

# VOICE OF FICCI



## SHAPING THE AGENDA

November 2023



From the  
Secretary General

In November 2023, FICCI successfully organized the second edition of World Food India 2023 at Bharat Mandapam in Pragati Maidan, New Delhi. As the industry partner for the event, we were delighted to welcome the Hon'ble Prime Minister, Shri Narendra Modi at the inaugural. This landmark event joined cultures, cuisine, and commerce, thereby providing a platform for deliberations, networking, and investments in the agri-food sector. More than 200 hundred chefs came together to present traditional Indian cuisine and celebrate India's diverse food culture. The event also showcased CEOs' roundtables focusing on investment and Ease of Doing Business in the Agri-Food sector.

In Mumbai, FICCI also hosted the 20th edition of our flagship, annual Capital Markets Conference - 'CAPAM 2023'. Ms Madhabi Puri Buch, Chairperson, SEBI, underscored India's advancements in the financial sector and its role as a pioneer in setting global standards, highlighting that the nation is increasingly being looked upon for best practices in capital market regulation and innovation.

In Mumbai again in November, we organized the FIBAC 2023 Conference on the theme – 'Winning in Uncertain Times', jointly with the Indian Banks' Association. The summit was inaugurated by RBI Governor Mr Shaktikanta Das who reiterated the Central Bank's commitment to keep a sharp focus on checking inflation while promoting growth.

We, immediately thereafter, organized our National Executive Committee Meeting in Mumbai with RBI Governor as the keynote speaker. Dr Anish Shah, Group CEO & MD, Mahindra Group was announced as the President-Elect of the Federation.

On the policy discourse, FICCI submitted many recommendations and submissions to various departments of the government about the challenges of many sectors. We reached out to Secretary, DPIIT, and Secretary, Department of Economic Affairs, Ministry of Finance to address the bottlenecks in the FDI Policy, resolving which would improve EODB in India.

In addition to this, we are gearing up for the 96th Annual Convention and AGM in December under the theme 'The World's Growth Engine'. The two-day mega event will gather together the policymakers, industry leaders, and the stakeholders of the Indian economy coming together to deliberate on the future as the world's growth engine. Stay tuned for more updates!

Shailesh Pathak

### **Bottleneck in the FDI Policy, resolving which would improve EODB in India-Classification of bonus shares in prohibited sector**

Since rights issuances and the bonus issuances are clubbed together in the Foreign Exchange Management (Non-Debt Instruments Rules), 2019, a genuine doubt and concern has arisen in respect of bonus issuances in the restricted/ prohibited sector. Such clubbing of the provisions may result in a misinterpretation that bonus issuances are not permissible in sectors for which a sectoral cap is prescribed (and sectoral limit has already been reached) or in sectors in which prohibited for FDI is prohibited. Since the shareholding pattern of the company remains unchanged in a bonus issuance and there is no possibility of any increase in the foreign shareholding or any inflow of foreign capital on account of bonus issuance, FICCI has submitted that a clarification may be issued that bonus issuances are freely permissible under FEMA so long as (i) the bonus shares are subject to the same conditions of repatriability as the original shares; and (ii) the bonus issuances are compliant with the applicable securities laws. This was submitted to Secretary, DPIIT and Secretary, DEA.

For detailed recommendations, please write to

*Ms Abha Seth at [abha.seth@ficci.com](mailto:abha.seth@ficci.com)*

### **Cost Accounting Records and Cost Audit framework**

Pursuant to inputs sought and based on suggestions received from members, FICCI submitted recommendations on the existing framework of Cost Accounting Records and Cost Audit. These were submitted to Additional Chief Adviser (Cost), Department of Expenditure, Ministry of Finance.

For detailed recommendations, please write to

*Ms Abha Seth at [abha.seth@ficci.com](mailto:abha.seth@ficci.com)*

### **Suggestions to SEBI Working Groups towards simplifying, easing and reducing cost of compliance with respect to SEBI AIF Regulations**

Pursuant to the announcement made by Hon'ble Finance Minister in the Union Budget FY 2023-24, SEBI has constituted Working Groups to look into the compliance requirements under various SEBI Regulations with the objective of enhancing ease of compliance and reduction in

*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.*

cost of compliance. Based on suggestions received from members, FICCI submitted recommendations to SEBI on AIF Regulations.

