VOICE OF FICCI

SHAPING THE AGENDA

July 2025



From the Director General

In the month of July 2025, FICCI had a series of outreach meetings with its various stake holders. FICCI President Harsha Vardhan Agarwal met the Hon'ble President of India Droupadi Murmu, marking a significant moment for the industry body. The month's engagement calendar featured meeting with the RBI Governor Sanjay Malhotra, accompanied by the Federation's senior leadership, including multiple past presidents.

The chamber's ministerial outreach encompassed critical portfolios, with interactions spanning Labour and Employment Minister Mansukh Mandaviya, Agriculture Minister Shivraj Singh Chouhan, and Minister of State for Power Shripad Yesso Naik, and the PMIS event in Shillong with Finance Minister Nirmala Sitharaman in attendance.

Strategic bureaucratic engagements encompassed Economic Advisory Council Chairman Prof S Mahendra Dev, Revenue Secretary Arvind Shrivastava, MEA Additional Secretary Piyush Srivastava, Additional Secretary to PM Ashish Vachhani, AP Government Industries Secretary Yuvraj, and Food Processing Secretary Avinash Joshi. The Federation also strengthened diplomatic ties through interactions with Australia's High Commissioner Philip Green, a multi-party parliamentary delegation from Nepal, and networking dinners with ambassadors. FICCI's participation in the CNBC Future Female Forward conference further reinforced its commitment to women-led development, one of the four pillars for the chamber in its agenda to work towards Viksit Bharat.

FICCI also submitted extensive policy recommendations addressing contemporary business challenges. Financial services advocacy proved comprehensive, with detailed submissions on co-lending framework modifications, DPDP Act implementation for banks, regulatory reconsiderations for middle-layer NBFCs, IT governance directions, and SEBI LODR regulations covering shareholding patterns and compliance officer requirements, and critically, allowing interest payments on Exchange Earners' Foreign Currency accounts to enhance exporters' competitiveness.

Healthcare diplomacy initiatives included recommendations for establishing structured government programmes for medical services to friendly nations and comprehensive Ayush sector recommendations spanning national licensing systems, dual licensing mechanisms, international trade provisions, and tiered accreditation systems for wellness centres.

Technology sector advocacy featured ambitious drone industry proposals requesting ₹3,000 crore across PLI support, testing infrastructure, and R&D facilities. The chamber advanced India-US Bilateral Trade Agreement inputs covering textiles, steel, and digital trade implications.

Food processing submissions proved extensive, addressing FSSAI regulations on dairy contaminants, coffee-chicory labelling, edible oil standardisation, Arabica coffee caffeine content, pectinase enzyme usage in tea processing, and plastics packaging guidelines. Additional inputs covered WTO notifications on China-US labelling requirements and cell culture media guidelines.

Tax policy recommendations encompassed income tax rectification timelines, online gaming TDS threshold exemptions, and GST clarification for EPC contracts, alongside pesticide residue crop grouping and various CODEX Cell submissions.

This month's engagements reflect FICCI's strategic positioning as India's premier industry advocate, simultaneously accessing the highest levels of government whilst delivering detailed, sector-specific policy solutions. These demonstrate our unique role in bridging private sector interests with public policy formulation.

Jyoti Vij

FICCI's request for Allowing Interest Payment on EEFC Accounts to Support Exporters' Competitiveness and Foreign Exchange Retention

FICCI Pharmaceuticals Committee has submitted a representation to the Reserve Bank of India requesting that interest be allowed on Exchange Earners' Foreign Currency (EEFC) accounts. The current non-interest-bearing status of these accounts negatively impacts exporters' financial efficiency, competitiveness, and foreign exchange retention. The key points highlighted include: misalignment with global practices where foreign currency accounts earn interest, loss of export margins and incentive to prematurely convert foreign currency to INR. Banks benefit from EEFC balances without passing returns to exporters.

The below mentioned recommendations were submitted to the Chief General Manager, Foreign Exchange Department, Reserve Bank of India.

