

Futuristic Governance : From Grassroot to Global*

INTRODUCTION

“Mere good governance is not enough it has to be pro-people and pro-active. Good Governance is putting people at the center of development process.”

-Shri Narendra Modi, Hon’ble Prime Minister of India

Governance is a system of values, policies and institutions by which a society manages its economic, political and social affairs through interactions within and among the state, civil society and private sector. It is the way society organizes itself to make and implement decisions, achieving mutual understanding, agreement and action. It comprises the mechanisms and processes for citizens and groups to articulate their interests mediate their differences and exercise their legal rights and obligations. It is the rules, institutions and practices that set the limits and provide incentives for individuals, organizations and firms.

Government of India has taken several initiatives in last few years to make the Country strong, prosperous and all-encompassing to create a New India. Some of them include Ease of Doing Business; Start Up India, Stand Up India; skill India, Make in India; Direct Benefit Transfer (DBT);Ujjawala Yojana, Jan Dhan Yojana, Jan Suraksha Yojana, Jeevan Jyoti Yojana etc. The New India Movement 2017-2022 envisages India free from poverty, corruption, terrorism, communalism, casteism and uncleanliness and unite the entire country by adopting good governance and using technology. By introducing new initiatives, the government focuses on taking India to new heights, to build a new India - an *atma-nirbhar* (self-reliant) India. Recently, with the introducing New Education Policy, Government has confirmed its focus on research and development to make India a key R&D destination for the world. Some of the steps taken by the Government towards good governance are briefed in this article.

GOVERNANCE UNDER ‘MAKE IN INDIA’ REGIME

Make in India is a major national programme of the Government of India designed to facilitate investment, foster innovation, enhance skill development, protect intellectual property and build best in class manufacturing infrastructure in the country. The primary objective of this initiative is to attract investments from across the globe and strengthen India’s manufacturing sector. It is being led by the Department for Promotion of Industry and Internal Trade (DPIIT), Ministry of Commerce and Industry, Government of India.

The Make in India programme is very important for the economic growth of India as it aims at utilising the existing Indian talent base, creating additional employment opportunities and empowering secondary and tertiary sector. The programme also aims at improving India’s rank on the Ease of Doing Business index by eliminating the unnecessary laws and regulations, making

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bureaucratic processes easier, making the government more transparent, responsive and accountable.

Make in India programme blessed us by way of Fostering Ease of Doing Business; Mushrooming Foreign Direct Investment (FDI); Congenial Ecosystem for FDI; Improved Global Innovation Index; Redefining MSMEs; Creation of Atmanirbhar Bharat etc.

GOVERNANCE - SEBI's PERSPECTIVE

India accounts for nearly 3% of world GDP and 2.5% of global stock market capitalization. With over 5,000 listed companies and more than 50 companies in the global Fortune 2000, India represents a vibrant mix of small and large companies that access capital from domestic and international investors to fund their growth. Many of these companies are amongst the largest employers. Moreover, a large number of small investors in India rely on corporate India's good performance so that the returns they obtain on their investments can ensure their financial security. Beyond doubt, Corporate India represents a key engine that powers nation building; and nation building requires sound principles of governance, whether it is a country or a company. As Corporate India's health is critical for India's future, sound corporate governance needs to be the key enabler to manifest this reality.

Corporate Governance deals with the ways in which suppliers of capital to corporations, especially faceless, powerless small investors, can assure themselves of getting fair treatment as stakeholders. A promoter, or a professional manager, raises funds from equity investors either to put them to productive use or to cash out his/her holdings in the firm. The investors need the manager's/ promoter's specialized human capital to generate returns on their funds. But how can small suppliers of capital ensure that, once they invest their funds, owners and/or professional managers will invest their money responsibly and return some of the profits generated from such investments? Corporate governance deals with the mechanisms to address this key question.

Importance of Corporate Governance

Research provides robust evidence that companies that exhibit sound corporate governance generate significantly greater returns when compared to companies that exhibit poor corporate governance. In fact, well governed companies across the world command a premium of anywhere between 10 to 40 percent more than their not so well governed counterparts.

Global Evolution of Corporate Governance

Over the years, companies or corporations have emerged as the major structure for conducting businesses across the world. The underlying principle of a corporation is the separation of ownership & management. While such a separation has led to growth of businesses, it also has the inherent potential to create friction between the two stakeholders - the shareholders and the management.

