VOICE OF FICCI

SHAPING THE AGENDA

September 2020

From the Secretary General

COVID-19 has impacted several sectors of the economy severely. What can be termed as a major help, the RBI has provided a much-needed relief to COVID hit sectors by coming out with a detailed circular on Resolution Framework for COVID-19 related stress basis recommendation of the expert committee headed by Mr KV Kamath.

Despite being hit badly by the COVID-19 stress, corporates have continued to honour their debt service obligations on time, and some have not even availed of the moratorium. Most likely they will not be able to meet all their financial covenants. Hence, FICCI has requested RBI to issue guidelines to the banks to waive all covenant testing for FY2021 and FY2022, provided that the corporates service their debt obligations on time.

FICCI President met CIM Mr Piyush Goyal and shared FICCI's views on the current state of Indian industry, suggestions for support measures from the government for the most battered sectors of the economy, avenues for raising more revenues through divestment, and how to support the most vulnerable sections of the society, especially in urban areas, through demand stimulation.

FICCI has consulted economists about boosting consumption as well as studied how some other countries are addressing this issue. It shows that the usage of 'Consumption Vouchers' as a public policy tool to spur demand at the retail level has been quite successful.

President FICCI also submitted a note on the subject of 'Consumption Vouchers' to the Finance Minister since consumption demand in the economy has taken a massive hit on account of COVID-19 and its attendant impact on jobs, income, and growth, there is a need to revive demand.

At the NECM, industry views and concerns were shared with Governor, RBI, Mr Shaktikanta Das. The industry noted the need for steps to pep up demand and the review of a one-time restructuring scheme for eligibility criteria and timelines. The chamber also suggested making ECLGS simpler, expanding coverage, and a review of the latest circular on the opening of current accounts.

A submission for a non-discriminatory and non-discretionary mechanism to provide immediate relief to businesses was also made to the RBI Governor. It was submitted that all interest payments due during the moratorium period that cannot be serviced by borrowers be aggregated and converted into a term loan, at the option of the borrower, for four years. Such relief would dissipate banks' concerns with respect to NPA, downgrading, and provisioning now that the moratorium is no longer available.

Domestic demand is likely to remain subdued in the months ahead. Under such challenging circumstances, many domestic players are operating at a low level of capacity utilization and for them, exports offer an important opportunity for sustaining the business at this period of crisis. Therefore, if any cap is imposed now on export benefits, the competitiveness of exports from India will be negatively impacted and it may be counter-productive for our manufacturing sector at this stage.

This is a time to look ahead as we inch closer to the end of the calendar year with a unique mix of challenges and opportunities. We should focus on our strengths to derive the best of the economic and policy environment to make great things possible.

Dilip Chenoy

Representation from FICCI on Financial Covenants

The RBI has provided a much-needed relief to COVID hit sectors by coming out with a detailed circular on Resolution Framework for COVID-19 related stress basis recommendation of the expert committee headed by Mr KV Kamath. Many corporates, despite being hit badly by the COVID-19 stress, have continued to honour their debt service obligations on time and some have not even availed of the moratorium. Due to a shortfall in their revenues, many such corporates have raised equity and / or used their cash reserves to service their debt obligations. As a result, it is very likely that they will not be able to meet all their financial covenants. Hence, FICCI has requested RBI to issue guidelines to the banks to waive all covenant testing for FY2021 and FY2022, provided that the corporates service their debt obligations on time. It is imperative that this should be done, else corporates who have been prudent will be penalized for no fault of theirs.

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Meeting with Commerce and Industry Minister – Mr Piyush Goyal

President, FICCI met Mr Piyush Goyal and shared FICCI's views on the current state of Indian industry, suggestions for support measures from the government for the most battered sectors of the economy, avenues for raising more revenues through divestment, and how to support the most vulnerable sections of the society, especially in urban areas, through demand stimulation. Some of the suggestions made included -

- Need to replicate MNREGA for urban poor by offering work for poor in construction, water harvesting, sanitation, planting trees, etc.
- Wage support program for informal sector employees
- Extending the limit for government contribution of PF from current Rs 15,000 to Rs 30,000/- month
- Distribution of consumption voucher for lower income households to energize retail activity
- Front ending of infrastructure spend
- Increase cash transfers under DBT

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Note on Consumption Vouchers

President, FICCI submitted a note on the subject of 'Consumption Vouchers' to Finance Minister. Since consumption demand in the

'Voice of FICCI' is a service to all our members and shared with key policy makers and thought leaders. The document is a compilation of FICCI's views on macro-economic issues. These issues come to us directly from members, or through deliberations in conferences and seminars on sectoral issues, as also through Government notifications.

economy has taken a massive hit on account of COVID-19 and its attendant impact on jobs, income and growth, there is a need to revive demand. While the spend on essential items is holding on, the expenditure on discretionary items has taken a large hit and unless there is support at this end, overall consumption will remain subdued.

FICCI consulted many economists about boosting consumption as well as studied how some other countries are addressing this issue. It shows that the usage of 'Consumption Vouchers' as a public policy tool to spur demand at the retail level has been quite successful. These vouchers are directed not towards people at the lowest end of the income scale, who need to be supported by direct cash transfers, supply of ration and cooked meals, but is meant for the lower income and lower middle income class where confidence building is required today.

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Interaction with RBI Governor at NECM

FICCI President welcomed Mr Shaktikanta Das to FICCI NECM and shared industry views and concerns. Some of the specific suggestions made included -

- Need for steps to pep up demand
- Review of one-time restructuring scheme for eligibility criteria and timelines
- Making ECLGS simpler and expanding coverage
- Review of latest circular on 'Opening of Current Accounts'

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Submission on Suggestions for Tourism, Hotels and MSME sectors

Dr Jyotsna Suri, Past President, FICCI, and Chair, FICCI Tourism Committee made a submission to the RBI Governor with respect to need for a non-discriminatory and non-discretionary mechanism to provide immediate relief to businesses. It was submitted that all interest payments due during the moratorium period that cannot be serviced by borrowers be aggregated and converted into a term loan, at the option of the borrower, for four years. Such a relief would dissipate banks' concerns with respect to NPA, downgrading and provisioning now that the moratorium is no longer available. She also sought a special stimulus package for select sectors, viz., MSMEs, Tourism, Hotels, Retail, Healthcare, Media & Entertainment, Real Estate and Civil Aviation, to tide over the current economic crisis. It was suggested that for businesses in these sectors, the RBI in consultation with the Government of India consider an interest waiver for the moratorium period on the bank loans availed. Government can subsidize this interest payment and compensate the banks directly for the same.

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FICCI-EXIM Bank Study on BRICS

FICCI shared a report on BRICS prepared jointly with EXIM Bank, to Additional Secretary, MEA. This report is part of our preparation as we move towards India's Presidency of the grouping in 2021. The study provides a detailed analysis of the trade and investment flows for the BRICS. The study also brings forth insights in terms of composition of foreign trade of the BRICS economies while examining their participation in the Global Value Chains. It also includes specific suggestions in sectors such as agriculture, skill development/ education, healthcare, financial services, energy/ green economy, digital economy, where greater cooperation amongst BRICS countries should be pursued. Some of the suggestions are in context of the COVID-19 pandemic and highlight how we can work together to boost growth and development.

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Areas for Discussion at BRICS and G-20

A meeting was held between FICCI and DEA (IER) officials to discuss the issues/ subjects that can be taken up by India under the Finance and Economy track during its Presidency of BRICS in 2021 and G-20 in 2022. FICCI also submitted a detailed note to that effect. Some of the areas of co-operation emphasized by FICCI included- Libor Market Transition, BRICS Pay, BRICS Re-insurance Pool, Digital Financial Inclusion, Infrastructure financing, Start-ups Bridge, Green Financing, Trade-in-services, Data privacy, Co-operation in sustainable solutions, Sovereign ratings, Taxation, and Cross border investment, amongst others.

