

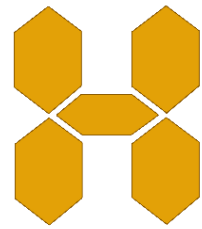
ECONOMIC SLOWDOWN

Why this economic slowdown is serious??



*h*ive

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ZEN STORY

Sometimes a story can teach much more than entire philosophical treatises

Nan-in, a Japanese master during the Meiji era (1868-1912), received a university professor who came to inquire about Zen.

Nan-in served tea. He poured his visitor's cup full, and then kept on pouring.

The professor watched the overflow until he no longer could restrain himself. "It is overfull. No more will go in!"

"Like this cup," Nan-in said, "you are full of your own opinions and speculations. How can I show you Zen unless you first empty your cup?"

The best travelers head out with no preconceptions about the cultures they will visit and the people they will meet. They remember to pack the most important thing: an open mind.

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$\log_{10} 0.1 = 1.9785$
 $\log_{10} 0.054 = 1.8736$
 $\log_{10} 2 = 2.0791$
 $\lambda = 113.5^{\circ}$

Organic acid
 N_2
 NH_3 (NH_4^+)
 OH
 $P=O$
 O

$1\text{ mol} = 50\% \text{ } \uparrow$
 $7 \sim 10\% \text{ } \downarrow$

$ATP + H_2O \rightleftharpoons ADP + H_3PO_4 + E$

$\log_{10} x + \log_{10} y = \log_{10}(xy)$
 $\log_{10} x - \log_{10} y = \log_{10}(x/y)$

$\lambda = 2 + 1 \cos x$
 $y = y_1 + y_2 \sin x$

2100
 2650
 $1,450$
 30
 250
 390
 $1,200 \rightarrow 500$
 500
 700
 360
 420
 $1,600 (-)$
 $4,700$
 $3,000$
 $2,000$
 $1,000$
 32°
 36°
 40°
 44°

$P_1(x_1, y_1, z_1)$
 $P_2(x_2, y_2, z_2)$
 $(\text{gcd}) = \frac{x_2 - x_1}{\sqrt{(x_2 - x_1)^2 + (y_2 - y_1)^2 + (z_2 - z_1)^2}}$

$C_6H_{12}O_6$
 $N = 14$
 $(N_2)/\text{mol}$
 $14 \times 2g$
 $1\text{ mol} = 180g$

$\sin(\lambda_1 - \lambda_2)$

35%

Mathematical geography

29% 71% 68% 2%
 39% 62% 68% 32%

$239(12 + 0.00019) = 239.99 = 239.99$

GIVING DIRECTION TO YOUR DREAMS



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Suppose you inherited a farm and a house. You grow your own food using your own land and labour. You don't use chemical fertilisers and prepare organic manures using cow dung and similar stuff on your own. You don't buy fodder for your cattle or poultry which fulfil your milk and meat requirements. You use biogas as fuel for household energy. This means you have a self-sustained viable economy. But you are contributing nothing to country's gross domestic product (GDP) as you are not using money.

Now, consider this. Your neighbour works in a factory and earns a salary. She buys grocery from a kirana store, milk and butter from a dairy parlour, clothes from a shopping mall, dines out and

watches a movie or a play on weekends, employs a help in her home and pays taxes. Her activities are the guarantee that the country's GDP clock is ticking upward.

Every single purchase by her begins a chain of purchase and sale. The kirana wallah goes to wholesale market to buy stuff for shop. The wholesale market sources its supplies from the farmers, who purchase seeds, fertilisers, tractors, diesel and employ labourers on their fields. All are paid in money. This is repeated for every single purchase by your neighbour. She ensures flow of money that defines growth of measurable GDP.

This chain of sale and purchase has shown signs of slowdown over the past few months. It is visible in

almost every sector of the Indian economy. The result was worrisome for 2018-19, for which the GDP growth rate was 6.8%.

This is the slowest growth rate of GDP since 2014-15. The previous low was 6.39 per cent in 2013-14 following which the Narendra Modi government came to power in 2014.

It fell below 6% mark in January-March 2018-2019. At 5.8%, the March quarter growth rate pushed India behind China after seven quarters. But that rivalry is the least of the worries for Indian economy. There are ominous signs showing that slowdown is deep.