The concept of fund raising from public by the corporations added totally new dimension to corporate governance issues. The Dutch East India Company, founded in 1602, was the world's first formally listed public company. Since then, public funding has emerged as a successful model for raising capital by the corporate. The public funding in turn created friction between another set of stakeholders - controlling/majority and minority shareholders.

Core Corporate Governance norms aim to address these two main conflicts, i.e. –

- i. The vertical governance issue i.e. between shareholders and management; and
- ii. The horizontal governance issue i.e. between controlling and minority shareholders.

Information asymmetry within various stakeholders and their varied powers along with the role in decision making, have the inherent potential of abuse of one's position. The governance norms primarily attempt to protect the interest of the stakeholder more prone to abuse i.e. the shareholders in the first case and the minority shareholders in the second case.

The Board of Directors play a crucial buffering role between the management and shareholders. Therefore, corporate governance norms delve significantly into the composition, duties and functioning of the Boards and the Board Committees.

There is a growing debate over whether maximizing shareholder value should be the main focus of corporates or they should look for larger stakeholder issues. In a recent round table in New York, CEOs of 200 companies opined that shareholder value is no longer their main objective. They would rather focus on investing in employees, delivering value to customers, dealing ethically with suppliers and supporting outside communities.

While "Corporate Governance" is likely to be an evergreen subject for endless discussions, one thing is amply clear- Investors around the world reward the corporate with better track record of governance in which they could impose faith and trust.

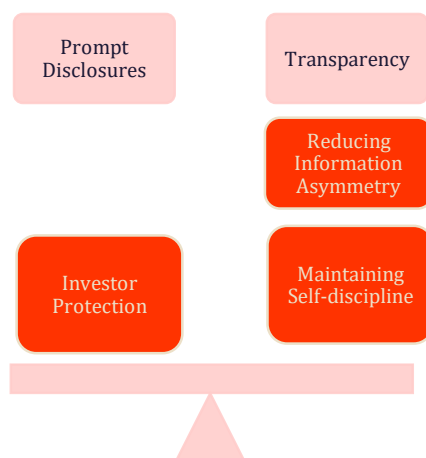
Evolution of Corporate Governance in India

The first ever norms of corporate governance in India were laid down by SEBI in the year 2000 through introduction of the landmark clause 49 in the listing agreement. This was based on the recommendations of the Kumar Mangalam Birla Committee.

Since then, various Committees were constituted on the subject from time to time which made appropriate recommendations. There was Naresh Chandra Committee, Narayana Murthy Committee, J.J. Irani Committee and a few others. More recently, the Kotak Committee made wide ranging recommendations on various aspects of corporate governance.

India has been among the top 15 countries in 'Protection of Minority Investor Interest' for the last several years in the World Bank's Ease of Doing Business Ranking.

MANTRAS FOR GOOD CORPORATE GOVERNANCE



GOVERNANCE – MCA’s PERSPECTIVE

While corporate governance may not state the economic prospects of developing countries, it definitely takes part in shaping them. Good corporate governance plays a vital role in attracting investors. Investors primarily consider two variables before making investment decisions in the companies – the rate of return on invested capital and the risk associated with the investment. Good corporate governance practices reduce this risk by ensuring transparency, accountability, and enforceability among the corporates.

In order to facilitate Ease of Doing Business (EODB) in India and to improve India’s ranking, MCA has made number of reforms which are briefed hereunder:

- MCA has introduced simplified e-form SPICe (Simplified Proforma for Incorporating Company Electronically) in the year 2017, for ease of forming and incorporating companies under the Companies Act, 2013. It had a great positive impact as the duration and complexity of formation and incorporation of companies reduced largely. Multiple forms (were combined and brought together in one single form and it eased the long process of company incorporation. Further for reservation of name web form “Reserve Unique Name” (‘RUN’) was introduced which dispensed with the need for filing detailed e-form for filing application for name reservation.

With effect from 23rd February, 2020, SPICe e-form was replaced by web form SPICe+ (Simplified Proforma for Incorporating Company Electronically Plus). SPICe+ is an integrated Web form offering 10 services by 3 Central Govt. Ministries & Departments. (Ministry of Corporate Affairs, Ministry of Labour & Department of Revenue in the Ministry of Finance) and One State Government (Maharashtra), thereby saving as many procedures, time and cost for Starting a Business in India. SPICe+ is part of various initiatives and commitment of Government of India towards Ease of Doing Business (EODB).