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Meeting with Mr Amitabh Kant, CEO, NITI Aayog

President, FICCI interacted with the members of the Empowered Group3 and shared insights on the state of the industry while also making suggestions for addressing some of the immediate challenges. These included -

- Government should front end its infrastructure plans for the next two years.
- Offer credit at extremely low rates of interest for the housing and real estate sector for the next few years
- To energize retail activity, government can consider issuance of consumption vouchers to the people below a certain income level.
- For the urban poor, MGNREGA can be replicated and government may consider offering work to people for carrying out sanitation activities, planting trees, cleaning and upkeep of common areas, etc.
- Consider wage support program for informal sector employees.
- Increase cash transfers under DBT and make more money available in the hands of the poor women, destitute, handicapped, single mothers and senior citizens from the lower income categories.
- Sectors like tourism, aviation, hospitality, retail and healthcare, which are critical because of the number of jobs they generate, should be given support package at the soonest

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Pre policy Meeting with RBI

President, FICCI apprised the RBI Governor on the state of the industry, sharing the findings of the latest FICCI-Dhruva Survey and made specific suggestions for consideration of RBI:

- Improving Emergency Credit Line Guarantee Scheme
- Continuation of reduction in margin money for working capital loans
- Interest subsidy on housing loans
- Support to sectors hit hard by COVID-19
- Extension of period under one-time restructuring scheme for Hotel, Tourism and Restaurant sectors
- Utilizing a part of forex reserves to create a fund for lending to industry at very low interest rates
- Measures to strengthen NBFCs
- Review of eligibility criteria under Resolution framework for COVID-19 related stress; standard accounts not in default for more than 60 days as on March 1, 2020 be made eligible for restructuring
- Amending the latest circular on 'Opening of Current Accounts' to allow more than one bank to be payment bank for the corporates as well as exclude certain categories of borrowers from the purview of this circular based on their credit worthiness

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Representation on ECB Policy

FICCI has made a submission to the RBI requesting for policy change and amendment in ECB Master Directions to allow parking of unutilized ECB proceeds in term deposits with AD Category 1 Bank for an extended period.

The ECB Master Directions permit that pending utilization of ECB proceeds can be kept in term deposits with Authorized Dealer (AD) Bank in India for the aggregate period of twelve months from the date of drawdown. However, in the current year, due to COVID-19 pandemic, members who utilize this facility have reported that there is likely to be under utilization of ECB proceeds than originally projected. This is expected to increase cost of works, as members will not be able to earn any interest on unutilized proceeds once the twelve month period of maintaining funds in term deposits gets completed, while on the other hand interest to ECB bond holders would have to be paid, thereby increasing overall interest costs. It was thus suggested that the RBI may consider amending the ECB policy by allowing parking of unutilized ECB proceeds in term deposits for an extended period.

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Enhancing Security of Card Transactions (RBI/2019-20/142)

1343/02.14.003/2019-20 dated Jan 15, 2020, to implement the regulation on switch on-switch off facility on contactless and online transactions and recommendations on how we can keep the focus on simple, seamless and secure digital payments in India.

Addressing the risk perception of contactless cards

In light of COVID-19, there is an urgent call to reduce consumer friction and contact at the point of sale. This pandemic is acting as a trigger to accelerate usage of digital payments, including contactless cards in the very categories that are key to building the contactless habit. Contactless transactions grew 2x as fast vis-a-vis non-contactless transactions in the grocery and drug store categories during this year.

Contactless payment technology has received whole-hearted acceptance from both the consumers and merchants. Indian digital payment landscape has also in-built safeguards and provisions to address fraudulent usage and protect customer liability. In fact, contactless transactions also have negligible domestic fraud rates of 0.0005% and 0.01% for international transactions, combined with per transaction cap.

Some of the safeguards and provisions followed are as below:

- All domestic transactions which account for ~93% of all card transactions are secured with two-factor authentication [2FA] using OTP/PIN in addition to the compliance with EMVCo global standard to secure chip-card transactions.
- Banks provide 24*7 access to report any fraudulent transactions and provide provisional credits to avoid adverse impact to customers while the dispute is under investigation.
- While international transactions can be done without 2FA, the fraud rates are $\leq$ 0.01% and are covered through association charge back rules and limited liability for unauthorized transactions.
- Moreover, most issuers today offer either a domestic/international transaction switch or limit setting features to manage the risks of international transactions. Customers can switch domestic and international transactions via different channels– online banking, mobile application and customer helpline, and easily set up limits as well.
- Banks also send instant alerts (e.g., SMS) to their cardholders for all transactions including contactless purchase, which help them identify suspicious or fraudulent usage to report to their banks. Subsequent to the implementation to the Limited Liability circular (DBR.No.Leg.BC.78/09.07.005/2017-18), these alerts also now clearly call out the toll free number of the bank where the clients can call to raise a dispute or through a mobile application

We also appreciate RBI's recent efforts in encouraging the use of digital payments in light of COVID-19 especially relaxing the additional factor of authentication for small value card present transactions up to INR 2000 using NFC-enabled EMV chip and PIN cards and also allowing payments through 'Tap and PIN' above INR 2000.

While these signs are all encouraging for the widespread adoption of contactless, we believe that there is still more work to be done to get contactless to go mainstream in the long run. The upcoming timeline of September 30, 2020 with reference to RBI circular RBI/2019-20/142 DPSS.CO.PD No.1343/02.14.003/2019-20 dated Jan 15, 2020, to implement the regulation on switch on-switch off facility on contactless and online transactions will prove to be a big deterrent to the growth of digital transactions.

Our view is that while the intent is appropriate, these guidelines are likely to result in slowing of payments digitization and lead to customer inconvenience. Cards are helping drive the government's twin objectives – Digital India and Less Cash, however, with customers inconvenienced due to restrictions and requirement of multiple inputs, the pace of digitization is at a risk of slowing down.

We envisage the below impacts to customers due to the additional security controls:

- With restrictions being placed, now, en masse and by default, customers will switch back to cash for online payments, since these transactions will now get declined, resulting from the card restrictions.
- The circular covers re-issuances, in addition to the new cards which will create high customer dissonance and inconvenience as he/she could have possibly reviewed and set the options as per his/her preference on the previously issued card. For instance, standing instructions for insurance and utility payments would fail for re-issued cards. These recurring transactions (~7.2 million per month) would fail due to the restrictions on online options.
- Customer inconvenience as they have to explicitly provide multiple inputs to enable all types of transactions via digital and/or analog channels. Same will need to be repeated every time a card is re-issued.

As we have noted that the payments landscape is already secure and equipped with appropriate safeguards, we would request the following suggestions towards implementation of the circular:

- Considering that there is already a limit of Rs 2000/- for contact-less cards without PIN/OTP, banks may be permitted to issue the cards with contactless transaction facility enabled as default, as it is today.

  Customers should be allowed to exercise their discretion in enabling or disabling transaction options based on individual usage and risk assessment, rather than having these functionalities restricted by default.

Following elements are recommended to be kept out the purview of this regulation failing which, will lead to great customer inconvenience:

a. Reissuances & renewals of cards - customers with recurring payments setup should be allowed to continue with online and contactless payments options. Banks should ensure that the instructions set by customers are carried forward as is in a replacement/re-issue scenario.

b. Existing cards

c. Prepaid gift cards and mass transit cards are already excluded, the Forex cards, Purchase Cards and Virtual cards should also be excluded, as most of the cards issued are for the restricted and controlled usage.

d. Corporate credit cards as the liability rests with the corporate.

This was submitted to the Chief General Manager, Department of Payment and Settlement Systems, Reserve Bank of India.

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Branch Expansion Licenses and Priority sector lending status

Expansion of NBFCs extending loans against gold jewellery, both in terms of their balance sheet size and branches has benefitted the economy. However, the RBI seems to have inadvertently reversed its 'light touch approach' to regulation by insisting on a mandatory, prior approval for opening branches after total number of branches exceed 1000.This has had the unintended consequence of limiting access to credit to some of the most underserved regions of the country.

It is therefore requested that, Gold Loan NBFCs be offered the flexibility to expand their branch network within certain defined broad parameters just like it is in the case of banks. This will enable borrowers who are not eligible for formal credit in availing loans by pledging their household jewellery and raising the much-needed funds for restarting the activities which were stalled due to COVID-19 impact. This was submitted to Mr Shaktikanta Das, RBI Governor.

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Representation from FICCI NBFC Committee on Resolution Framework for COVID-19-related Stress

In context of the RBI circular 'The Resolution Framework for COVID-19 Related Stress' dated August 06, 2020, highlighted below are some issues that lenders are facing and request the RBI to provide following clarifications arising out of the circular and its corresponding impact on the NBFC/ HFC industry:

- Conflict between RBI circular and Ind-AS
- Eligibility of Borrowers
- Extension of Deadline for invocation
- Outstanding debt as on March 1, 2020
- Increase in residual tenor
- Operations through one Escrow Account
- Applicability
- Clarity on third party securities/cash flows
- Threshold for rating

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Representation from FICCI NBFC Committee

The RBI Circular - 'the Resolution Framework for Covid-19 related Stress' dated August 06, 2020 applies to banks as well as Non-Banking Financial Companies (NBFC) including Housing Finance Companies (HFC). NBFCs now draw up their accounts under Ind-AS as per the Companies Act, 2013 whereas the same is not applicable yet to banks who continue to be governed by I-GAAP. It is, therefore, requested that an appropriate notification/ circular be issued by MCA to the effect that in so far as NBFCs (including HFCs) are concerned, directions issued by RBI will have a regulatory override over the provisions of Ind-AS and that in case of any conflict between the two, the provisions of the RBI directions will prevail. There is an urgent need for such a notification / circular as there is a limited window available for restructuring of accounts under the RBI Circular.