- Permit interest payments on EEFC balances, benchmarked to international rates or negotiated.
- Allow short-term FCY deposits from EEFC accounts.
- Support forex market stability by encouraging retention of foreign currency. FICCI has urged RBI to consider these measures to create a more competitive, exporter-friendly financial environment

For detailed recommendations, please write to
Mr Ishan Pandita at Ishan.pandita@ficci.com

Shareholding Pattern Disclosures under SEBI LODR Regulations

Based on feedback received from members, FICCI highlighted concerns regarding practical challenges being faced by listed entities in implementing the disclosure requirements relating to shareholding pattern under Regulation 31 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. It has been submitted that SEBI may consider clarifying that companies where the promoter group shareholding is nil, may be exempted from the requirement to furnish detailed disclosures in the shareholding pattern under Regulation 31 and that such field may be appropriately marked as 'Not Applicable'. These were submitted to Executive Director, SEBI.

For detailed recommendations, please write to
Mr Santosh Parashar at santosh.parashar@ficci.com

Guidance on Compliance with Regulation 6(1) of the SEBI LODR Regulations

Based on concerns raised by members, FICCI has requested SEBI for guidance on compliance with Regulation 6(1) of the SEBI LODR

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.

Regulations in relation to the 'level' of Compliance Officer within a listed entity, since certain practical scenarios continue to raise interpretational challenges for companies structured with diverse internal hierarchies. These were submitted to the DGM, SEBI.

For detailed recommendations, please write to
Mr Santosh Parashar at santosh.parashar@ficci.com

FICCI Submission on the DPDP Act and Draft Rules from the BFSI Sector

The FICCI National Committee on Banking has proposed key recommendations to enhance the implementation of the DPDP Act and its Draft Rules from a BFSI perspective. The committee suggests standardized notification templates for data principals and fiduciaries to ensure uniformity and ease in exercising rights such as access, correction, erasure, consent withdrawal, and grievance redressal. These templates could be issued via MeitY in collaboration with industry bodies.

Further, the committee advocates harmonization of privacy directives across sectoral regulators to reduce compliance complexity and promote clarity for financial institutions. Regarding Rule 8, it recommends clarifying that banks should not be classified as "e-commerce entities" under the Consumer Protection Act, as mandatory data erasure after three years could disrupt banking services for inactive customers.

For Rule 6, the committee emphasizes a risk-based approach to security safeguards, removing rigid minimum thresholds and allowing flexibility based on data sensitivity and organization size. It calls for clear guidelines on log types, retention periods, and recognition of global security standards like 2FA and access control. Alignment with CERT-IN's 180-day log retention requirement is also recommended.

Further, it proposes staggered implementation timelines for banks and their data processors, categorizing them by risk levels. Recognition of industry certifications (ISO, BIS) as compliance indicators and exemption for low-risk vendors are also suggested. These measures aim to ensure practical, secure, and efficient compliance with the DPDP framework.

These were submitted to the Secretary, Department of Financial Services, Ministry of Finance.

For detailed recommendations, please write to
Mr Anshuman Khanna at anshuman.khanna@ficci.com

FICCI inputs on Co-Lending

FICCI appreciates the RBI's forward-looking proposal to expand co-lending beyond priority sectors and include all regulated entities, recognizing it as a progressive step toward improving credit delivery and financial inclusion. However, based on industry feedback and operational experience, FICCI has submitted several recommendations to ensure the framework's effectiveness and practicality.

The key suggestions included - allowing flexibility in sourcing arrangements and profit-sharing models to accommodate diverse business structures. FICCI also seeks clarity on the computation of blended interest rates and the disclosure of Annual Percentage Rates (APR), which are crucial for transparency and customer trust.

FICCI recommend permitting flexibility in disbursement processes and customer interface management to ensure seamless service delivery. It also reaffirms the importance of inter-RE KYC reliance and calls for streamlined credit reporting mechanisms to Credit Information Companies (CICs), reducing duplication and improving efficiency.

A critical submission is the recommendation to retain the Track 2 co-lending model, where NBFCs originate loans and assign them to banks.

Overall, these recommendations aim to preserve continuity, enhance operational flexibility, and support inclusive credit delivery, especially for vulnerable sectors. These were submitted to the Executive Director, Reserve Bank of India.