From 23rd February 2020 onwards, RUN service is applicable only for ‘change of name’ of an existing company.

- Ministry also reduced the cost of incorporating certain companies with nominal capital upto Rs. 15 Lakhs or in respect of companies not having a share capital whose number of members as stated in the articles of association does not exceed 20, by charging zero fee for incorporation.

The Central Registration Centre (CRC) was established as an initiative of Ministry of Corporate Affairs (MCA) in Government Process Re-engineering (GPR) with the specific objective of providing speedy incorporation related services in line with global best practices. The Governance process Re-engineering exercise is in pursuance of the Ministry’s objective of providing greater “Ease of doing Business” to all the stakeholders and has resulted in faster processing of incorporation related applications, uniformity in application of Rules and eradicating discretion.

- Other measures such as omitting requirement of minimum paid up share capital at time of incorporation, making common seal optional and consequential changes for authorisation for execution of documents, providing easy exit route for companies etc. have been introduced.
- To enhance E-Governance, MCA has introduced e-KYC drive in the year 2018, this reform aimed at verification of individual DIN-holders and weed out non-existent/Dummy DIN holders.

- Enabling provisions to prescribe threshold beyond which fraud shall be reported to the Central Government (below the threshold limit), it will be reported to the Audit Committee/Board. Disclosures regarding fraud reporting below the threshold limit are also required to be made in the Board's report, this would serve twin purposes promoting of ease of doing business and better corporate compliance. It would also reduce the number of prosecutions filed in special courts, which would, in turn, facilitate speedier disposal of serious offences and bring serious offenders to book.
- Other reforms including non-maintenance of registered office and non-reporting of commencement of business is the grounds for striking off names of companies from the registrar of companies, stringent provisions for creation and modification of charges, breach of ceiling on directorships to be ground for disqualification and to enlarge the jurisdiction of the Regional Directors with enhanced pecuniary limits for compounding of offences under Section 441 of the Companies Act, 2013 to enable lesser number of cases of compounding before the National Company Law Tribunal.
- A new portal namely www.iepfportal.in has been developed for increasing the outreach of Investors Awareness Programme. This portal serves as data base for the resource person as well as provides for real time online monitoring of Investors Awareness Programmes and also acts as repository for all the activities of IEPF authorities.
- Under the Companies Act, 2013 Serious Fraud Investigation Office (SFIO) has been established as a multi disciplinary investigating agency, consisting of experts in the field of accountancy, forensic auditing, Law, information technology, investigation, company law, capital market and taxation for detecting and prosecuting or recommending for prosecution against white collar crime/frauds.
- In the wake of accounting scams and frauds in the corporate sector, National Financial Reporting Authority (NFRA) was notified as an independent regulator for auditing profession which is one of the key changes brought in by the Companies Act, 2013. NFRA will review the quality of corporate financial reporting in certain classes and sub-classes of companies and take disciplinary action against auditors/audit firms for not discharging their statutory duties with due diligence.
- For furtherance of ease of doing business objective and enhancing transparency, the Companies (Amendment) Bill, 2020 proposed reforms in corporate structure such as:
 - (a) To decriminalise certain offences under the Act in case of defaults which can be determined objectively and which otherwise lack any element of fraud or do not involve larger public interest;
 - (b) To empower the Central Government to exclude, in consultation with the Securities and Exchange Board, certain class of companies from the definition of "listed company", mainly for listing of debt securities;
 - (c) To clarify the jurisdiction of trial court on the basis of place of commission of offence under section 452 of the Act for wrongful withholding of property of a company by its officers or employees, as the case may be;
 - (d) To incorporate a new Chapter XXIA in the Act relating to Producer Companies, which was earlier part of the Companies Act, 1956;
 - (e) To set up Benches of the National Company Law Appellate Tribunal;