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Suggestions on GST

The following suggestions on GST was submitted to Joint Secretary, GST Council Secretariat:

- Healthcare Services to be made zero rated under GST.
- GST rate on lithium-ion batteries should be reduced to 5%.
- GST rate on Cement be reduced from current rate of 28% to 18%.
- Reduce current GST rate of 18% on aluminum cans to 12%.
- Resolve issue of Inverted GST structure for Railway Wagons and other rolling stock.
- Allow refund of accumulated Input Tax Credit due to inverted tax structure on supply of railway wagons, rolling stock, etc., by making suitable amendments.
- GST rate on supply of Rolling Stock be increased to 12%, to eliminate disadvantage that local rolling stock manufacturer's face.
- Consider categorization of Merit Services & create a separate tax slab for them (services like Staffing, Private Security, Facility management, etc.,), as this sector is directly under highest rate of 18%.
- Correct anomaly of inverted duty structure on supply of mineral products, it is recommended that GST rate on 'leasing or rental services, with or without operator' be reduced from 18% to 5% or GST rate should be 'same rate of integrated tax/central tax as applicable on supply of like goods involving transfer of the title of goods'.
- GST on poly coated paper / paperboards be reduced to 12% from 18%- in line with most other paper/paperboards classifiable under Chapter 48.
- GST rate on breakfast cereals be brought down to 12%.
- Reduce GST to 5% on Banking and Financial Services.
- Make GST 5% uniform at every stage of value chain for man-made fibres, to help players at every stage without any blocking of working capital; and rates of MMF products must be brought to 5% across value chain for fibre neutrality.
- Rationalize GST and consider weaving, knitting, processing and other value-added textiles under manufacturing.
- Rationalize Inverted Duty Structure for man- made fibre industry by way of making a uniform rate at every stage of value chain.
- GST rate of 5% in case service recipient is Government/Government entity and 18% in other cases, is not justified and requested for removal of discrepancy in rate of GST depending on the nature of service recipient for the same service (earth work).
- Reduce GST rate on paintings, decoratives and sculptures from current rate of 12%.
- Consider converging the existing band of GST rates (7 rate slabs for goods, 5 rate slabs for services and Compensation Cess on select goods) to three in line with international standards, which will help to resolve interpretation issues, reduce complexity.
- If products (like crude, natural gas, MS, HSD and ATF under GST) cannot be brought entirely under GST due to certain constraints, as an immediate measure, suitable amendment should be brought in the excise and VAT laws to allow credit of GST paid on inputs/input services and capital goods against payment of excise duty/VAT to the manufacturers/suppliers of petroleum products.
- Concept of centralized registration for services as prevalent in the erstwhile service tax regime to facilitate ease of doing business should be contemplated upon under GST regime as well.
- Overhaul the Mechanism of Authority for Advance Ruling under GST regime by way of constituting an independent high-level central body (similar to one under the erstwhile indirect tax regime) as 'Authority of Advance Ruling'
- Provision of anti-profiteering in the GST law should be discontinued with prospective effect and the prices of goods and services should be left to be decided by the market forces.
- Constitute mechanism to have consultation with the industry, to provide an opportunity, at least twice a year, to the stakeholders to present their case to the Committees constituted by the GST Council (in line with pre-budget consultations)
- Suitable clarification may be issued to provide that ocean freight is not liable to GST as a supply of service when the same is in relation to transportation of goods imported on CIF basis and the recipient of freight service is not the importer of goods.
- Clarify that services by employee to entities having same PAN is outside the ambit of GST
- Exempt facilities provided by employers to employees from GST
- Sponsorship services should be subject to GST on forward charge basis in the hands of service provider of sponsorship service or applicability of GST on RCM on sponsorship services should be restricted to services provided only by services providers who are non-body corporates and unlimited liability partnership firms
- Restore earlier GST rate of @5% on Royalty payable to Central/State Government for granting of mining rights

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Request to Clarify applicability of treaty benefit while deducting tax on payments to non-residents

In the case of PILCOM v. CIT (2020)(116 taxmann.com 394) the Hon'ble Supreme Court recently held that the payer cannot consider DTAA benefit available to the non-resident payee at the stage of TDS on payments to such non-resident payees, in a case where the transaction was not covered by Section 195 of the Income Tax Act, 1961 ('the Act'). The SC has taken a view that, in a case where the TDS rate is provided in a specific section, the DTAA rate of tax may not be considered.

Following this judgement, apprehensions have arisen in the minds of the taxpayers on the exact scope, applicability, width of the ratio of the judgment, extent to which the earlier judgments of the SC may be regarded as inapplicable or distinguishable.

As a matter of tax policy, India has, till date avoided the policy of 'retain and refund' and has consistently adopted a tax policy where TDS is restricted to the amount of the actual tax liability incurred by the non-resident recipient of income. Such tax policy, if continued to be applied, may harmonize with the thinking that TDS is secondary tax obligation and should ideally follow the primary tax obligation.

In order to avoid any form of differentiation or discrimination, the tax policy may adopt procedure which, on principles, treats all the taxpayers at par.

It is requested that CBDT may clarify that any payment made to a non-resident, except in a case which is specifically excluded under section 195 of the Act, may be considered as covered by Section 195 of the Act concurrently with any other provision of the Act so that treaty benefit can be considered by the payer for TDS purposes. Accordingly, it is represented that a specific dispensation for consideration of treaty benefit at the stage of TDS on payments to non-residents may be made either through a Circular or Notification or through appropriate legislative process. This was submitted to Chairperson, CBDT, Ministry of Finance.

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Deferment of date of implementation of Electronic Invoice (e-Invoice) system

Introduction of the e-invoice system was scheduled to be introduced from 1 October 2020, for B2B taxpayers with turnover in excess of INR 500 crores. Keeping in view the issues mentioned below, it is requested to postpone the implementation date of e-invoicing mechanism at least by 3 months, till 1 January 2021, were submitted to Chairperson, CBIC, Ministry of Finance:

- e-Invoicing mechanism is primarily dependent upon the IT infrastructure of a company and failure to implement the changes made by GSTN in the ERP system before 1 October '20 would mean that taxpayer cannot do business post 1 October.
- The changes in the IT system will involve identification of the suitable vendor and methodology to generate the Invoice Reference Number (IRN), developing the programme for data extraction, conversion of data into requisite format prescribed by government schema for transmission to IRP, receipt of IRN and QR code in json encrypted format and decryption of the same and incorporation of the IRN/QR code in the invoice It will also be required to impart training to relevant stakeholders on SOPs. Different processes are required to be developed for B2B and B2C transactions. The development of all these processes are time consuming.
- The implementation of Tax Collection at Source under the Income Tax Act on sale of goods from 1 October 2020 also necessitates further modification in the invoicing system.
- In addition to the regular compliances which a taxpayer is required to carry out on a monthly basis, during the month of September 2020, taxpayers are also required to carry out various additional compliances for which considerable time and effort is required to be devoted.
- Another factor is non-availability of personnel at the office for undertaking various testing in the proper environment due to COVID-19.
- CBIC had issued a notification no. 13/2010– Central Tax dated 21 March 2020, inter-alia exempting therein specified entities such as Banking Company, Non-banking financial companies, Financial institutions, Insurance companies, goods transport agency and passenger transport service from raising e-Invoices, but in the webinar conducted by CBIC and GSTN on 14 August 2020 , it was clarified that the exemption available to the entities were only with respect to the core activities/transaction and accordingly, these companies would continue to be liable to raise e-invoices for their non-core activities/transaction. These industries are totally confused and unprepared for complying with the e-invoice implementation in the absence of any notification to this effect.

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Request for Implementing CAROTAR, 2020 from 01st Apr 2021 instead of 21-Sep-2020

The Government of India notified the Customs (Administration of Rules of Origin under Trade Agreements) Rules also known as CAROTAR, 2020, in August 2020, with the intent to deter the misuse of preferential duty benefits under trade agreements. Challenges being faced are as follows:

- Despite manufacturers' best efforts, they are facing genuine hardships in getting the desired information (FORM 1) in stipulated time of 30 days.
- Section-3, Part-A, Note-2: If the goods are not wholly obtained, the manufacturing / processing undertaken in country of origin must be ascertained, which is a time taking process.
- Section-3, Part-B, Column-4: In case procured from third party, do producers of final good seek conformation and documentary proof of origin of these components, which is again a time taking process.
- Section-3, Part-B, Table-2, Point-E: Requires details of non-originating parts, which is again a time taking process.
- CAROTAR rule makes it mandatory for the importers to have a range of sourcing information in advance i.e. before the dispatch of shipments. Though it is a onetime exercise, but despite putting best efforts it is taking significant time to get the desired information.

In the above background, it is requested that CAROTAR may be implemented from 01-Apr-2021 instead of 21-Sep-2020. This was submitted to Chairperson, CBIC, Ministry of Finance.