Auto Sector:

Automobile sector is facing its worst crisis in 20 years. Reports say around 2.30 lakh jobs have been lost in the auto sector. A large of it is being blamed on the global trend accentuated by the Brexit situation.

But what signals a deeper problem is the Society of Indian Automobile Manufacturers (SIAM) report that 300 dealerships have shut down in recent times. Sales of cars, tractors, two-wheelers have declined considerably.

Real estate:

Reports are that the volume of unsold houses over the past one year has increased in the top cities of the countries. According to real estate research company Liases Foras, the unsold inventory currently stands at 42 months.

This means it will take three-and-a-half years for the existing unsold inventory flats/ houses to clear up. An efficient market maintains 8-12 months of inventory, the company said.



FMCG:

The fast-moving consumer goods (FMCG) companies have reported decline in volume growth in the April-June quarter. This has been blamed on a sluggish rural demand, which, in turn, indicates less availability of money in villages.

Reports say that the demand for FMCG in rural India was growing at 1.5 times of the urban demand. The rural demand has come down to the level of urban growth.

Bank Lending:

Banks have extended credit to big industries while money flow to medium- and small-scale enterprises are sluggish, which are the biggest employers.

Government hands tied:

Market-based economies thrive on hope and belief of profit by private entrepreneurs. When market sulks under negative sentiments, the government infuses money to bring back hope. But the central government's hands are tied.

Government expenditure accounts to 10% of economy. With economic slowdown it has increased to 19% in 2017-18 and 13% in 2018-19

Government needs more money. But the revenue collections are not in similar pattern. To put it simple, the government does not have enough money to invest in the economy.



Dream11 is an Online Fantasy sports platform that allows people to play various sports. It is based in India. It became one of the biggest Online Fantasy Sports App during the Indian Premier League (IPL Cricket) in 2019.



How Can one person make money ?

The person who wants to play is required to pay a certain amount to join the contest, select the players from the teams who are going to play the upcoming match and earn points on the basis of performance of the selected players in real matches. The player wins real cash according to the points earned.

Income Tax Implication

Any Income received from winning of money on game shows like Kaun Banega Crorepati, Bigg Boss, Indian Idol, Dream 11, Cross words, Puzzles are all taxable under Income from Other sources and treated as Casual Income and taxed @ 30%.

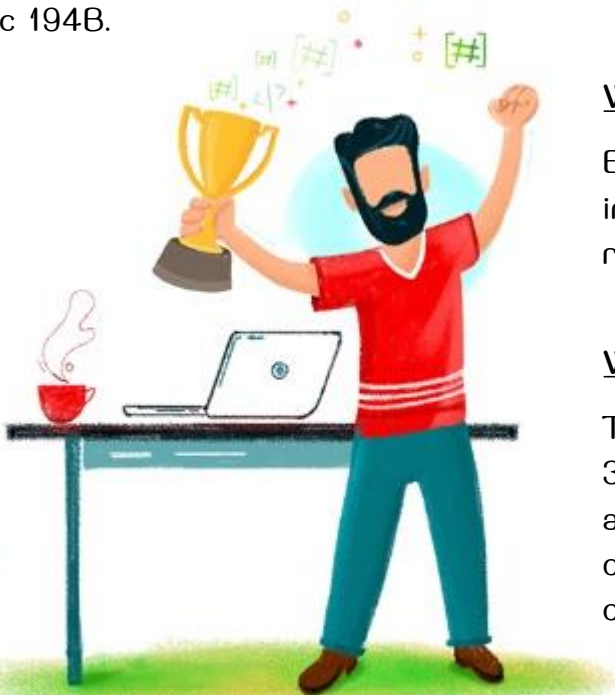
Further such incomes are subject to Tax Deduction at Source (TDS) as per Provisions of Sec 194B.

Who is required to deduct TDS u/ s 194B?

Every person who comes under the income on income referred as above is required to release the income only after deducting tax.

What is the rate, time etc of TDS u/ s 194B?

TDS under this section has to be deducted @ 30%, at the time when payment is made. If the amount of winning does not exceed Rs.10,000 during the FY then no tax u/ s 194B shall be deducted.