- (f) To make provisions for allowing payment of adequate remuneration to non-executive directors in case of inadequacy of profits, by aligning the same with the provisions for remuneration to executive directors in such cases;
- (g) To relax provisions relating to charging of higher additional fees for default on two or more occasions in submitting, filing, registering or recording any document, fact or information as provided in section 403;
- (h) To extend applicability of section 446B, relating to lesser penalties for small companies and one person companies, to all provisions of the Act which attract monetary penalties and also extend the same benefit to Producer Companies and start-ups;
- (i) To exempt any class of persons from complying with the requirements of section 89 relating to declaration of beneficial interest in shares and exempt any class of foreign companies or companies incorporated outside India from the provisions of Chapter XXII relating to companies incorporated outside India;
- (j) To reduce timelines for applying for rights issues so as to speed up such issues under section 62;
- (k) To extend exemptions to certain classes of non-banking financial companies and housing finance companies from filing certain resolutions under section 117;
- (l) To provide that the companies which have Corporate Social Responsibility spending obligation up to fifty lakh rupees shall not be required to constitute the Corporate Social Responsibility Committee and to allow eligible companies under section 135 to set off any amount spent in excess of their Corporate Social Responsibility spending obligation in a particular financial year towards such obligation in subsequent financial years;
- (m) To provide for a window within which penalties shall not be levied for delay in filing annual returns and financial statements in certain cases;
- (n) To provide for specified classes of unlisted companies to prepare and file their periodical financial results;
- (o) To allow direct listing of securities by Indian companies in permissible foreign jurisdictions as per rules to be prescribed.

These sustained business reforms over the past several years has helped India jump 14 places to move to 63rd position in 2019 year's global Ease of Doing Business rankings. With various business reforms India earned a place in among the world's top ten improvers for the third consecutive year as per the World Bank Group's Doing Business 2020 study.

CORPORATE GOVERNANCE AMIDST COVID-19 PANDEMIC

Running business in the midst of a pandemic is an unprecedented challenge for business leaders worldwide. The restrictions imposed by many governments all over the world in handling the COVID-19 outbreak raise significant challenges as regards corporate governance.

Companies with robust corporate governance systems and practices are able to weather a storm better than others. Well governed companies can more optimally address the interests of various corporate stakeholders.

Major issues which were faced by the companies during the pandemic are organizing of virtual meetings, administrative problems, liquidity crunch, paying of dividend etc. Remote working and the associated physical isolation creates insecurities among employees. In order to assuage their concerns and their health and safety, boards would do well to go above and beyond their established roles and reach out to motivate employees. Communication with creditors becomes paramount in companies facing severe financial strain. Complete transparency with key suppliers and customers regarding the company's strategy to mitigate the risks they may face will enable the continued maintenance of these crucial relationships.

Banking : Governance Perspective

Corporate Governance and Economic Development are inter-linked. Efficient corporate governance systems encourage the development of vigorous financial systems. In any country, banking industry plays a key role in the economic development by providing necessary incentive to each and every sector, which contributes to proper Governance of the affairs of any organization, particularly in the banking sector is of paramount importance. Such organizations, both in the private sector or public sector, be it a statutory body under any specific legislation or under the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 and 1980 or under the Companies Act, 2013, are to be managed properly by the Board of Directors by adhering to the prescribed rules, regulations, prudent systems & procedures and carrying out business dealings in a transparent manner.

In India the Reserve Bank of India is the regulator of all banks, NBFC and financial institutions and work as a gate keeper of Governance for them. RBI, the central bank of India responsible for securing the monetary stability in India.

Under the various dimensions, Compliance officers need to undertake following requirements in specific with banking sector

- Adherence to Regulatory Guidelines
- Formulation of Corporate Management Policies
- Conducting Corporate Meetings
- Active Contributory to Corporate Governance
- To organize and regulate various Committees like Directors Committee, Audit Committee of the Board, Shareholders'/Investors'/Customers' Grievance Redressal Committee, Remuneration Committee, Shares/Securities Transfer Committee, Management Committee, Risk Management Committee, Fraud Monitoring Committee
- Liaison in the Audit Process
- Advice to the Board of Directors
- Risk Management Functions
- Merger/Acquisition Process
- Resource Mobilization
- Compliance Officer

Cyber Security and Companies: Governance Perspective

The dynamic transformation into Digital era has not only provided global visibility to businesses, but it has also increased the business risk based on cyber threats that requires the companies monitor for compliance as well as to improve company's overall security posture. The requirement of transparent cyber security on one end and the regulatory regime for Personal Data and Non-Personal Data Governance on the other end require companies to communicate

key concepts to business users and continuously evolve requirements to better assess, manage, and address cyber threats – and keep pace with today’s digital marketplace.