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Extension of due date of filing Return of Income, Tax Audit Report and Transfer Pricing Report for the Assessment Year 2020-21

As part of relaxation measures, the Government has extended due date for filing of Return of Income for Assessment Year 2020-21 to 30 November 2020 and consequently, due date for filing of Tax Audit Report and Transfer Pricing Audit Report has been extended till 31 October 2020.

It is recommended that:

- for Companies and other taxpayers having statutory or tax audit obligation (non-TP cases), due date be extended for filing audit & Transfer Pricing report up to 31 December 2020 and for filing return up to 31 January 2021
- for Companies and other taxpayers having TP reporting obligation, due date be extended for filing audit & Transfer Pricing report up to 28 February 2021 and for filing return up to 31 March 2021

While giving above suggestions, few significant issues considered are as follows:

- Since companies must statutorily get their accounts audited irrespective of their size, the due date for filing returns for companies is later than other business entities not liable for audit- like proprietary concerns, partnership firms and LLPs. But if any of these assesses have tax audit obligation under section 44AB of the Act or audit under any other provisions, like tax holiday under section 35AD or Chapter VIA, then they are put at par with companies as regards due date for filing audit reports and returns.
- Extension of time limit has been provided by the SEBI and MCA for submission of annual financials, which has resulted in delay of completion of statutory audit and publishing annual results vis-à-vis normal years.
- With three months' extension for holding AGM under Companies Act, it is possible to hold AGM till 31 December in many cases. However, there is misalignment with income tax return filing due date for current year (AY 2020-21). The audit report must be filed by 31 October and return by 30 November. This effectively nullifies the three months' extension granted under Companies Act.
- Due to COVID-19, the government has also extended due dates for TDS returns, AIR filings, etc. The Format of Form 26AS has also been modified to include various additional reporting. This will require additional efforts and time for many of the corporate entities having voluminous transactions.

This was submitted to Finance Secretary, Ministry of Finance.

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Extension of time limit for commencement of manufacturing or production with reference to Section 115BAB of the Income Tax Act 1961

Section 115BAB the Income Tax Act 1961 (the Act) was introduced by the Taxation Laws (Amendment) Ordinance 2019, which was subsequently repealed and replaced by the Taxation Laws (Amendment) Act 2019. One of the conditions stipulated by section 115BAB of the Act is that the company should be set-up and registered on or after 1 October 2019 and has commenced manufacturing or production of an article or thing on or before 31 March 2023.

Keeping in view the issues mentioned below and also the challenges being faced by manufacturers all over India, it is requested to extend the timeline for commencement of manufacture or production under Section 115 BAB (2) (a) of the Act, from March 31, 2023 to March 31, 2025, as the deadline for commencing manufacturing or production of an article or thing on or before 31 March 2023 as per section 115BAB of the Act seems difficult to achieve:-

- COVID-19 has negatively affected multiple facets of the manufacturing sector all over the world, including supply chains, production, infrastructure and human resources. The restricted availability of essential resources due to the pandemic and the ensuing lockdowns has adversely affected the ability of businesses to meet their targets and complete their projects according to their projected and estimated timelines.
- After a grueling six months, the manufacturing sector has shown some signs of recovery, though demand is yet to show any significant increase while supply chain is pending stabilization, and it is expected that it will take at least six months for manufacturing businesses to return to close to pre-pandemic levels of functioning.
- Due to the pandemic, the availability of long lead items has been severely affected, which has also affected the viability of the projects being implemented and has forced businesses to defer their deadlines. It is requested that the Government should strive towards efforts to encourage industry to procure long lead items domestically instead of importing the same from abroad. However, the domestic manufacturers of long lead items would take a lot of time to bring their levels of production back up to pre-pandemic levels.

This was submitted to Finance Secretary, Ministry of Finance.

* For detailed representation write to
Ms Ira Khanna at ira.khanna@ficci.com

Regarding the introduction of prevailing job titles for Cleaning Services workers in the Code on Wages (Central) Rules, 2020 and abolishing of occupation names such as Sweeper and Jamadar, which is cause of exploitation of Cleaning Services workers

FICCI requested government for the removal of nomenclature like, Sweeper, Jamadar, etc., from the Code on Wages (Central) Rules 2020, and include job titles such as Housekeeping Supervisor, Machine Operators, Housekeeping Janitor, etc., which are currently used in the cleaning service industry. This will not just safeguard low paid employees of the cleaning service industry but will also give a robust compliance of the Code on Wages with the support of the rule being framed. This was submitted to Minister of State (I/C) for Labour and Employment, Ministry of Labour and Employment, Government of India.

* For detailed representation write to
Mr Sumeet Gupta at sumeet.gupta@ficci.com

Request for inclusion of 3 job roles (Cash/ATM custodian, Cash Van Armed Security Guard and Cash Van Driver) of Cash Logistics Industry into highly skilled category in Code on Wages (Central) Rules, 2020

FICCI highlighted that job roles of the Cash Logistics Industry are not covered in the Code on Wages (Central) Rules, 2020, and requested for inclusion of 3 job roles i.e., Cash/ATM custodian, Cash Van Armed Security Guard and Cash Van Driver into highly skilled category. This will ensure appropriate wages to employees of cash logistics industry and a robust compliance of the Code on Wages. This was submitted to Minister of State (I/C) for Labour and Employment, Ministry of Labour and Employment, Government of India.

* For detailed representation write to
Mr Sumeet Gupta at sumeet.gupta@ficci.com

Request for Simplification / Removal of Mandatory Quarantine for International Passengers

FICCI requested for simplification / removal of the mandatory quarantine for international passengers, with a reference to the challenges of non-availability of consultants/ experts faced by the companies that are in the process of installing new plant /machinery. Consultants are reluctant to travel to India due to mandatory quarantine for 14 days and if this condition could be exempted, cost to the companies to venture into new contracts and plant installation will drastically reduce. This was submitted to Secretary, Ministry of Civil Aviation; Union Home Secretary, Ministry of Home Affairs and Principal Secretary to PM, Government of India

* For detailed representation write to
Mr Sumeet Gupta at sumeet.gupta@ficci.com

FICCI Recommendations for Unlock 5.0

FICCI recommended to unlock select activities that remained prohibited in the MHA Unlock 4.0 order, and also suggested safety measures/SOPs that could be adopted while opening up prohibited activities. FICCI recommended lifting restrictions, with strict adherence to safety measures for the following sectors-

1) Exhibitions and Trade Fairs
2) Cinema Halls and Theatres
3) Amusement Parks
4) Tourism and Hospitality
5) Civil Aviation
6) Sports

This was submitted to Union Home Secretary, Ministry of Home Affairs, Government of India

* For detailed representation write to
Mr Sumeet Gupta at sumeet.gupta@ficci.com

FICCI Suggestions on Registration Process with regards to Draft Direct Selling Rules

FICCI Direct Selling Taskforce has shared its inputs on the Registration Process with regards to the Draft Direct Selling Rules for the kind consideration of the authorities. This was submitted to Secretary (CA), Ministry of Consumer Affairs, Food & Public Distribution, Government of India.

* For detailed suggestion write to
Ms Leena Jaisani at leena.jaisani@ficci.com

FICCI Representation highlighting key concerns of the e-Commerce Industry in relation to TDS - Section 194O and TCS - Section 206C

It is submitted that the introduction of TDS and widening TCS provisions will negatively disrupt the business conducted through the e-Commerce platforms. Application of TDS will be an additional burden on working capital of e-Commerce sellers mostly belonging to MSME sector; while India is focusing on cash and credit availability, ease of doing business, Make in India and sales growth for MSME through e-Commerce. It will increase compliances and processes at the E-commerce end while the sector has already been struggling with compliance burden of TCS under GST. While e-Commerce operators are concerned about the significant compliance burden that the TDS rules impose on them, the impact on the overall ease of doing business and growth of digital economy, the implementation of these rules would also necessitate significant augmentation of resources and infrastructure of e-Commerce operators.

This was submitted to Secretary (Revenue), Ministry of Finance, Government of India.

* For detailed representation write to
Ms Leena Jaisani at leena.jaisani@ficci.com

Definition of 'Indian Vendor' for Defence Procurement under Defence Acquisition Procedure 2020

The Government has opened up the Defence Industry by permitting FDI up to 74% under the automatic route. In alignment with this, a new category buy (Global – Manufacture in India) was introduced in the draft Defence Acquisition Procedure (DAP) 2020. This category provided market opportunity for foreign Companies to set up subsidiaries in India. MoD has given the impression that foreign subsidiaries are eligible to participate across various categories of procurement including those that have been reserved for the Indian industry under Buy (Indian-IDDM), Buy(Indian), Buy & Make (Indian) and all Make & Innovation programmes. This matter needs clarification and resolution a FICCI representation was made on the same.

FICCI strongly advocated that the definition of Indian Vendor reinforces the vision of Atmanirbharta and Vocal for Local and incorporate the revised definition of Indian Vendor as suggested above prior to release and promulgation of the new Defence Acquisition Procedure, i.e., DAP 2020 which is due for release in September 2020.