For detailed recommendations, please write to

*Ms Abha Seth at [abha.seth@ficci.com](mailto:abha.seth@ficci.com)*

### **Suggestions to SEBI Working Groups towards simplifying, easing and reducing cost of compliance with respect to SEBI FPI Regulations**

Pursuant to the announcement made by Hon'ble Finance Minister in the Union Budget FY 2023-24, SEBI has constituted Working Groups to look into the compliance requirements under various SEBI Regulations with the objective of enhancing ease of compliance and reduction in cost of compliance. Based on suggestions received from members, FICCI submitted recommendations to SEBI on FPI Regulations.

For detailed recommendations, please write to

*Ms Abha Seth at [abha.seth@ficci.com](mailto:abha.seth@ficci.com)*

### **Suggestions to SEBI Working Groups towards simplifying, easing and reducing cost of compliance with respect to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

Pursuant to the announcement made by Hon'ble Finance Minister in the Union Budget FY 2023-24, SEBI has constituted Working Groups to look into the compliance requirements under various SEBI Regulations with the objective of enhancing ease of compliance and reduction in cost of compliance. Based on suggestions received from members, FICCI submitted recommendations to SEBI on LODR Regulations.

For detailed recommendations, please write to

*Ms Abha Seth at [abha.seth@ficci.com](mailto:abha.seth@ficci.com)*

### **Suggestions to SEBI Working Groups towards simplifying, easing and reducing cost of compliance with respect to SEBI (Buy-back of Securities) Regulations, 2018**

Pursuant to the announcement made by Hon'ble Finance Minister in the Union Budget FY 2023-24, SEBI has constituted Working Groups to look into the compliance requirements under various SEBI Regulations with the objective of enhancing ease of compliance and reduction in cost of compliance. Based on suggestions received from members, FICCI submitted recommendations to SEBI on Buy back Regulations.

For detailed recommendations, please write to

*Ms Abha Seth at [abha.seth@ficci.com](mailto:abha.seth@ficci.com)*

### **Suggestions to SEBI Working Groups towards simplifying, easing and reducing cost of compliance with respect to SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018**

Pursuant to the announcement made by Hon'ble Finance Minister in the Union Budget FY 2023-24, SEBI has constituted Working Groups to

look into the compliance requirements under various SEBI Regulations with the objective of enhancing ease of compliance and reduction in cost of compliance. Based on suggestions received from members, FICCI submitted recommendations to SEBI on ICDR Regulations.

For detailed recommendations, please write to

*Ms Abha Seth at [abha.seth@ficci.com](mailto:abha.seth@ficci.com)*

### **Suggestions to SEBI Working Groups towards simplifying, easing and reducing cost of compliance with respect to SEBI (Share based employee benefits and sweat equity) Regulations, 2021**

Pursuant to the announcement made by Hon'ble Finance Minister in the Union Budget FY 2023-24, SEBI has constituted Working Groups to look into the compliance requirements under various SEBI Regulations with the objective of enhancing ease of compliance and reduction in cost of compliance. Based on suggestions received from members, FICCI submitted recommendations to SEBI on SEBI (Share based employee benefits and sweat equity) Regulations, 2021.

For detailed recommendations, please write to

*Ms Abha Seth at [abha.seth@ficci.com](mailto:abha.seth@ficci.com)*

### **Suggestions to SEBI Working Groups towards simplifying, easing and reducing cost of compliance with respect to SEBI (Stock Brokers) Regulations, 1992; Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 and SEBI (Custodian) Regulations, 1996**

Pursuant to the announcement made by Hon'ble Finance Minister in the Union Budget FY 2023-24, SEBI has constituted Working Groups to look into the compliance requirements under various SEBI Regulations with the objective of enhancing ease of compliance and reduction in cost of compliance. Based on suggestions received from members, FICCI submitted recommendations to SEBI on SEBI (Stock Brokers) Regulations, 1992; Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 and SEBI (Custodian) Regulations, 1996.

For detailed recommendations, please write to

*Ms Abha Seth at [abha.seth@ficci.com](mailto:abha.seth@ficci.com)*

### **Suggestions on IBC**

Based on inputs received from members, FICCI submitted industry suggestions on the extant regulatory framework under the IBC to Joint Secretary, MCA.