In addition to this, Information Technology Act, 2000, Information Technology (The Indian Computer Emergency Response Team and Manner of Performing Functions and Duties) Rules 2013 (the CERT Rules) and related regulations along with rules are requiring companies to imbibe automated monitoring of IT controls enables accelerated visibility into control effectiveness and identifies gaps in controls. Uncover the real threats to with continuous monitoring of cyber governance and to effectively communicate cyber posture to the board.

Further companies have to adhere to the following on the sector specific approach:

- the Information Technology (Reasonable Security Practices and Procedures and Sensitive Personal Data or Information) Rules 2011 (the SPDI Rules), which prescribe reasonable security practices and procedures to be implemented for collection and the processing of personal or sensitive personal data;
- the Information Technology (Information Security Practices and Procedures for Protected System) Rules 2018 (the Protected System Rules), which require specific information security measures to be implemented by organisations that have protected systems, as defined under the IT Act. More information on protected systems is provided in ‘Scope and jurisdiction’; and
- the Information Technology (Intermediaries Guidelines) Rules, 2011 (the Intermediaries Guidelines), which require intermediaries to implement reasonable security practices and procedures for securing their computer resources and information contained therein. The intermediaries are also required to report cyber security incidents (including information relating to such incidents) to CERT-In.
- Other laws that contain cyber security-related provisions include the Indian Penal Code 1860 (IPC), which punishes offences, including those committed in cyberspace (such as defamation, cheating, criminal intimation and obscenity), and the Companies (Management and Administration) Rules 2014 (the CAM Rules) framed under the Companies Act 2013, which requires companies to ensure that electronic records and security systems are secure from unauthorised access and tampering.

In addition to the above, there are sector-specific regulations issued by regulators such as the Reserve Bank of India (RBI), the Insurance Regulatory and Development Authority of India Act 1999 (IRDA), the Department of Telecommunication (DOT) and the Securities Exchange Board of India (SEBI), which mandate cyber security standards to be maintained by their regulated entities, such as banks, insurance companies, telecoms service providers and listed entities.

In summary, while complying with the above requirements, companies are also preparing to adhere to the ensuing Personal Data Protection and Non- Personal Data Protection governance, which in consolidation would increase effectiveness with insider threat management and policy-based detection and augment preventive cyber security solutions.

GOVERNANCE OF CHARITABLE INSTITUTIONS/NGOs

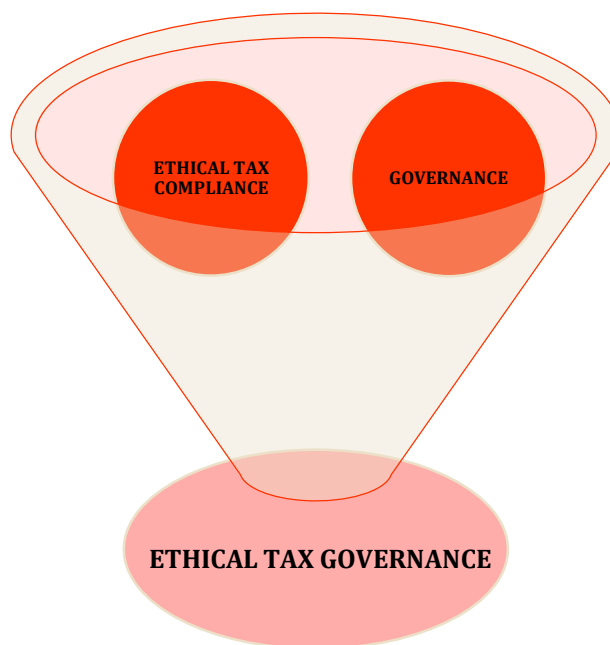
To restrict governance to the corporates of the country and believe that the other segments of the society can survive without its presence is highly imprudent. Governance as a concept, as a practice and as a culture cannot be bounded. For a nation to achieve the highest standards of governance, it is imperative that each of its constituent segments abides by principles of good governance in true letter and spirit. Charitable Entities or non-government organizations are

vehicles for undertaking activities of charitable and philanthropic nature which seek to promote the goals of inclusive growth and development in the economies globally.