This was submitted to Principal Secretary to Prime Minister; National Security Advisor; Principal Advisor to PM; Chief of Defence Staff; Defence Secretary and Secretary, Department for Promotion of Industry and Internal Trade.

* For detailed recommendation write to
Mr Vivek Pandit at vivek.pandir@ficci.com

Extension on Gazette Notification S.O. 2184(E)-reg: Amendment in the Ethylene Glycol, S.O. 2181(E)-reg: Amendment in the Methanol (Quality Control) Order, 2019 and S.O. 2179(E) -reg: Amendment in the Acetic Acid

Methanol is an important raw material for the Chemicals & Petrochemicals industry. It is also an essential derivative in

Pharmaceuticals and Agrochemicals industry which are very critical in the present scenario. Acetic Acid is also an important raw material for the Chemical and Petrochemical Industry and almost 90% of total domestic requirement of Acetic Acid is imported due to non-availability of the domestic capacity. Whereas, Ethylene Glycol is a major component and imports are critical to support multiple domestic downstream industries.

As BIS has still not resumed the appointments of scientists for quality investigation, the BIS authority is not in a position to complete the pending procedures due to interruptions caused by COVID-19. Owing to strict restrictions in international travels because of COVID-19, BIS Scientists are not likely to complete the approval process of international suppliers before December 2020.

Hence, a recommendation has been sent to Joint Secretary (Chemicals), Department of Chemicals & Petrochemicals, Ministry of Chemicals and Fertilizers, Government of India, to extend the order for products Methanol, Acetic Acid and Ethylene Glycol till March 2021 for the benefit of the domestic industry and to avoid any major disruption in domestic manufacturing.

* For detailed recommendation write to
Mr Manoj Mehta at manoj.mehta@ficci.com

Draft Chemicals (Management & Safety) Rules

To ensure optimal safety and security of all the stakeholders, Ministry of Chemicals and Fertilizers have formed a committee to examine and prepare the action plan for managing fire and safety accidents across chemical plants in the country. The Chemicals industry has encountered a host of safety incidents over the past few months, including the one in Visakhapatnam, and it is believed that formation of this committee will go a long way to prevent and control such incidents in the future. The committee has framed Chemicals Management & Safety Rules in order to mitigate the risk involved. This was submitted to Dy Industrial Advisor (Chem), Department of Chemicals and Petrochemicals, Ministry of Chemicals and Fertilizers, Government of India.

* For detailed recommendation write to
Mr Manoj Mehta at manoj.mehta@ficci.com

FICCI's feedback on the proposed key ratios for Hotel, Restaurants and Tourism Sector for the Resolution Framework for COVID-19 related stress

FICCI's feedback on the proposed key ratios for Hotel, Restaurants and Tourism Sector for the Resolution Framework for Covid-19 related Stress was submitted to Chairperson, Expert Committee; Governor RBI and Minister of State for Tourism and Culture (IC), Government of India:

1) Extend the period of restructuring till March 2024.
2) Offer option to review financial parameters at group level.
3) Interest for the lockdown period to be subsidized by the Government.
4) Due consideration be given to Asset Coverage Ratio
5) Interest rates to be maintained by the banks for borrowers opting for restructuring

* For detailed recommendation write to
Mr Manish Ahuja at manish.ahuja@ficci.com

FICCI's Suggestions for MSME

FICCI's Suggestions for MSME, was submitted to Chairperson, Expert Committee and Governor RBI.

ECLGS Scheme:

- Strict impeet the current liquidity crisis.
- Period of Moratoriumlementation of instant disbursement should be ensured by RBI for Rs. 3 Lakh Crore collateral-free & Automatic loan up to the limit of 20% of existing outstanding for eligible business enterprises including MSMEs.
- Provision for business enterprises who currently do not have any outstanding, should be made in the scheme and outlay of the scheme should be increased from 3 Lakh Crore.
- The average of the previous six months turnover should be considered for checking the eligibility of a unit to avail the loan under the scheme.
- The timeline for ECLGS scheme should be extended at least till March 2021. Besides, the limit of up to 20% loan of total outstanding should be increased to 30% to m should be extended for a minimum of 12 months.
- Considering the current financial crunch MSMEs are facing due to COVID-19, it is suggested that the scheme should be extended further for at least two years till Financial Year 2021-22.
- Credit Rating Agencies should be advised to continue the ratings given to the companies in the year 2019-20 for 2020-21 also.
- The margin requirement (say 25%) should be reduced to 10% which will help the companies to avail additional bank funding within the sanction limits. We also suggest that special relaxation should be given of at least 120 to 180 days towards ageing of debtors/inventory lying with the companies during this period.

* For detailed suggestions write to
Mr Manish Ahuja at manish.ahuja@ficci.com

Recommendations to amend the Draft Rules by Government of Goa. Sub-sections (1) and (2) of section 42 of the Goa, Daman and Diu Registration of Tourist Trade Act, 1982 (Act 10 of 1982)

The below mentioned recommendations were submitted to Secretary, Department of Tourism, Government of Goa:

1) Insertion of New Rule, 3C (1): Accept the application for registration to carry on business as an Online Service Provider under the Act through Form XVII (i) or Form VII (ii). We further recommend increasing the validity of the certificate to 5 years, which is the same as that for hotels.
2) Insertion of New Rule, 3C (2): The language in this sub-section be changed to read 'Hotels that are not registered with the prescribed authority, shall not list themselves with Online Service Providers'.
3) Insertion of New Rule, 3C (2): The Department can consider following a process of issuing a show cause notice to such a Hotel and keep a provision of giving the Hotel a chance to register or

renew registration. Accordingly, post the completion of this process, suitable directions with the findings of the DoT should be issued.

4) Insertion of New Rule, 3C (5): Allow the Online Service Providers to create a process for hotel/accommodations/travel agencies to upload the registration status of their listing through a Voluntary permit field which would be visible to all.

5) Insertion of New Rule, 3C (6): We recommend that with respect to grievance redressal, the draft Tourism Rules simply state that the provisions under the extant Consumer Protection Act will be applicable. This will ensure uniform applicability of law and prevent ambiguity and confusion.

* For detailed recommendation write to
Mr Manish Ahuja at manish.ahuja@ficci.com

Representation seeking revision in the Minimum Wages

This has reference to the notification no. 15744 dated 19th August 2020 regarding revision of the minimum wages in Rajasthan. Minimum wages have been revised from 1 May 2019 and the circular has been issued on 19 August 2020, i.e., after 16 months. Firstly, it will be practically impossible to give effect to this notification as many workers may have left especially contract workers which keeps on changing frequently. Secondly, during this pandemic times, when all economic activities were stopped and you are trying to revive the economy by slowly opening up the sectors, the above notification which directs employers to pay revised minimum wages to employees with a retrospective effect, would be a great burden on all the employers. Request is to amend the notification. This was submitted to Secretary– Labour.

* For detailed representation write to
Mr Atul Sharma at atul.sharma@ficci.com

Recommendations for Farm Machinery sector

Farm mechanization is an indispensable constituent for increasing yields, bringing more area under cultivation, and improving application efficiency of water & other inputs in agriculture. The farm equipment market in India is estimated to be worth USD 3 billion in FY19 and expected to reach USD 18 billion by FY25 – growing at a CAGR of 6% between FY19 and FY25. The farm machinery industry is poised at an inflection point from where it is set to move into a high-growth period and expected to transform the way an average Indian farmer works on the farm. However, the pace of this transformation would depend on how all stakeholders work together to provide an appropriate policy framework, schemes, financing mechanism and technology that is suited for diverse climatic and environmental conditions. FICCI submitted a set of recommendations for farm machinery sector to the Ministry of Agriculture & Farmers Welfare, Government of India.

*For detailed recommendations write to
Ms Ruchira Saini at ruchira.saini@ficci.com

Issuance notification under clause 3(a) and 13 of Public Procurement (Preference to Make in India) Order, 2017 dated 04.06.2020

The recommendation includes the list of products for which India has the domestic capacity and competition as per clause 3(a) and 13 of Public Procurement (Preference to Make in India) Order, 2017 dated 04.06.2020 and where public procurement shall be done only from local suppliers. The product list is referenced with HS Codes mainly for heavy engineering. The suggestions include the list of items where only class-I local suppliers should be allowed to participate in public procurement. The document also covers list the items, being manufactured in India under license from a foreign manufacturer holding intellectual property rights and where there is the transfer of technology agreement. This was submitted to the Department of Heavy Industry.