Goods and Service Tax (GST) Implication

To understand, the GST implication, we can directly get into the Recent case of **Gurdeep Singh Sachar vs Dream11 Fantasy Pvt. Ltd.** which has raised following issues.

Issues raised in the case:

- Dream11 Fantasy Pvt. Ltd. is involved in conducting illegal operations of Gambling or Betting or Wagering in the guise of Online Fantasy Sports Game.
- Dream11 Fantasy Pvt. Ltd. has allegedly evaded GST payable by it by violating the provisions of the GST Act and Rule 31A of the CGST Rules, 2018.



Facts considered by the Court in the 2 issues mentioned above::

- The result of the online fantasy game is not dependent upon the winning or losing of any team. The players selected can be from both the teams. The person selects the team based on his/ her skills and expertise. Therefore, this activity is not 'Gambling' or 'Betting' or 'Wagering'.
- The amounts to be distributed to the winning participants at the time of result are pooled in an escrow account. These are 'Actionable claim'. But since this activity does not amount to Gambling or Betting or Wagering, hence these Actionable claims fall under Schedule III of Section 7(2) of the CGST Act and are not considered as Supply of goods or Services. Also, Rule 31A which is limited to activities of Lottery, Betting, Gambling or Horse Racing does not apply in this case.

Therefore, the transactions pertaining to Actionable claim are exempt from GST and Dream11 Fantasy Pvt. Ltd. has not evaded any amount of GST.



Conclusion

Concluded that the activity of Dream11 Online fantasy Game is not illegal. It is not gambling or betting or wagering.

The amount to be distributed to the winners is an Actionable Claim which is not Supply for the purpose of GST and hence, EXEMPT.



PCIT vs Cricket Club of India [Bom HC]

Expenditure incurred by assessee-Cricket Club of India for renovation and interior work of stadium, construction of foundation of camera, staircase, control room, fabrication and erection of structural steels, fixing of MS sliding gates, different pipes for sprinkler system in main ground, excavation of soil, purchasing of LED replay screen, electric materials etc., for upgrading stadium in accordance with ICC Standards, was revenue in nature



Maharashtra State Warehousing Corporation vs DCIT [Pun Trib]

Where business loss was arrived at by Assessing Officer while giving effect to order of Tribunal, said loss could be carried forward and benefit of set off against business income in subsequent assessment years could be allowed to assessee even in absence of such claim in return of income

Varun Seth vs ACIT [Del Trib]

Where assessee sold a residential house and invested sale consideration in a plot for purpose of construction of residential house, merely because assessee could not obtain possession of plot within period of three years due to developer's failure to offer possession, assessee's claim for exemption under section 54 could not be denied

Swastic Safe Deposit Ltd. vs ACIT [Bom HC]

Where gain from sale of shares by assessee was exempt from tax in terms of section 10(38), mere non-disclosure of such gain on sale of shares in return of income would not mean that capital gain from sale of shares had escaped assessment

ITO vs Khatu Shyam Builders [Jaipur Trib]

Where assessee, engaged in construction and development of housing project, claimed deduction of interest paid on money borrowed for acquiring land as stock-in-trade, in terms of AS-16, interest cost so incurred would be required to be accumulated as part of project cost and same could not be allowed as deduction in year of incurrance itself





Spencer Stuart International BV vs DCIT [Mum Trib]

Payments towards reimbursement of expenses towards travel and stay, video conferencing charges, insurance, and other miscellaneous expenses, received by assessee-Netherland based company from its Indian subsidiary, would not constitute FTS as per article 12 of India Netherland DTAA, hence not taxable in India

Escorts Skill Development vs CIT [Del Trib]

In terms of section 8 of Companies Act, 2013, Corporate Social Responsibility (CSR) activities are public charitable activities per se and, therefore, assessee-company formed with object of complying with requirement of corporate social responsibility of its parent company was eligible for registration under section 12AA

Indian Medical Trust v. PCIT [Raj HC]

Where assessee educational trust acquired a TV channel for educational training in journalism and mass communication as it was offering courses for graduation and post-graduation in mass communication and journalism, said investment in TV channel would be considered to be in consonance with objects of trust

Sanatam Dharam Educational Charitable Society vs CIT [Amrit Trib]

Where an educational institution carries on activity of education primarily for educating persons, mere fact that it makes surplus can not lead to conclusion that it ceases to exist solely for educational purposes