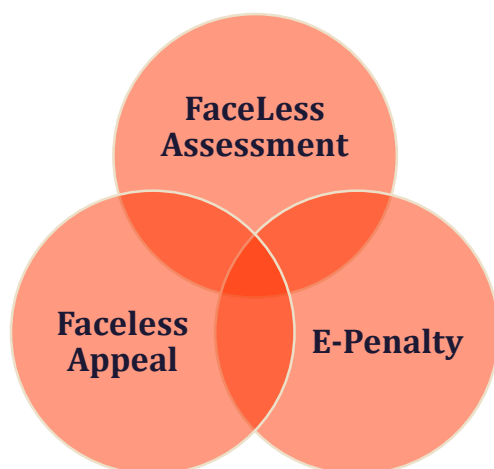
Government undertakes a variety of initiatives where the non-government organizations act as a support system by taking care of, serving and addressing certain pressing issues in the society. Some of the indicative areas are Protection of children's rights, women empowerment, senior citizens, enabling persons with disabilities, promoting education, health, natural resource management, supporting development of agriculture, promoting art and craft, preserving the cultural heritage, etc. in which charitable entities work to bring about a difference in the society.

FUTURISTIC GOVERNANCE AND DIRECT TAX

Corporate governance is an integral part of everyday business life and its importance expanded to global context. Good corporate governance is fundamental to good business. The corporate governance framework basically depends on the legal, tax, regulatory, and institutional environment. The importance of good corporate governance and greater transparency is highlighted by the current global financial crisis. The financial performance and reputation of a large business will be affected and basically depends on how it manages tax risk. The Boards of large businesses are increasingly considering tax risk management as part of their overall corporate governance.



Tax evasion has always been one of the most difficult challenges for government all round the world. Tax evasion is done by individuals belonging to different strata of the society in different ways. Tax evasion is one of the basic causes to generate the black income. Therefore, various measures were undertaken by the Government recently to plug the loopholes in tax evasion.



Honouring the tax payers, the Prime Minister Narendra Modi, launched the programme 'Transparent Taxation - Honoring the Honest' and launched Faceless Assessment and Taxpayers Charter effective from August 13, 2020. Whereas, Faceless Appeal service will come into force on September 25, 2020.

The Faceless Assessment Scheme aims to eliminate the human interface between the taxpayer and the income tax department. The following are the features of the Faceless Assessment Scheme here:

- Selection of a tax payer only through system using data analytics and AI
- Abolition of territorial jurisdiction which means a tax payer may belong to one city but the ITR may be assessed in some other city through random selection by computer.
- Automated random allocation of cases
- Central issuance of notices with Document Identification No.(DNI)
- No physical interface and no need to visit the Income Tax Office
- Team based assessments and team based review
- Draft assessment order in one city, review in another city and finalisation in third city.

Exceptions to Faceless Assessment

The exceptions to the Faceless Assessment includes, serious frauds, major tax evasion, sensitive and search matters. The system also excludes international taxation and Black Money Act & Benami Property from the preview of Faceless Assessment.

E-penalty Scheme

Section 274(2A) of the Income Tax Act, 1961 has been inserted vide Finance Act, 2020 to provide that Central Government may notify an e-scheme for the purposes of imposing penalty so as to impart greater efficiency, transparency and accountability by

- eliminating the interface between the Assessing Officer and the assessee in the course of proceedings to the extent technologically feasible;
- optimising utilisation of the resources through economies of scale and functional specialization.
- introducing a mechanism for imposing of penalty with dynamic jurisdiction in which penalty shall be imposed by one or more income-tax authorities.

Vivad se Vishwas scheme

The Vivad se Vishwas scheme announced in Budget 2020, for settling tax disputes between individuals and the income tax department. This amnesty scheme has been introduced with the intent to reduce pending litigation in various appellate authorities and quick collection of the revenue. As per the scheme, the taxpayer should opt and deposit the disputed dues by 31.03.2020, in order to get 100% relief from interest, penalty and fees. Earlier, an individual opting for settlement after March 31, 2020 was required to pay additional 10% penalty on the disputed tax amount. However, now till December 31, 2020, the tax payer is not required to pay any penalty for opting out such scheme.

The income tax disputes settled under this scheme cannot be reopened in any other proceeding by the income tax department or any other designated authority.