For detailed recommendations, please write to
Mr Anshuman Khanna at anshuman.khanna@ficci.com

Representation seeking Regulatory reconsideration on IT Governance Directions for Middle Layer NBFCs and Enabling Succession Planning through Trust Structures

The note highlights two key regulatory challenges impacting NBFCs, particularly those classified under the Middle Layer of the RBI's Scale-Based Regulatory (SBR) Framework. First, the Information Technology Governance Directions, 2023, impose uniform compliance requirements on NBFCs regardless of their operational scale or public interface. This includes mandates such as appointing a Chief Information Security Officer (CISO), implementing cybersecurity controls, and establishing Board-level IT governance committees. These requirements are burdensome for NBFCs with minimal standalone operations, limited IT infrastructure, and no external retail clientele. While Core Investment Companies (CICs) are exempt due to their limited risk exposure, similar relief is sought for Middle Layer NBFCs performing equivalent roles. A risk-based compliance regime is recommended for entities with no public interface, group-only operations, and minimal IT dependency.

Second, the note addresses the prohibition on succession planning through private trusts under current RBI regulations. This restriction complicates intergenerational transfer of promoter holdings in privately held NBFCs, despite SEBI permitting such transfers under stringent conditions. The lack of regulatory alignment between SEBI and RBI creates inefficiencies and uncertainty in structuring succession plans. The note advocates for an enabling framework that allows trust-based succession planning, subject to disclosure, KYC, and compliance safeguards. These were submitted to the Secretary, Department of Financial Services, Ministry of Finance.

For detailed recommendations, please write to
Mr Anshuman Khanna at anshuman.khanna@ficci.com

Recommendations for making India a Drone Hub

SCALE - DPIIT recommendations requesting 1) INR 1000 Cr PLI support 2) INR 1000 Cr for creating testing infrastructure & facilities & 3) INR 1000 Cr for R&D support, were submitted to the Joint Secretary, Ministry of Civil Aviation and Secretary MoCA respectively.

For detailed recommendations, please write to
Mr Gaurav Gaur at gaurav.gaur@ficci.com

Advancing India's Health Diplomacy through the Provision of Medical Services

The recommendation to establish a structured government-led program under the Ministry of External Affairs (MEA) to facilitate the provision of advanced medical services to selected patients from friendly nations was submitted to the Secretary (South), Ministry of External Affairs, Government of India.

For detailed recommendations, please write to
Mr Ishan Pandita at ishan.pandita@ficci.com

Standardization & Quality Control

FICCI recommended to develop a National Model Licensing System for uniform product registration and approvals across all Indian states to eliminate inconsistency and regulatory confusion. Also, Regulatory disparities across states create barriers to scale and discourage compliance, especially for MSMEs. These recommendations were submitted to the Hon'ble Minister of Ayush.

For detailed recommendations, please write to
Mr Ishan Pandita at ishan.pandita@ficci.com

Regulatory Reform

A recommendation has been submitted to the Hon'ble Minister of Ayush to enable a dual licensing mechanism through the e-Aushadhi portal for formulations intended for both domestic and export markets. The current system does not provide the required flexibility for varying global compliance requirements.

For detailed recommendation, please contact
Mr Ishan Pandita at ishan.pandita@ficci.com

International Promotion & Export Facilitation

A recommendation has been submitted to the Hon'ble Minister of Ayush to incorporate Ayush sector-specific provisions in bilateral trade negotiations and FTAs. This includes the recognition of certifications such as NABH, Ayush Premium, etc. At present, Ayush products face market access challenges due to the lack of international recognition of Indian standards.

For detailed recommendation, please contact
Mr Ishan Pandita at ishan.pandita@ficci.com

Accreditation

A recommendation has been submitted to the Hon'ble Minister of Ayush for the launch of a tiered star-rating system (3–5 stars) for Panchakarma and wellness centers, supported by Standard Operating Procedures (SOPs) and periodic clinical audits. Such differentiation based on quality will help build international trust and ensure patient safety.

For detailed recommendation, please contact
Mr Ishan Pandita at ishan.pandita@ficci.com

CIFTI-FICCI Proposal for Standardization of Edible Oil Pack Sizes

The proposal was submitted to the Ministry of Consumer Affairs, Food & Public Distribution, in reference to the Department of Legal Metrology's letter dated 25th June 2025, which sought stakeholder inputs on the standardization of edible oil pack sizes.

It was observed that a proliferation of non-standard pack sizes often closely resembling standardized formats while containing varying quantities has created confusion among consumers and impacted price transparency. In response, a structured proposal was developed by CIFTI based on prevailing market practices, consumer interest, and supply chain efficiency.