For detailed recommendations, please write to

*Ms Abha Seth at [abha.seth@ficci.com](mailto:abha.seth@ficci.com)*

### **FICCI submission on QCOs - Potable Water Bottles QCO and Insulated Flask/ Bottles/ Containers QCO, 2023**

In relation to the Quality Control Orders (QCO) issued for Potable Water Bottles (dated 5th July 2023) and Insulated Flask/ Bottles/ Containers

(dated 7th July 2023) as notified in the E-Gazette, a stakeholder consultation review meeting was conducted via video conference (VC) on 2nd November 2023, chaired by Shri Sanjiv, Joint Secretary, DPIIT. The primary agenda of the meeting was to address concerns surrounding the implementation of these Quality Control Orders.

FICCI had sent the representation to the Department highlighting the three key points that were :-

1. **Extension Period for Retailers:** To facilitate a smooth transition into compliance with the QCO, it is suggested that the retail industry be granted an additional 10-12 months from the date of QCO implementation for manufacturers. This extended timeline aims to allow ample time for manufacturers to obtain BIS licenses, ensuring a more seamless supply chain for QCO-compliant ISI Mark products.
2. **Exemption for Pre-QCO Inventory:** A proposal for exemption on the legacy stock or existing inventory procured or manufactured before the effective date of the QCO, upon declaration to the Bureau of Indian Standards (BIS). This would help retailers manage pre-existing stock without undue pressure during the transition phase.
3. **Streamlining BIS Certification Process:** To support the implementation process, expediting the grant of BIS licenses and certification procedures for all applicants would be immensely beneficial. This would enable a quicker compliance process for manufacturers and suppliers within the stipulated timeframe.

For detailed recommendations, please write to

*Ms Leena Jaisani at leena.jaisani@ficci.com*

### Industry inputs for Meeting of the Sub-Committee on Business Environment under India-Japan CEPA

#### I. GENERAL NON-TARIFF BARRIERS

- **Labelling and Language:** Japan follows specific labelling requirements for Japanese market. It seeks the labels should be printed in Japanese language.
- **Visa:** No major visa issues. Business Visa and Work Permit applications get approved within defined time-limits. As an additional suggestion, a short-term Work Permit (4 to 6 months) duration can be considered for technical people movement to Japan.
- **Cultural and Language Barriers:** Navigating the distinct business culture and language in Japan poses a significant challenge for Indian companies.
- **Market Entry and Local Competition:** Penetrating the Japanese market can be difficult due to strong local competition and a preference for domestic products and services. Indian companies often need to find a niche or offer highly differentiated products to gain a foothold.
- **Ease of Travel:** Direct flights from at least two more Indian cities or at least restart the Chennai Tokyo flight can be considered.

- **Globalization of the work environment:** Japanese companies may adapt to HR policies aligning to global practices with initiatives on English as a companywide language etc. Some companies who have done that in Japan like Rakuten, Mercari, LINE etc are able to better retain Indian talent.

#### II. Broad recommendations for greater synergies and business relations

- Need to capitalise on the strong political bonds and foundation built over the years for greater economic integration and business growth.
- Need to diversify from traditional areas of co-operation based on comparative strengths to new emerging investment opportunities viz smart manufacturing, Pharma, renewable energy, Fintech, IT and startups.
- Japanese companies may focus on MSMEs in India, which constitutes to be almost 80 percent of manufacturing in India, this will lead to a wider coverage of sectors.
- Synergies to be forged in Logistics and Supply Chains, including cold chains for fruit, vegetables etc.
- The time is now to further strengthen B2B links in the scenario of China Plus policies being pursued by countries, worldwide.

These were submitted to IPIC section, DPIIT.

For detailed recommendations, please write to

*Mr Gaurav Vats at gaurav.vats@ficci.com*

### CIFTI FICCI Seeking six months extension for the timeline of upload mandatory lab test report on FoSCoS Portal (for the period of April to September 2023)

In the submitted representation on FSSAI direction dated 13th Jan 2023 regarding 'Manufacturers (including repacker and relabellers) to upload or link mandatory lab testing report (six monthly) on FoSCoS, we shared certain challenges and issues that have arisen following the recent changes introduced by FSSAI to the FoSCoS report upload template on the 30th of October 2023. These changes have placed additional burdens on Food Business Operators (FBOs) in terms of data collection, as they are now required to furnish detailed information such as Batch Number, Batch Date, and Expiry Date of tested samples for each report.

The following were submitted to FSSAI:

- a) Extend the deadline by 6 months, until the 31st of March 2024, to allow sufficient time for FBOs to collect the requisite details and upload mandatory lab test reports on the FoSCoS Portal for the period of April to September 2023.
- b) Update the guidance notes provided by FSSAI in consideration of the new template to ensure smooth and hassle-free implementation.

