

# J P Chawla & Co. LLP

# 2023



## Fineprint

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## A MONTH THAT WAS

### India's Retail Rise: A \$2 Trillion Powerhouse by 2032

India's retail landscape is undergoing a monumental transformation, poised to reach a staggering \$1.1 trillion by 2027 and an eye-watering \$2 trillion by 2032. This meteoric ascent, fueled by a 25% annual growth rate, propels India to the coveted fourth position in the global retail arena.

This retail revolution finds its allure in a confluence of factors. India boasts the world's second-largest population, a burgeoning middle class with rising disposable incomes, and a rapidly urbanizing landscape. Even rural consumers are joining the connected economy, further fueling the retail surge.

The impact is undeniable. Retail now contributes over 10% to India's GDP and employs a staggering 35 million individuals, with forecasts predicting 25 million new jobs by 2030. This demand has birthed a colossal 120 million square feet of organized retail space in major cities, with Delhi and Mumbai leading the charge.

Diverse segments drive this growth, with Food & Grocery, Apparel & Footwear, and Consumer Electronics reigning supreme, accounting for 63%, 9%, and 7% of the market respectively. E-commerce, too, is booming, projected to reach a \$350 billion GMV by 2030. Even the luxury retail market is thriving, valued at \$30 billion, fueled by rising incomes and international brand investments.

India's digital prowess further strengthens its economic landscape. The nation's burgeoning digital economy, projected to touch \$1 trillion by 2030, is underpinned by robust digital payments, particularly through UPI. This financial agility positions India for transformative growth.

### India: A Magnet for Global Investment in 2024

As the global investment landscape evolves, India emerges as a prime destination for discerning investors. Kevin Carter, founder and CIO of EMQQ Global, sees India as the ideal emerging market, possessing the perfect blend of factors for substantial growth. A democratic government fostering technology, a skilled talent pool, and a dynamic economy make India an irresistible proposition.

Carter, through his India Internet & E-commerce ETF (INQQ), highlights the transformative impact of Jio smartphones, bringing millions online and driving financial inclusion. Despite occasional turbulence, Indian stocks have proven resilient, delivering handsome returns to investors in 2023. The Sensex and Nifty, for instance, showcased a remarkable 16-17% cumulative gain.

The economic outlook for India in 2024 appears rosy, with robust GDP growth, manageable inflation, and political stability at the central level. The global spotlight is firmly on India, with foreign investors pouring funds into the stock market, a testament to their confidence in the nation's potential.

As the IMF projects robust growth for India, the nation stands tall amongst the world's major economies, presenting an enticing prospect for those seeking lucrative investment opportunities.

### Ayodhya's Transformation: A Rs 11,100 Crore Development Surge

In line with the Prime Minister's vision for comprehensive urban development, Ayodhya and its vicinity are set for a major economic leap. The government is preparing to inject over Rs 11,100 crore into the region through a series of groundbreaking projects.

A key highlight is the inauguration of the Ayodhya Airport, its terminal echoing the architectural grandeur of the Shri Ram Mandir. The Ayodhya Dham Junction Railway Station will also be unveiled, marking a significant improvement in transportation infrastructure. Two new Amrit Bharat trains and six Vande Bharat trains promise to further enhance connectivity across the country.



With a focus on facilitating access to the Shri Ram Mandir, four revamped roads will be inaugurated. Additionally, a greenfield township, a testament to sustainable urban planning, will be laid by the Prime Minister, attracting an investment exceeding Rs 2180 crore. Various other projects valued at more than Rs 4600 crore are set to be inaugurated, contributing to the overall development of Uttar Pradesh.

This strategic investment spree paints a picture of a resurgent Ayodhya, poised to welcome pilgrims and tourists from across the globe. The economic ripple effects promise to transform the region, ushering in a new era of prosperity





### **Notification of Exchange of Information agreement.**

The Central Government has notified the Exchange of Information agreement between India and Saint Vincent And The Grenadines for facilitate the exchange of information and assistance in collection with respect to taxes.

- [Notification No. – 96/2023]

### **Notification of Authority for Disclosure of Information regarding assessee.**

The Central Government had notified the Deputy Director General (Tech Development Division), Unique Identification Authority of India (UIDAI), Government of India for the purpose of disclosing information as asked by the Income Tax Authority in the performance of his functions under this Act.

- [Notification No. – 99/2023]

### **Income Tax Judgement – Provisions of Section 43B applicable on Service Tax not paid to Government.**

Bangalore ITAT held that service tax collected by the Assessee but not paid to the Credit of Central Government before the due date of filing of Income Tax Return is disallowed, even though the amount was not charged to Statement of Profit and Loss. The collection of service tax and non-payment of the same, attracts the provisions of Section 43B and the provisions of Section 145A cannot be applied in view of non obstante clause in Section 43B.