Attention was drawn to the importance of permitting flexibility in smaller pack sizes, particularly those below 500g/ml, which are widely used for high-value oils (e.g., olive, almond, avocado oils) and single-serve applications in aviation and hospitality sectors. These formats also serve promotional and sampling purposes.

Accordingly, the following size categorization was proposed:

- Small Packs (≤500g/ml): No restriction
- Medium Packs (>500g/ml to ≤1kg/L): 750g/ml, 1kg/L
- Large Packs (>1kg/L to ≤25kg/L): 2kg/L, 3kg/L, 4kg/L, 5kg/L, 10kg/L, 13kg/L, 15kg/L, 20kg/L, 25kg/L

It was recommended that if volume is declared, corresponding weight should also be displayed using standard conversion factors, with equal prominence in font size.

The proposal was aimed at minimizing SKU proliferation, enhancing consumer clarity, ensuring pricing transparency, and supporting sustainability by reducing packaging waste.

For detailed recommendations, please write to
Mr Hemant Seth at hemant.seth@ficci.com

CIFTI-FICCI representation on Gazette Notification of Food Safety and Standard (Contaminants, toxins and Residues) Regulations

The representation was submitted to FSSAI, in reference to the Food Safety and Standards (Contaminants, Toxins and Residues) First Amendment Regulations, 2024, notified dated 17th October 2024, as a follow-up to earlier submissions. The attention was drawn to certain operational challenges that may hinder compliance by Food Business Operators (FBOs):

Dairy farm practices in India: Marked by small-scale operations, low awareness, and inadequate training were highlighted as contributing to the misuse of veterinary drugs. A coordinated education and surveillance strategy was recommended to ensure proper understanding and adherence to withdrawal periods.

Concerns were also raised about the continued accessibility of 14 banned antimicrobials. It was proposed that enforcement be limited to surveillance and data collection until stringent controls and penalties are instituted.

The inclusion of broad drug categories (e.g., steroids, glycopeptides) without specific compound lists was flagged, as it complicates compliance and testing. A comprehensive list was recommended.

Testing limitations were also noted, including the unavailability of suitable rapid test kits and insufficient NABL-accredited labs. It was

suggested that testing be focused at the raw milk stage rather than on finished products.

An extension of one year was requested to allow time for infrastructure enhancement, including lab capacity and method validation. It was also proposed that regulatory terminology be revised for clarity and that norms for finished products be excluded.

For detailed recommendations, please write to
Mr Hemant Seth at hemant.seth@ficci.com

CIFTI-FICCI letter pursuant to National Stakeholder Consultation (NSC) held on 16th May 2025 regarding Coffee Chicory Box declaration on FOP and Exemptions from certain labelling requirements

In the submitted representation to FSSAI, FICCI shared comments on the below mentioned notifications:

1. Final (Draft) Notification-FSS (Labelling and Display) Amendment Regulations, 2025; Declaration for coffee-chicory mixture: 'Provided further the above declarations may also be given in the following manner on front of the package; in capital letters within a rectangular box on the Principal Display Panel'.
2. Draft notification- FSS (Labelling and Display) Regulations, 2020 related to: Sub-regulation (8) 'Exemptions from certain labelling requirements'. (a) In the said regulation, in regulation 8, in sub-regulation (1) the following shall be inserted before the statement 'but these information shall be given on the multi-unit packages'; namely: "shall be provided in bar code". (b) In the said regulation, in regulation 8, in sub-regulation (5) following shall be inserted, after clause (b), namely: "Note: The above shall be applicable where the surface area of the package is not more than 100 square centimetres, but this information shall be given on the multi-unit packages".

For detailed recommendations, please write to
Mr Hemant Seth at hemant.seth@ficci.com

CIFTI-FICCI letter of request for expediting the process of finalization and gazette notification of two key regulatory matters

The representation was submitted to Ministry of Health and Family Welfare, in reference to ongoing regulatory developments under the Food Safety and Standards Act.

