

**“Dripping water hollows out stone, not through force but through persistence.” Ovid**

### GOVERNMENT RE-INTRODUCED LTCG TAX ON EQUITY

The government has re-introduced LTCG tax on equity shares. Investors have to pay 10% LTCG tax on gains exceeding ₹one lakh on the sale of shares or equity mutual funds held for more than one year. Previously, short-term capital gains (STCG) tax of 15% was levied.

The Centre said if the gains exceeded ₹one lakh in a year, then 10% LTCG tax had to be paid **without the benefit of indexation (adjusting the profit against inflation to compute the real taxable gains).**

#### LTCG:

LTCG or long-term capital gains refer to the gains made on any class of asset held for a particular period of time. In case of equity shares, it refers to the gains made on stocks held for more than one year. In other words, if the shares are bought and held for more than a year before selling, then the gains, if any, on the said sale are referred to as long term capital gains or LTCG.

#### POSITIVES:

One, it corrects, somewhat, the prevailing imbalance on market investments because though investment instruments are taxed gains from holding shares for long are not. Even short-term capital gains – money made by selling shares after holding for less than a year – are taxed at 15%.

Two, investors who park wealth in the stock markets would be encouraged to deploy the capital in ways that are more economically productive, say, in manufacturing activities.

Three, it makes the government seem a little less pro-rich, little more benevolent towards the no-so-rich as much of the capital gains are collected by corporate, not individuals.

LTCG tax should be seen as part of a broader policy framework to boost capital investments while providing the government more money for genuine public goods.

### CRISIDEX

CriSidEx, India's First MSE Sentiment Index, has been launched by CRISIL and SIDBI.

#### CriSidEx:

CriSidEx is a composite index based on a diffusion index of 8 parameters and measures MSE business sentiment on a scale of 0 (extremely negative) to 200 (extremely positive).

CriSidEx will have 2 indices, one for the 'survey quarter' and another for the 'next quarter' once a trend emerges after few rounds of the survey, providing independent time series data.

The crucial benefit of CriSidEx is that its readings will flag potential headwinds and changes in production cycles and thus help improve market efficiencies. And by capturing the sentiment of exporters and importers, it will also offer actionable indicators on foreign trade.

MSME sector is backbone of the economy. It is one of the largest employers in the country and with the vast population where employment either in government or in the large industry itself has limited potential. This is one sector where people not only exhibit their entrepreneurial skills, become part of large value chains but also become job creators in the process. And that is the reason why a bulk of the jobs in manufacturing, trading have been created in this particular sector.

### PELICAN FESTIVAL-2018

'Pelican Bird Festival-2018' was recently organized at Kolleru lake. It was jointly organised by the Andhra Pradesh Tourism Authority (APTA) and Krishna district administration.

Thousands of pelicans, painted storks and other birds will visit the lake during winter season, roost, breed and fly with their off springs. Recently, officials identified that

Atapaka is one of the largest pelicanry in the world.

#### **Kolleru lake:**

Kolleru lake is one of the largest fresh water lakes in the country. It is located between Krishna and Godavari delta. It was declared as a wildlife sanctuary in 1999.

It is a Ramsar site and is also listed as an Important Bird Area.

The lake is known to amateur birdwatchers and professional ornithologists as a Pelicanery -a location where the Grey Pelicans, a large magnificent bird, nest and breed. Grey pelicans had vanished from the lake in 1973 for nearly 35 years and returned to it to nest again in December 2006.

The Grey Pelican also called the Spot Billed Pelican is listed in Schedule I of the Wildlife Protection Act and in the Red Data Book.

It is also considered a **“globally threatened species” under the “vulnerable”** category.

#### **DIGITAL GENDER ATLAS**

Digital Gender Atlas has been developed to identify the low performing geographic pockets for girls, particularly from marginalized groups such as scheduled castes, scheduled tribes and Muslim minorities, on specific gender related education indicators.

The Atlas is designed around the two broad areas of performance of girls' education and vulnerabilities visualized in the following five sections:

Comparative Composite Index based Quartile Ranking grouped under categories of access, infrastructure, teachers and outcome indicators and based on 25 indicators pertaining to primary, upper primary and secondary level which can be visualized at State, district and block level.