* For detailed recommendation write to
Mr Chetan Bijesure at chetan.bijesure@ficci.com

Representation on Open cell to Revenue Secretary

FICCI has represented to Dr Ajay Bhushan Prasad Pandey, Revenue Secretary regarding the continuation of exemption from customs duty on Open Cell for TV, which is coming up for the review currently. Currently, no manufacturing on Open Cell exists in the country. Instead of imposing a conditional duty on Open Cell with bonding and without bonding (which is being proposed), FICCI has suggested the following way forward for increasing TV manufacturing in the country:

- Roadmap on viability to setup a Fab-facility: Industry is working on the roadmap, basis the viability and aggregation of demand of glass for open-cell used by various applications, such as notebooks, laptops, car-audio display, mobile, and televisions. In this regard, we have also suggested an empowered task force (comprising of senior government representatives, TV manufacturing industry leaders, key panel makers, key glass manufacturers and FAB players) be set up to strategize on setting up a Fab-facility in India and identification of required enablers for building a Fab-ecosystem
- PMP (Phased Manufacturing Programme) will be helpful
- Similar duty structure for open cell and pure cell – 0% BCD on open-cell till March 2023 (end of FY23), allowing the industry ~2-3 years to create required scale and set up a fab facility
- 5% BCD April 2023 onwards (beginning of FY24) to protect domestic fab players
- Support required by the Industry on predictable duty regime

* For detailed representation write to
Mr Chetan Bijesure at chetan.bijesure@ficci.com

Request for Implementing CAROTAR, 2020 from 01st Apr 2021

The Government of India notified the customs (Administration of Rules of Origin under Trade Agreements) rules also known as CAROTAR, 2020 on 21 August 2020, which is to come into force from 21 September 2020.

FICCI fully appreciates the intent of the government to deter the misuse of preferential duty benefits under trade agreements. It is in line with several representations made by FICCI to counter spurious imports, traded imports. However, we have informed that most small- and large-scale manufacturing establishments, despite their best efforts are facing genuine hardships in getting the desired information (FORM 1) in the stipulated time of 30 days.

Some of the key provisions where lies subjectivity and challenges faced by our members are:

- Details about the production process
- Conformation on the documentary proof
- Details of non-originating parts

CAROTAR rule makes it mandatory for the importers to have a range of sourcing information in advance i.e. before the dispatch of shipments. Though it is a onetime exercise, despite putting best efforts it is taking significant time to get the desired information. As a result of the uncertainty on information, dispatches from overseas have been halted. This may hit the manufacturing companies hard.

Considering the above may we sincerely have requested that CAROTAR may be implemented from 01-Apr-2021. This was submitted to Member Customs, CBIC, Ministry of Finance, Government of India.

* For detailed representation write to
Mr Chetan Bijesure at chetan.bijesure@ficci.com

Inverted Duty Survey 2020

FICCI has been submitting the inverted duty survey for Basic custom duty for numerous manufacturing sectors to the government for correcting existing cases of inverted duty on various products. The report for 2020 was submitted on 21 September to Secretary DPIIT and to Senior Economic Adviser, DPIIT.

* For detailed representation write to
Mr Chetan Bijesure at chetan.bijesure@ficci.com

Technical Textiles- Strategy for Airbag Manufacturing

Ministry of Textiles asked FICCI to lead a core industry team to conduct a deep dive in the area of technical textiles, with special focus on the mobile-tech applications for India which would result in faster domestic and export revenue growth, greater self-reliance, removal of obstacles and increased employment generation. The objective is to put forward the kind of interventions which are required from the government's side and the shortcomings which according to the industry can be addressed with the support of government. FICCI submitted a strategy paper for airbags & seatbelts manufacturing to Secretary Textiles on 30 September.

* For detailed representation write to
Mr Chetan Bijesure at chetan.bijesure@ficci.com

RBI Guidelines on Opening of Current Accounts by banks to ensure discipline

FICCI has highlighted that the implementation of the proposed guidelines would be very onerous for the industry in the current situation of a slowdown. The specific issues highlighted relate to disruption in cash management services, need to realign offshore remittance and special purpose accounts, inefficiencies in foreign exchange hedging, lack of flexibility for corporates in banking services and products, impact on credit availability, increase incorporates' cost of borrowing and other banking services, increased counterparty risk and thwarting of digitization efforts. Given the huge impact of the guidelines on the financial ecosystem, a comprehensive set of suggestions have been made with a request to review the same. This was submitted to Governor, RBI; Secretary, DEA, MoF and Secretary, DFS, MoF.

* For detailed representation write to
Ms Abha Seth at abha.seth@ficci.com

Deepening of Markets & Further Digitization

FICCI has submitted to AGM, SEBI, detailed recommendations on various SEBI Circulars/Rules with the objective of further digitization in the capital market. There are on Pledge/Re-pledge mechanism; Online trading account opening process for NRI customers, resident individuals; multiple KYC repositories and issuance of the physical contract note.

* For detailed recommendation write to
Ms Abha Seth at abha.seth@ficci.com

ISA 600 (revised)

FICCI has highlighted issues with reference to the draft ISA 600 (revised) recently issued by the International Accounting and Auditing Standards Boards (IAASB). It has been submitted to Mr Rajesh Verma, Secretary, MCA; ICAI President & Vice President and Mr Shridharan, Chairman, NFRA, that the new ISA, if implemented in India, is likely to result in a sea change in the way audits of consolidated financial statements would be undertaken and would have a far-reaching impact both for the audit firms as well as the companies. It will also impact the ease of doing business in India and may therefore be reviewed.

* For detailed recommendation write to
Ms Abha Seth at abha.seth@ficci.com

Disclosure of encumbrances on promoters' shareholdings per SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011

FICCI has submitted to Mr Amarjeet Singh, ED, SEBI, that the revised definition of 'encumbrance' in the SAST Regulations is very wide. It does not distinguish between Control Covenants provided in loan documents by the company/promoters and other encumbrances like pledge or lien created by the promoters. Such Control Covenants cannot be considered same as pledge/ lien of shares, since neither it creates a security interest in the shares of the promoters nor can it lead to any disposal of shares in event of any default. Disclosing the same as encumbrance would be misleading and not in the interest of investors. It can cause confusion and chaos. It has been requested to clarify that NDUs on promoters shares for loans taken by the company would not be considered as an encumbrance, and a stipulation on continued management control of the company by the promoters also would not be considered as an encumbrance on promoters shares. In the interest of transparency, the fact that a company has agreed with control covenants can be separately disclosed to the stock exchanges.

* For detailed recommendation write to
Ms Abha Seth at abha.seth@ficci.com

SEBI Discussion Paper on Recalibration of the threshold for Minimum Public Shareholding norms enhanced disclosures in CIRP cases

Based on inputs received from Committee members, FICCI has submitted its recommendations on the Discussion Paper floated by SEBI.

* For detailed recommendation write to
Ms Abha Seth at abha.seth@ficci.com

Extension of relaxations pertaining to conduct of Board/Committee meeting through VC; AGMs; EGMs and printing of Annual Reports

In view of the ongoing pandemic and associated challenges, FICCI had requested for (a) extension of permission to conduct Board / Committee meeting through Video Conferencing or other Audio Visual means; (b) Extension of permission to conduct EGMs through Video Conferencing or other Audio Visual means and (c) Holding of AGM through video conferencing or other Audio Visual means and dispensation from printing and dispatch of Annual Report.

Our recommendations about the extension of relaxation for the conduct of Board meetings and EGMs through VC have already been accepted. This was submitted to JS, MCA.

* For detailed recommendation write to
Ms Abha Seth at abha.seth@ficci.com

Compliance related issues under the Companies Act, 2013 and Limited Liability Partnership Act, 2008

The Ministry of Corporate Affairs has constituted a Committee to examine suggestions to reduce compliances for corporates under Companies Act, 2013 and Limited Liability Partnership Act, 2008. Based on inputs from members, FICCI has made a detailed representation highlighting compliance issues under both the statutes.

Compliance with a minimum public shareholding requirement under the Securities Contracts (Regulation) Rules, 1957

FICCI has submitted to ED, SEBI, that listed companies are facing disruptions and consequential deterioration of their financial position. Further, the indices are highly volatile, forcing the investors to take a conservative view vis-à-vis stock market investment. Companies have been increasingly relying on Rights Issues to raise funds. Until August, 14 companies have undertaken a Rights Issue, as compared to only 12 in the whole of 2018 and 13 in the whole of 2019. The number of mainboard IPOs in the current situation has also been limited. Further, the Ministry of Finance has recently granted one additional year to listed public sector companies to achieve compliance with 25% minimum public shareholding. Hence the circumstances are not conducive for companies to achieve minimum public shareholding of 25%. FICCI has requested for grant of temporary relief to such companies by allowing a further extension of one year for ensuring compliance.

* For detailed recommendation write to
Ms Abha Seth at abha.seth@ficci.com

Submission regarding Merchandise Exports from India Scheme (MEIS)

FICCI has submitted to the DGFT, Department of Commerce, Ministry of Commerce and Industry, Government of India, on the latest development on the Merchandise Exports from India Scheme, and the difficulties/uncertainties faced by our exporters regarding this export incentive scheme. The online system (MEIS module) being blocked from 23 July 2020 from filing / accepting new MEIS applications for shipping bills with Let Export Order (LEO) dated 1 April 2020 onwards.