Essar Teleholdings Ltd. vs ACIT [Mum Trib]

Where assessee-company purchased Compulsory Convertible Debentures (CCDs) from its subsidiary company and sold them to its holding company which had resulted in short term capital loss, in view of fact that documentary evidences for purchase and sale of CCDs were not doubted by revenue and independent Chartered Accountant had determined fair market value of CCDs, transactions of sale of CCDs to related concern could not be construed as a colourable device to set off huge profits earned during year

Circulars

❑ **CBDT Circular 19/ 2019 [14-Aug-19]**

Quoting of 'DIN' in all departmental communications is mandatory w.e.f. 1-Oct-19



Blocked Credits - 1

What?

Though the one of the pillars of GST is free flow of credits in order to eliminate cascading of taxes, specific cases are mentioned under GST where no input tax credit shall be available to the applicant u/s 17(5) of the Act

Food, beverages, club memberships and others

ITC is not for the supply of following goods or services or both:

- Food and beverages
- Outdoor catering
- Beauty treatment
- Health services
- Cosmetic and plastic surgery



Exception

ITC will be available if the category of inward and outward supply is same or the component belongs to a mixed or composite supply under GST.

Sale of membership in a club, health, fitness centre

ITC will not be allowed on any membership fees for gyms, clubs etc.



For personal use

No ITC will be available for the goods/ services used for personal purposes and not for business purposes.

Motor vehicles & conveyances

- ITC is not available for Motor vehicles used to transport persons, having a seating capacity of less than or equal to 13 persons (including the driver).
- ITC is not available on vessels and aircraft.



Exception

- If you are in the business of **supplying cars**, then ITC will be available.
- If you are providing **transportation of passengers**, then ITC will be allowed on the vehicle purchased.
- A driving school purchases a car to give **training** to students. The school can claim ITC on the GST paid on the car.
- ITC will be allowed on motor vehicles and other conveyances used to **transport goods** from one place to another.

Services of general insurance, servicing, repair and maintenance

No ITC is allowed on services of general insurance, servicing, repair and maintenance in so far as they relate to motor vehicles, vessels or aircraft referred above



Exception

- Same as exceptions mentioned for motor vehicles/ vessels/ aircrafts
- where received by a taxable person engaged—
 - ✓ In the manufacture of such motor vehicles, vessels or aircraft; or
 - ✓ In the supply of general insurance services in respect of such motor vehicles, vessels or aircraft insured by him

Free Samples

No ITC is available for goods lost, stolen, destroyed, written off or given off as gift or free samples.

No ITC on

Non-Residents & Composition Dealers



App of the Month -

Digi Locker



DigiLocker is a platform for issuance and verification of documents & certificates in a digital way, thus eliminating the use of physical documents. Digital Locker can push electronic copies of driving license, Voter ID, School certificates. Citizens can also upload scanned copies of their legacy documents in their accounts.

The digitalized documents shall be accepted as valid proof of evidence at various departments.

Click of the Month

It's been two hours since we've arrived.. And they still haven't noticed!!!



Book of the Month -

Entrepreneurship Simplified

From IDEA to IPO



- o 248 pages
- o Published in 2016
- o Penguin Random House

One of the most exciting feelings in the world is at the moment when you take the leap to become an entrepreneur and launch your own start-up. In Entrepreneurship Simplified, Ashok Soota

and S.R. Gopalan distil their decades of experience into a concise, comprehensive and practical guide for every aspiring entrepreneur as well as those who have already embarked on the entrepreneurial journey.

Full of anecdotes, practical wisdom and key takeaways, this is a definitive book on the subject that replicates the passion, fun and sense of fulfilment that accompanies the start-up adventure.

The story of life is quicker than the wink of an eye

Natural Remedies

Keep Moving



Keep your body moving, keep your bowels moving, keep your breath moving. By keeping to this one simple rule, surely, will help lead to a long and healthy life. We have discussed the benefits of exercise and avoiding constipation (i.e. promoting regular bowel movements) but above all - the most important movement of the body is the breath.

Trivia



India has won all 5 men's Kabaddi World Cups held till now and have been undefeated throughout these tournaments. The Indian women's team has also won all Kabaddi World Cups held till date.