- [TS-691-ITAT-2023(Bang)]

### **Income Tax Judgement – DIN-less DRP directions bad in law**

Delhi ITAT held that DRP directions passed without DIN is considered bad in law and therefore, quashes consequent assessment orders issued by the Income Tax Authority. ITAT observes that perusal of DRP order clearly evidences that directions under Section 144C(5) were passed without mentioning the DIN and the DIN was generated subsequent to passing of the orders/directions by DRP. ITAT Relies on coordinate bench ruling in Sharda Devi Bajaj wherein assessment order under Section 153C was set aside while observing that in the absence of exceptional circumstances mentioned in Para 3 of the said Circular any subsequent intimation containing DIN will not valid the assessment order and the said order will be deemed to have never been issued; Accordingly, following jurisdictional HC ruling as well as coordinate bench ruling, ITAT holds that DRP directions as bad in law and holds the assessment order passed pursuant to DRP directions liable to be quashed.

- [TS-711-ITAT-2023(DEL)]





# REGULATORY

## Ministry of Corporate Affairs (MCA)

Ministry of Corporate Affairs vide Notification dated October 30, 2023, appoints October 30, 2023, as the effective date for the provisions of section 5 of the Companies (Amendment) Act, 2020.

This amendment is aimed at providing public companies with the flexibility to list their securities on foreign stock exchanges and includes provisions for exemptions by the Central Government.

### Section 5 amends section 23 of the Companies Act, 2013, inter alia includes:

5. In section 23 of the principal Act, after sub-section (2) and before the Explanation, the following sub-sections shall be inserted, namely:

—

“(3) Such class of public companies may issue such class of securities for the purposes of listing on permitted stock exchanges in permissible foreign jurisdictions or such other jurisdictions, as may be prescribed.

(4) The Central Government may, by notification, exempt any class or classes of public companies referred to in sub-section (3) from any of the provisions of this Chapter, Chapter IV, section 89, section 90 or section 127 and a copy of every such notification shall, as soon as may be after it is issued, be laid before both Houses of Parliament.”

## Securities and Exchange Board of India (SEBI)

To streamline the dissemination of relevant information to investors, rationalize the preparation of Scheme Information Document (SID), and facilitate its periodic updation by mutual funds, the Securities and Exchange Board of India vide its circular dated November 1, 2023, has revised the format of SID/KIM/SAI to be implemented w.e.f. April 01, 2024. Further, to give effect to the revisions in the SID, SEBI has modified various clauses of its Master circular dated May 19, 2023.

## Ministry of Commerce & Industry

In a significant move to enable micro, small, and medium enterprises (MSMEs) and boost e-commerce exports from the country, the Directorate General of Foreign Trade (DGFT), Ministry of Commerce and Industry, Government of India is collaborating with the various e-commerce players to leverage the Districts as Export Hubs initiative and promote e-commerce exports from the country. In first such collaboration with different e-commerce platforms, DGFT has signed a memorandum of understanding (MoU) with Amazon India.



# ACCOUNTING AND AUDITING



## Exposure Draft of Standards on Auditing for Limited Liability Partnerships

Section 34A of the Limited Liability Partnership Act, 2008 prescribes that the Central Government may, in consultation with the National Financial Reporting Authority constituted under section 132 of the Companies Act, 2013, prescribe the Standards of Auditing as recommended by the Institute of Chartered Accountants of India constituted under section 3 of the Chartered Accountants Act, 1949, for a class or classes of limited liability partnerships.

The Institute of Chartered Accountants of India (ICAI) had submitted ICAI's recommendations to the National Financial Reporting Authority (NFRA) regarding 35 Standards on Auditing for their notification under Section 143(10) of the Companies Act, 2013 for audit of companies. ICAI is of the view that the aforesaid Standards on Auditing applicable to audit of companies recommended by ICAI to NFRA, should apply mutatis mutandis to audit of limited liability partnerships.

In this regard, the Auditing and Assurance Standards Board (AASB) of ICAI has issued the Exposure Draft of Standards on Auditing for Limited Liability Partnerships (LLPs) for public comments.

The document of this Exposure Draft is available at <https://www.icai.org/post/ed-standards-on-auditing-for-limited-liability-partnerships-details>

## Indian Accounting Standards (Ind AS)/Accounting Standards (AS)

### Exposure Draft of Lack of Exchangeability - Amendments to Ind AS 21

Section Indian Accounting Standards (Ind AS) are based on the IFRS Standards issued by the International Accounting Standards Board (IASB). In this regard, it may be noted that IFRS Standards are being issued/revised by the IASB from time to time. As a part of convergence with IFRS Standards, Ind AS may be issued/revised corresponding to the IFRS Standards. Accordingly, whenever any amendments are made or new IFRS Standard by the IASB, the Accounting Standards Board (ASB) of the ICAI considers amendments for inclusion in corresponding Ind AS.

In this regard, the Accounting Standards Board has issued the following Exposure Draft on "Lack of Exchangeability - Amendments to Ind AS 21".

The document of this Exposure Draft is available at <https://resource.cdn.icai.org/76933asb61951.pdf>





We are a team of distinguished Business Advisors, Chartered Accountants, Tax Consultants, Company Secretaries, Management Accountants, Corporate Financial Advisors, Management consultants, Technology consultants and Forensic experts. We provide services in area of Business Intelligence Services, Taxation Services, Audit, Risk and Assurance Services, Outsourcing Services, Regulatory Services, Transaction Advisory Services, Doing Business in India and Start Up Services.

For further insights and updates, we invite you to explore our website at [www.jpc.co.in](http://www.jpc.co.in)  
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