On 1 September, Department of Commerce has issued a notification to cap the benefit under MEIS at Rs 2 Crores for every exporter, on exports made during 1 September-31 December this year [Ref: Notification No. 30 dated 1 September 2020].

According to our members, the cap is going to affect exporters (particularly the large ones). Most exports which will be made in the September-December period, are already negotiated factoring the existing MEIS benefit. So, any sudden change including any Cap will adversely impact the exporters.

Another area of concern is the condition (stated in the Notification of 1 September) that even this cap of Rs 2 Crores may be further revised downwards, to keep MEIS claims in the September-December period within the prescribed allocation of Rs 5,000 Crores.

It has led to further uncertainty among large exporters for whom the cap of Rs 2 Crores may be applicable.

In view of the above, FICCI submits this Cap be reconsidered and withdrawn. It is requested to kindly consider and accept the submission. It will provide much-needed support to the exporters.

* For detailed recommendation write to
Mr Manab Majumdar at manab.majumdar@ficci.com

Submission regarding Merchandise Exports from India Scheme (MEIS)

FICCI has submitted to Mr Ajay, Bhushan Pandey, Finance Secretary, Ministry of Finance; Dr Anup Wadhawan, Commerce Secretary, Ministry of Commerce and Industry; Ms Nirmala Sitharaman, Minister of Finance and Corporate Affairs and Mr Piyush Goyal, Minister for Commerce & Industry, Government of India, on the latest development on the Merchandise Exports from India Scheme, and the difficulties/uncertainties faced by our exporters regarding this export incentive scheme. The online system (MEIS module) being blocked from 23 July 2020 from filing / accepting new MEIS applications for shipping bills with Let Export Order (LEO) dated 1 April 2020 onwards.

On 1 September, Department of Commerce has issued a notification to cap the benefit under MEIS at Rs 2 Crores for every exporter, on exports made during 1 September-31 December this year [Ref: Notification No. 30/2015-2020 dated 1 September 2020]

According to our members, the cap is going to affect the exporters. Most exports which will be made in the September-December period, have already been negotiated factoring the existing MEIS benefit. So, any sudden change including any cap will adversely impact the exporters.

Another area of concern is the condition (stated in the Notification of 1 September) that even this cap of Rs 2 Crores may be further revised downwards, to keep MEIS claims in the September-December period within the prescribed allocation of Rs 5,000 Crores. It has led to further uncertainty among large exporters for whom the 'cap' of Rs 2 Crores may be applicable.

The domestic demand has fallen sharply in many areas, owing to the COVID-19 crisis and prolonged period of lockdown. Domestic demand is likely to remain subdued in the months ahead. Under such challenging circumstances, many domestic players are operating at a low level of capacity utilization and for them, Exports offer an important opportunity for sustaining the business at this period of crisis. Therefore, if any cap is imposed now on export benefits, the competitiveness of exports from India will be negatively impacted and it may be counter-productive for our manufacturing sector at this stage.

In view of the above, FICCI submits this cap be reconsidered and withdrawn. It is requested to kindly consider and accept the submission. It will provide much-needed support to the exporters.

* For detailed recommendation write to
Mr Manab Majumdar at manab.majumdar@ficci.com

FICCI Representations on Remission of Duties and Taxes on Exported Product (RoDTEP) Scheme

FICCI has submitted a representation to Ms Atryee Dev Roy, OSD and Shakti Singh, OSD, Central Board of Indirect Taxes and Customs on the upcoming scheme Remission of Duties and Taxes on Exported Product (RoDTEP)

* For detailed representation write to
Mr Manab Majumdar at manab.majumdar@ficci.com

Feedback on the draft Warehouse Policy Framework

FICCI has submitted a representation to the Logistics Division, Department of Commerce on the Draft Warehousing Policy-related Issues. The inputs shared included global standards and international common practices that can be adopted in India within the warehousing sector. Additionally, feedback around the construction of a warehouse (building standards), infrastructure facilities (automation – details on specific facility), other facilities (for the workers – including women workers), etc., were also made.

Other areas of suggestions/recommendations that can be included in the draft Warehouse Policy Framework included:

- Framework on Standards – mandatory and voluntary standards for warehouses, infrastructural parameters and standards related to the adoption of technology and modernization streamlining required for Licensing and approvals mechanism for warehouses development of large warehousing clusters and optimization of existing warehouse assets
- Skilling strategies in the sector
- Warehousing on the cloud
- Labour regulation changes required for both traditional and modern (eCommerce) warehouses (e.g., permission for workers to work 24*7, deployment of women etc.)

* For detailed representation write to
Mr Manab Majumdar at manab.majumdar@ficci.com

Feedback on The REVISED draft National Logistics Policy

The Department of Commerce, Ministry of Commerce and Industry has been working on the Revised Draft National Logistics Policy to provide seamless movement of goods across the country and reduce the high logistics costs currently prevailing in the Indian economy. Given the critical importance of the logistics sector, FICCI has submitted a representation to the Logistics division, Department of Commerce on the revised Draft National logistics Policy. The recommendations / Inputs revolved around measures suggested in bringing down the logistics costs, last-mile connectivity, development of integrated logistics infrastructure, skills & training, relaxation of norms in government & PSU tenders for logistics startups, etc. which could be included in the revised draft National Logistics Policy.

* For detailed recommendation write to
Mr Manab Majumdar at manab.majumdar@ficci.com

Uniform Methodology for determination of Average Sales Price of all Bulk Minerals including Bauxite

FICCI recommended to Vice Chairman, NITI Aayog, Government of India, that there should be a uniform methodology for ASP determination for all the bulk minerals/ore including bauxite, as is done in case of Iron Ore, Limestone, Manganese and all other bulk minerals. Also highlighted certain challenges posed due to revised high price of bauxite as per the formula introduced in September 2019 & has requested for urgent support in the form of a clarification that the proposed formula should have no bearing on determination for merchant sale price of bauxite and its resource evaluation.

* For detailed recommendation write to
Mr Arpan Gupta at arpan.gupta@ficci.com

Request for reopening of the Tourism Sector in Kerala with Standard Operating Procedure

Unlocking of the Tourism sector is highly essential for the survival and the revival of the Tourism industry in Kerala. This was submitted to Minister, Department of Tourism, Govt. of Kerala

* For detailed recommendation write to
Mr Savio Mathew at savio.mathew@ficci.com

Request Ministry of Power to provide an extension for LTA and Stage-II Connectivity (24 months) timelines and the extension to be aligned with extended PPA SCDs

FICCI submitted a representation to the Ministry of Power wherein the following was requested to be considered:

Start Date of LTA granted to Generators by CTU should be extended to align with the extended SCD given under PPA by the intermediary/ end procurer MNRE through OM dated August 13, 2020, has considered lockdown due to COVID-19, like Force Majeure and provided a blanket extension for all RE projects. However, a similar extension is not provided to align the LTA start date with revised PPA SCD. This will result in a mismatch between PPA SCOD dates and the PGCIL/TSP/Transmission Licensee LTOA operationalization dates. Since the blanket PPA SCOD extension is provided by MNRE, a similar extension is kindly requested to align LTA start date with revised PPA SCD.

The 24-month deadline for completion of DTL & PSS under Stage-II Connectivity granted to Generators by CTU should also be extended to align it with extended SCD given under PPA by the intermediary/ end procurer.

Renewable developers that have applied for ISTS Stage-II Connectivity have 24 months for completion of Dedicated Transmission Line (DTL) and Pooling Sub-Station (PSS). Due to COVID-19 impact and the lockdown imposed by the central and state governments, the developers are facing challenges and delays in the execution of projects. Accordingly, MOP & MNRE have already provided extensions to Transmission Licensees (for completion of ISTS Transmission elements) and RE Developers (for project commissioning under the PPA). Hence, in continuation, the similar extension is also critically required for fulfilment of the ISTS Stage-II Connectivity timeline of 24 months, for the completion of the DTL & PSS, to align the same with the extended PPA SCD as well, and to ensure that the Stage-II Connectivity granted to the developers is retained and they are not unduly penalized.

*For detailed recommendation write to
Ms Rita Roy Choudhury at rita.roychoudhury@ficci.com

FICCI Representation on Bid for Procurement of Round-The-Clock Power from Grid Connected Renewable Energy Power Projects, complemented with Power from Coal-based Thermal Power Projects

Ministry of Power and New & Renewable Energy conceptualized and designed a bid for procurement of Round-The-Clock Power from Grid-Connected Renewable Energy Power Projects, complemented with Power from Coal-based Thermal Power Projects. This was a unique proposition which would add renewable capacity and at the same time utilize the spare thermal capacity in the country. However, the Industry requested to address some crucial issues in the bid that need to be resolved for its success. The suggestions made by FICCI to Minister of State (I/C) Power, New & Renewable Energy, GOI, are as follows:

- Peak hours should not change beyond the current range of 9 hours
- SECI's liability may not be restricted to only trading margin and the last line in para 14.5.1 may be deleted
- PPA should be signed within 6 months from the conclusion of bids, failing which the bidder would be allowed to opt-out of the projects without BG encashment and any other penal action
- In case the project is delayed beyond June 2023, for the reasons not attributable to the bidder, the ISTS charge waiver should be made available or the buyer/SECI would be liable for the ISTS charges
- Guidelines and RfS may be modified to allow different components of projects to be connected in different RLDCs
- Bid submission date be extended by at least 60 days i.e. till 15 November 2020.