Vulnerability status of an area based on a composite index of 3 broad indicators

- (i) rural female literacy

- (ii) percentage girls/boys married below the legal age of marriage and

- (iii) Working children can be visualized

Separate visualizations are given for working children for the following sub-indicators: disaggregation by gender and age for the 5-9 years, 10-14 years and 15-19 years age groups as well as for marriage below the legal age. These maps are available up to the district level.

All the states have been mapped in the Digital Gender Atlas. The states have been using it as a planning tool to come up with strategies for inputs for the state SSA and RMSA annual plans.

#### **INTERNATIONAL KALA MELA**

The First ever International Kala Mela is being in New Delhi. The International Kala Mela has been organised by the Lalit Kala Akademi in partnership with IGNCA of the Ministry of Culture.

The central objective of Kala Mela is to focus on direct interaction between the artist and the connoisseur and also educating and raising awareness about art, which has been the mandate of Lalit Kala Akademi.

This comprehensive outreach shall include the participation of National, International level Artists/ Art Critics of repute from all over the Globe.

#### **Lalit Kala Akademi:**

The Lalit Kala Akademi or National Academy of Art is India's National Academy of Fine Arts. It is an autonomous organization, established at New Delhi in 1954 to promote and propagate understanding of Indian art, both within and outside the country.

It does so through providing scholarships, a fellow program, and sponsoring and organizing numerous exhibitions in India and overseas.

**SEBI GETS TEETH TO ACT AGAINST EXCHANGES, NEW MARKET OUTFITS**

In the proposed amendments in the Finance Bill 2018, the government has given more power to the Securities and Exchange Board of India (SEBI)

This will allow it to impose monetary penalties on important market intermediaries such as stock exchanges and clearing corporations

Also to act against newer categories of participants like investment advisers, research analysts, real estate investment trusts (REITs) and infrastructure investment trusts (InvITs)

**Monetary penalties can be imposed now**

Till now, SEBI only had the power to censure or warn against any form of failure

The proposed amendments to the SEBI Act and the Securities Contracts (Regulation) Act now allow the capital markets regulator to impose a monetary penalty of at least ₹5 crore on stock exchanges, clearing corporations and depositories for non-compliance with regulatory norms

The penalty can go up to ₹25 crore or three times the amount of gains made out of such failure or non-compliance

The amendments also allow SEBI to act against entities that furnish false or incomplete information to the regulator

Earlier, it could act only if the entity did not furnish any information

**Additional powers**

The whole-time members of SEBI have also been given additional powers to act against wrongdoers

The government has also allowed the regulator to pursue cases against the legal representatives of defaulters if in case a defaulter passes away during the course of regulatory proceedings

**Real estate investment trusts (REITs)/Infrastructure investment trusts (InvITs):**

- Real Estate Investment Trusts or REITs are mutual funds like institutions that enable

investments into the real estate sector/infrastructure sector

- This is done by pooling small sums of money from multitude of individual investors for directly investing in real estate properties/infrastructure so as to return a portion of the income (after deducting expenditures) to unitholders of REITs, who pooled in the money
- A REIT in India is allowed to invest mainly in completed and revenue generating assets and other approved investments
- REITs/InvITs will have to distribute majority of its income among the unit holders
- REITs/InvITs are regulated by SEBI

**PLAN ON REVENUE DEFICIT SEEN AS SHIFT TOWARDS CONSUMPTION SPENDING**

The Union budget has proposed to stop setting targets on revenue deficit reduction from next year

This will be done through an amendment in the Fiscal Responsibility and Budget Management (FRBM) framework

This may sway government's expenditure more towards consumption spending away from more productive capital expenditure

FRBM Act was to force government from switching from consumption to capital expenditure

This will have serious implication not only on GDP growth but also on achieving public debt target

**N.K. Singh Committee recommendations:**

There was extensive discussion on whether to target revenue deficit or not

Majority of members agreed that revenue deficit needed to be brought down gradually

It recommended reduction of revenue deficit by 25 basis points every year to bring it down to 0.8% by 2023-24 without eliminating it completely

Borrowing for expenditures that are to be incurred year after year is neither desirable nor sustainable

This is the basis of the commonly known as the golden rule of fiscal policy.

The revenue deficit broadly measures the extent of borrowings used for revenue expenditure.

Fiscal deficit measures the overall borrowing to finance both revenue account deficit as well as capital account deficit.

Effective revenue deficit measures the revenue deficit minus grants to states for the creation of capital assets.

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