening where the performers were the members and their family, was very well received and participants were enthralled by the excellent performance by the artistes. Inter Firm Cricket tournament where as many as 24 teams and 3 girls' teams enthusiastically participated, was like a carnival and was played in the true spirit of the game, and there was lot of camaraderie among players.

The highlight of the month was the 43rd RRC at the Hotel Le Meridien, Coimbatore, organized by the RRC Committee from 27th February to 1st March 2020. This RRC met with an overwhelming response with total registration of 240 delegates who were from as many as 28

different cities across the Country. That shows the increased popularity of this event over a period of time. The RRC was indeed memorable and the delegates were technically enriched in a five star relaxed ambience and got connected to their professional brethren. Success of the RRC was due to the mammoth efforts and great team work by the committee.

Under the powers conferred under sub-section (11) of section 143 of the Companies Act, 2013, the Central Government has notified the Companies (Auditor's Report) Order, 2020 (CARO, 2020). The new reporting requirement will be applicable for the reporting for the year ending 31st March 2020 and has cast huge responsibilities on auditors. **To equip the members with new reporting requirements, we have organized a lecture meeting on 17th March 2020 by a very eminent Chartered Accountant, Sudhir Soni.**

This issue of the Journal is on the Financial Services – Income-tax Issues. I compliment the Journal Committee for thinking of this subject as lot of complex tax issues are involved in financial services. The authors are also practicing in this field regularly and some of them are from the industry as well. This gives a wholistic perspective to the income-tax issues being faced. I thank all the authors for sparing their valuable time for a noble cause.

I would like to sign off with a meaningful and relevant quote by *Oprah Winfrey*

If you look at what you have in life, you'll always have more. If you look at what you don't have in life, you'll never have enough.

VIPUL K. CHOKSI

President