*For detailed representation write to
Ms Rita Roy Choudhury at rita.roychoudhury@ficci.com

Request for seeking urgent decision intervention on the expeditious disposal of the AP PPA tariff dispute from before the Hon'ble High Court of AP, Payment and RE curtailment issues

The CEOs of FICCI Renewable Energy Council had a meeting with the Minister for Industries, Commerce, and Information Technology, Government of Andhra Pradesh on 17 September 2020. The meeting was organized by FICCI. The issues raised during the interaction was submitted as a representation for consideration on 21 September 2020. The broad issues mentioned in the representation were the following:

- Seeking an early hearing and expedite a decision in the PPA tariff dispute matter pending before AP High Court.
- Directions to AP Discoms to make payments at interim tariff as directed by the AP High Court without any deduction to ensure at least partial liquidity of RE Projects
- Directions to AP SLDC to not curtail RE power and to follow MUST RUN status in terms of the Grid Code
- Resolution of non-payment of wind energy beyond the generic 23% Capacity Utilization (CUF) in the state and to not withhold payment and penalize generation from DC overloaded capacity for solar projects

FICCI Renewable Energy Council requested intervention from the Government of Andhra Pradesh on the above issues and express their sincere gratitude for the continued support of the State Government to the sector.

*For detailed representation write to
Ms Rita Roy Choudhury at rita.roychoudhury@ficci.com

FICCI's Representation on the extension of the provision of offering e-auction coal with reserve price equal to the notified price

Ministry of Coal by Coal India Limited, vide its notification No. CIL/DM/COS-9/1859 dated 16 April 2020, notified to keep the Reserve-Price of coal for various e-auction Schemes at Notified-Price for respective Regulated (power) and Non-Regulated (non-power) sectors for first two-quarters of FY 2020-21, i.e., till 30 September 2020.

However, the key coal consuming industries like power, steel and cement are still undergoing financial crunch, and near normal like demand is far-fetched. Non-regulated sector players are struggling amidst falling end-product demand; Indian steel demand has fallen 58% Y-o-Y in Q1-FY21.

Therefore, given the current scenario of the impact of the COVID Pandemic on the sector, FICCI Power Committee made a Representation to Ministry of Coal requesting to continue with the present regime of e-auction at Notified Prices by Coal India Limited for both Regulated and Non-Regulated sectors till 31 December 2020.

This would provide a much-needed impetus to customers of CIL to stay afloat in this challenging market and recover from the current crisis. This relief would also allow all customers to continue sustained dependence on domestic coal in a scenario where imported coal prices are also plummeting. The representation was submitted to Secretary, Ministry of Coal.

FICCI's Representation on Draft Gujarat Electricity Regulatory Commission (MYT) Regulations, 2021 for the control period from 1.4.2021 to 31.3.2026

FICCI Power Committee made a Representation on Draft Gujarat Electricity Regulatory Commission (Multi-Year Tariff) Regulations, 2021 for the tariff period from 1.4.2021 to 31.3.2026. Some of the key highlights of the recommendations are as follows:

Approval for Additional Power Procurement Guidelines for Power Procurement is issued by the State Commission in 2013. Accordingly, for any additional power purchase arrangement, approval of SERC is required. However, there cannot be additional prior approval for procurement of power from long term source on a quarterly basis so long the guidelines and prudent norms are followed. Further, it is not possible to ascertain the expected variation on quarter ahead basis as power purchase cost depends upon fuel price, exchange rate, transportation cost, transmission charges, offtake by consumers, etc. All these factors are beyond the control of utility. Hence, it was suggested that additional power procurement related provisions in the draft Regulations may be deleted.

Interest rate

The credit rating of the Company has bearing on the Interest rate in addition to market condition. Further, under a regulatory regime, such rating largely depends upon the risk profile of the sector as well. Any regulation impacting the revenue will increase the risk perception of the market and consequent increase in Interest rate. Hence, it was suggested that there should not be any cap on the Interest rate.

Definition of Change in Law

Change in law is not within the control of the affected party and for which compensation is to be paid. The utility will not have any exemption from payment of taxes and duties based on its nature i.e. Capital Cost or O&M Expense. Hence, it was requested to delete the suggested dispensation for O&M.

Limit on Fuel Price and Power Purchase Price Adjustment

Recovery of fuel surcharge flows from Section 62(4) of the Electricity Act, 2003. Further, tariff policy also envisages expeditious recovery of additional power purchase cost incurred due to variation in power purchase cost. Therefore, it was suggested to increase the upper limit of the proposed ceiling in the Regulation as the same is required to be dealt with by SERC in accordance with the Act and Tariff Policy. SERC can specify any condition for prior approval in the tariff order depending upon the requirements.

The representation was submitted to the Chairman, Gujarat Electricity Regulatory Commission (GERC) and Secretary, Gujarat Electricity Regulatory Commission (GERC)

*For detailed representation write to
Ms Rita Roy Choudhury at rita.roychoudhury@ficci.com

MVT Sector Proposal from FICCI for MoHFW, GoI

The proposal was submitted to the Ministry of Health and Family Welfare on Medical Value Travel Sector inclusions under Champion Services Sector scheme. A phase-wise suggestive recommendation was submitted with action points for immediate, short-term, medium, and long-term emphasis.

*For detailed proposal write to
Mr Praveen Kumar Mittal at praveen.mittal@ficci.com

Strategy Proposal on Development of Medical Tourism in the Country

A feedback suggestive recommendation was submitted to the Ministry of Tourism, on its proposed strategy for the development of the Medical Value Travel sector.

*For detailed proposal write to
Mr Praveen Kumar Mittal at praveen.mittal@ficci.com

Misrepresentation of Ayurveda System of Medicine on Wikipedia – publishing misleading and defamatory content on social media

Significantly popular social media website called Wikipedia had misrepresented content on its website concerning Ayurveda. FICCI submitted a representation to ensure that the correct definition for Ayurveda, as per the guidelines of Ministry of AYUSH, GoI/ given on Ministry of AYUSH, Government of India website is mentioned on the said platform. This was submitted to Secretary, Ministry of AYUSH; Minister, Ministry of AYUSH; President, IMA and Wikipedia.

*For detailed representation write to
Mr Praveen Kumar Mittal at praveen.mittal@ficci.com

Request to remove/eliminate vilifying content on Ayurveda System of Medicine published on Wikipedia website

Significantly popular social media website called Wikipedia had misrepresented content on its website concerning Ayurveda. FICCI submitted a representation to ensure that the correct definition for Ayurveda, as per the guidelines of Ministry of AYUSH, GoI/ given on Ministry of AYUSH, Government of India website is mentioned on the said platform. This was submitted to Wikipedia.

*For detailed representation write to
Mr Praveen Kumar Mittal at praveen.mittal@ficci.com

Recommendation on BD Act (2002)

Recommendations on BD Act (2002) by FICCI AYUSH Committee were submitted to the Ministry of Environment, Forest and Climate Change, Govt. of India. It was mentioned that The Act and the various activities under the Act must be harmonized with other nodal offices for conservation such as Ministry of Agriculture (for plant and animal bioresources), Ministry of AYUSH (for Traditional Medicines & related TK), Ministry of Health and Women Welfare (for Food) and Ministry of Commerce and Industry (for Trade and IPR).

Accordingly, laws must be harmonized. This was submitted to Secretary, Ministry of Environment, Forest, and Climate Change.

*For detailed representation write to
Mr Praveen Kumar Mittal at praveen.mittal@ficci.com

AIBC Industry Recommendations for ASEAN Economic Minister Meeting 2020

FICCI as the Indian secretariat of ASEAN India Business Council (AIBC) presented Industry recommendations of 2020 at the 17th ASEAN-India Economic Ministers' Consultations held virtually on 29 August 2020. ASEAN – India Business Council has been making continuous efforts towards strengthening co-operation in priority sectors, lobbying on non-tariff barriers and market access issues to facilitate the seamless movement of goods across the two regions. Indian industry welcomes the ASEAN's positive response to re-examine the India-ASEAN FTA and has proposed its suggestions for the review process. The report focussed on challenges and opportunities to enhance trade and investment relations. This was submitted to the Director, Department of Commerce, Ministry of Commerce and Industry.

*For detailed recommendation please write to
Mr Gaurav Vats at gaurav.vats@ficci.com

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