For detailed recommendations, please write to

*Mr Abhinav Singh at abhinav.singh@ficci.com*

### **FICCI comments on Second Circular on the GSFA to the 54th Session of the CCFA54**

In the submitted representation to NCCP-FSSAI, FICCI shared comments on Second Circular on the GSFA to the 54th Session of the CCFA54.

For detailed representation, please write to  
*Mr Abhinav Singh at abhinav.singh@ficci.com*

### **FICCI comments on Circular letters related to CAC46**

In the submitted representation to NCCP-FSSAI, FICCI shared comments on Circular letters related to CAC46.

For detailed representation, please write to  
*Mr Abhinav Singh at abhinav.singh@ficci.com*

### **FICCI comments on Proposed Draft Guidelines on the Use of Technology to Provide Food Information in Food Labelling**

In the submitted representation to NCCP-FSSAI, FICCI shared comments on Proposed Draft Guidelines on the Use of Technology to Provide Food Information in Food Labelling.

For detailed representation, please write to  
*Mr Abhinav Singh at abhinav.singh@ficci.com*

### **FICCI comments on Application of Food Labelling in Emergencies – First EWG Consultation Paper**

In the submitted representation to NCCP-FSSAI, FICCI shared comments on Application of Food Labelling in Emergencies – First EWG Consultation Paper.

For detailed representation, please write to  
*Mr Abhinav Singh at abhinav.singh@ficci.com*

### **FICCI comments on Draft Guidelines for Prevention and Regulation of Dark Patterns, 2023**

FICCI submitted comments on the draft Guidelines for Prevention and Regulation of Dark Patterns, 2023 (“Draft DP Guidelines”) wherein we stated that digital platforms and their user experience (UX)/user interface (UI) practices are already regulated under the Information Technology Act, 2000 and the newly passed Digital Personal Data Protection Act, 2023 (“DPD Act”). For example, dark patterns such as “interface, subscription trap, forced action” which concern user privacy are covered under DPD Act wherein informed consent of user has to be obtained for processing data necessary for specified purpose.

Further, the Consumer Protection Act, 2019 (“CPA”) read with the CCPA’s Guidelines for Prevention of Misleading Advertisements and Endorsements for Misleading Advertisements, 2022 (“Misleading Adv Guidelines”) and Consumer Protection E-Commerce Rules, 2020 (“E-commerce Rules”) already addresses such practices both offline and online under the umbrella of unfair trade practices and misleading advertisements. The proposed Digital India Act focused on user rights, security and unfair practices is also well-poised to regulate dark

patterns on digital platforms. Therefore, as the existing laws and regulations sufficiently regulate dark patterns FICCI suggested that the Draft DP Guidelines be modified as suggested below to avoid regulatory overlap and confusion. The suggestions were submitted to Ministry of Consumer Affairs & Food & Public Distribution.

For detailed representation, please write to  
*Mr Abhinav Singh at abhinav.singh@ficci.com*

### **Requesting data on determination of milk fat purity and data on analysis of fatty acid composition of milk fat**

In the submitted representation to FSSAI, wherein the SP had sought data on the determination of milk fat purity by gas chromatographic analysis of triglycerides as per ISO (17678, 2010). Additionally, the letter requested data on the analysis of fatty acid composition of milk fat in pure samples, we shared that the samples of ghee analysed have upstream traceability for the milk used in the preparation of these ghee samples. We submitted the data on the analysis of fatty acid composition of milk fat as outlined in Annexures A (South India) and Annexure B (North India).

Regarding format 1, since there was no recognised method, which had been notified by FSSAI, the industry had been unable to submit data. We also requested FSSAI to grant an extension of minimum 1 year till such time the limit is finalized basis the data collection.

For detailed representation, please write to  
*Mr Abhinav Singh at abhinav.singh@ficci.com*

### **FICCI representation on FSSAI Pilot Survey on the Volume of Use of Flavouring Ingredients**

In the submitted representation to the working group on “review of flavour”, wherein the working group recommended to collect & collate the data for the pilot study under intimation to FSSAI, we submitted the modified template encompassing data on 23 flavouring substances. The collaborative effort in obtaining this data involved other prominent associations, namely CII and FAFAI.