GOVERNANCE AND INDIRECT TAX

Goods and Services Tax

Goods and Services Tax (GST) is an Indirect Tax which is a destination based tax. “Goods and Services Tax” means any tax on supply of goods, or services or both except taxes on the supply of the alcoholic liquor for human consumption. It eliminates cascading effect of Tax. GST was introduced in India on 1st July, 2017. It is the biggest tax reform since India got Independence. GST is based on the concept “**One Nation One Tax**”. GST comprises of Central Goods and Services Tax (CGST), States Goods and Services Tax (SGST), Integrate Goods and Services Tax (IGST), Union Territories Goods and Services Tax (UTGST) and GST Compensation Cess. GST has reduced the Tax burden of common man. GST is also called as ‘Game Changer’ for India. We celebrated third anniversary of GST 1stJuly, 2020. GST is the future of Self reliant India.

Governance is a big word which brings lots of things under its umbrella. It means process of decision making and the process by which it is implemented. In India GST decisions are notified through Central Board of Indirect Taxes & Customs (CBIC). It has conducted various GST Awareness campaigns and training programs for better understanding about GST.

Goods and Services Tax Automated Compliance

Automated Compliance is use of Artificial Intelligence to simplify compliance procedures. Artificial Intelligence (AI) is also some time called machine intelligence. It is the use of digital computers to perform tasks which were earlier performed by human beings. GST is handled through online portal. GST implementation in India has also opened up possibilities for use of technology which can streamline process for all the tasks involved in GST compliances. There are various forms in GST which are auto-populated.

For Example: GSTR-2A is an automatic return generated from GSTR-1. The use of Technology has increased immensely after introduction of GST. All the key aspects starting from registration till filing of the return, raising of e-waybill, filing of the refund claim, etc. and the inter-tagging of all these aspects on the Portal is totally dependent on the technology. GST is the new future of Automated Compliant India.

New Compliances under GST E-way Bill, E- invoicing and Equalisation Levy

Electronic – Way bill (E-way Bill) is a document that needs to be generated on common portal before transporting or shipping goods worth more than Rupees 50,000 within state or inter-

state. The physical copy of e-way bill must be present with the transporter or the person in charge of the conveyance and should include information such as goods, recipient, consignor and transporter. The e-way bill was rolled out nationwide on 1st April 2018.

Electronic invoicing is a system in which all Business to Business invoices are electronically uploaded and authenticated by the designated portal. Previously invoices generated by different software looked similar to humans, but computer system can't understand it fully though the business users can understand them. E-invoicing has done away with this shortcoming. GST e-invoice is the introduction of the digital invoice for goods and services provided by the business firm generated at the government GST portal. The concept of GST e-invoice generation system is launched for reduction in GST evasion. Registered person whose aggregate turnover in a financial year exceeds Rs. 500 crores shall prepare electronic invoice and same will be mandatory from 1st October, 2020.

In the year 2016 **Equalisation Levy** was introduced in India, with the intention of taxing the digital transactions i.e. the income accruing to foreign e-commerce companies from India. It is aimed at taxing business to business transactions. The Finance Bill, 2020 has expanded the scope of the "equalization levy" to include consideration received by e-commerce operators from e-commerce supply or services, and taxed at a rate of 2%. Equalisation Levy has become effective from 1st April, 2020.

National Anti-Profitteering Authority (NAA)

The National Anti-profitteering Authority (NAA) is the statutory mechanism under GST law to check the unfair profiteering activities by the registered suppliers under GST law. NAA core function is to ensure that the commensurate benefits of the reduction in GST rates on goods and services done by the GST Council and of the Input tax credit are passed on to the recipients by way of commensurate reduction in the prices by the suppliers.

NAA main function is to ensure that the registered suppliers under GST law are not profiteering by charging higher prices from customers in the name of GST. The legal mandate of NAA is to examine and check such profiteering activities and recommend punitive actions including cancellation of Registration. The chairman, NAA along with 4 Technical members and with help of the Standing Committee, Screening Committee in every State and the Directorate General of Anti-Profitteering in the Central Board of Indirect taxes & Customs (CBIC), has worked together on the anti-profitteering front.

END NOTE

Improved business processes and procedures open up new avenues of opportunities and create confidence among entrepreneurs. The initiatives of Government of India such as Ease of doing business, Digital India, Stringent transparency measures and compliance practices brought India at par with Global practices in corporate world. Investor's confidence has also increased with a good pace in Indian market. Make in India initiative has also opened investment doors for foreign companies. Multiple enterprises are adopting its mantra. The world's largest democracy is well on its way to becoming the world's most powerful economy. With Efficient, transparent and accountable governance, India will be able to achieve its aim for 2022 a poverty free, corruption free New India and become one of the two largest economies of the world in the times to come.

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