For detailed representation, please write to  
*Mr Abhinav Singh at abhinav.singh@ficci.com*

### **FICCI representation Inputs/clarifications on the concerns related to adoption of latest JECFA monograph on Steviol Glycosides**

In the submitted representation to FSSAI, FICCI shared the comments on Inputs/clarifications on the concerns related to adoption of latest JECFA monograph on Steviol Glycosides

For detailed representation, please write to  
*Mr Abhinav Singh at abhinav.singh@ficci.com*

### **Classification and GST rate applicable on ready to eat snack products manufactured through process involving extrusion generally known as ‘Namkeen’**

Background:- The food processing industry is one of the most important



sectors in India considering its linkage to agriculture and food consumption. The performance of the industry has a manifold socio-economic impact and also compliments with the objectives of various growth schemes of the Government such as Atmanirbhar Bharat, Pradhan Mantri Kisan SAMPADA Yojana, etc. An ambiguity has arisen in respect of classification of certain food products which were being classified under Entry 46 of the Schedule II which cover products like namkeens and similar edible preparations under HSN 210690 attracting GST @ 12%.

Issue:- It may be noted that Press release issued pursuant to 48th meeting of the GST Council clearly states that fryums manufactured using the process of extrusion is specifically covered under CTH 19059030 and attract GST at the rate of 18%. There have also been issuance of notices/show cause notices by the GST department demanding additional liability by potentially subjecting supply of 'namkeens' at a higher tax rate.

Recommendations - It is therefore requested that:

- a suitable clarification be issued regarding classification and GST rate on namkeen products by whatever name called irrespective of the manufacturing process and irrespective of the ingredients, clearly stating that said goods will remain to be classified under HSN 210690 which is chargeable at GST rate of 12%.
- The Circular No. 200/12/2023-GST dated 01.08.2023 should be restricted only for applicability of rate of tax on un-fried/uncooked and fried Fryums manufactured through process of extrusion and same should not be extended to all products manufactured through process of extrusion.
- kindly affirm the current classification of 'namkeens' to ensure consistency in settled tax position and to avoid any protracted litigation.

Chairman, Central Board of Indirect Taxes and Customs, Department of Revenue, Ministry of Finance; Member (GST), Central Board of Indirect Taxes and Customs, Ministry of Finance; Joint Secretary (TRU-I) and (TRU-II), Department of Revenue, Ministry of Finance; Joint Secretary, GST Council Secretariat, New Delhi.

For detailed recommendations, please write to

*Ms Ira Khanna at ira.khanna@ficci.com*

### Request seeking clarification on amended Rule 3(1) of Income Tax Rules over Perquisite Valuation of Rent-Free Accommodation provided by employers+G6:H8

Background:- Taxability of rent-free accommodation provided to employee is governed by Section 17(2) of the Act and valuation is determined in accordance with Rule 3 of the Income Tax Rules, 1962. In order to bring consistency, amendments were made to section 17(2) vide Finance Act, 2023 with effect from financial year beginning 1st April, 2023 and Rule 3(1). As per Notification dated 18th August, 2023, amended Rule 3(1) shall come into force with effect from 1st day of September, 2023.

Issue:- The said amended provisions are applicable with effect from assessment year beginning 1st April 2024 and shall accordingly be applicable for Assessment Year 2024-25 and subsequent Assessment Years – i.e. financial year beginning 1st April, 2023. Further to note, computation of estimated income is a substantive provision, and it is well-settled law that substantive provisions as applicable on 1st day of Assessment Year are to be applied to relevant previous year (i.e. for full period starting 1st April till 31st March).

Recommendation:- It is recommended to issue clarifications:-

- amended valuation rules will be applicable for full year effective 1st April, 2023.
- no change is required in respect of amount of TDS deducted by employers u/s 192 of the Act in line with old rules for employees who retired or left services on or before 31st August 2023. But while issuing Form 16 and 12BA to such employees, the employer can reflect the housing accommodation perquisite value at lower value as per amended Rule 3 which may result in employee being entitled to refund due on excess TDS which the employee can claim credit while filing his/her return of income.
- Alternatively, incorporate above clarifications when annual circular for "Deduction of Tax at Source: Income-Tax Deduction from Salaries under Section 192 of the Income Tax Act, 1961" is issued.

These were submitted to Chairman, Central Board of Direct Taxes, Ministry of Finance, New Delhi.

For detailed recommendations, please write to

*Ms Ira Khanna at ira.khanna@ficci.com*

**For more details contact FICCI Membership at:  
tripti.kataria@ficci.com/+91 98 1800 0591**