Attention was drawn to two specific matters currently impacting industry operations:

First, the draft Food Safety and Standards (Food Products Standards and Food Additives) Amendment Regulations, 2022, notified vide F. No. STD/39-FA/Notification/2022, was made available for public consultation on 3rd November 2022. The draft included new standards for traditional sweets, snacks, and processing aids. It is understood that these provisions were subsequently approved in the 42nd and 43rd Food Authority meetings held in 2023. However, the absence of a gazette notification, even as of mid-2025, has led to uncertainty in implementation and long-term planning. In view of this, it was requested that the Ministry expedite the notification process.

Second, it was noted that certain provisions under the Food Safety and Standards (Labelling and Display) Regulations, 2020, had been operationalised and re-operationalised to maintain business continuity. Interim guidance was provided through the regulatory compendium. However, the recent withdrawal of these references, coupled with delays in final notification, has caused ambiguity in compliance.

In light of the above, support was sought from the Ministry to ensure early gazette notification of the pending regulations, thereby providing regulatory clarity and relief to all concerned stakeholders.

For detailed recommendations, please write to
Mr Hemant Seth at hemant.seth@ficci.com

Inputs on China and US WTO notification related to labelling requirements of packaged foods

FICCI CODEX Cell submitted input to NCCP, on China and US WTO notification related to labelling requirements of packaged foods.

For detailed recommendations, please write to
Mr Hemant Seth at hemant.seth@ficci.com

First circular for comments on EWG on Cell culture Media components

FICCI CODEX Cell submitted input to NCCP, on First Circular on the "Development of a guideline for the conduct of food safety assessment of cell culture media components used in the Production of cell-based foods.

For detailed recommendations, please write to
Mr Hemant Seth at hemant.seth@ficci.com

CIFTI comments on Crop grouping before Scientific Panel on Pesticide Residues

In the submitted representation to FSSAI, CIFTI shared comments on Crop grouping before Scientific Panel on Pesticide Residues mentioning the key insights, challenges, global approach and few suggestions.

For detailed recommendations, please write to
Mr Hemant Seth at hemant.seth@ficci.com

Request to submit data/information regarding the caffeine content in soluble coffee powder prepared from Arabica coffee

The representation was submitted to FSSAI, in continuation of earlier communications regarding the caffeine content in soluble Arabica coffee powder, following the Authority's initiative to review the relevant provisions under standard 2.10.2(2).

A comprehensive study was conducted as per the agreed protocol, with 43 market samples analysed at the Coffee Board of India and a NABL-accredited laboratory. All stages were transparently shared with the SP to ensure alignment.

It was respectfully noted that the SP, in its 36th meeting held on 24th June 2025, recommended retaining the minimum caffeine content of 2.8% for soluble coffee powder, citing concerns around sample traceability, processing details, and justification of low caffeine levels. However, it was submitted that all samples included proper batch

coding, and processing information had already been shared in earlier submissions. Additionally, scientific literature and lab analysis confirmed that Arabica coffee naturally contains lower caffeine content, typically ranging from 1.9% to 2.5%, as reflected in 92% of the tested samples.

Concerns were raised regarding the absence of interactive engagement with the SP during the review process, which may have supported a clearer understanding of industry practices. It was further highlighted that Arabica coffee's lower caffeine content is well-documented and widely accepted globally.

In light of the above, a request was made for a meeting to discuss the matter further and identify a balanced resolution in consultation with all stakeholders.

For detailed recommendations, please write to
Mr Hemant Seth at hemant.seth@ficci.com

CIFTI FICCI Comment Seeking information on the usage of pectinase enzyme as a processing aid during manufacture of Tea

The representation was submitted to FSSAI, in reference to the ongoing review by the Scientific Panel on Water & Beverages (SP-17) regarding the use of pectinase in tea processing. Appreciation was conveyed to the Panel for the opportunity to present views and supporting scientific justification.

Tea, being the second most consumed beverage globally, is produced from tender shoots of Camellia sinensis. The quality of made tea reflected in its liquor colour, taste, and aroma is influenced by complex enzyme-mediated metabolic pathways. Among these, pectinase plays a significant role during the fermentation and drying stages.

It was submitted that the natural presence of these enzymes is often limited due to evolving agronomic and plucking practices. Exogenous supplementation of pectinase, within Good Manufacturing Practice (GMP) limits, has been scientifically demonstrated to enhance polyphenol content, reduce foam formation in instant tea, and improve liquor colour and sensory profile.

Pectinase aids in breaking down pectin in the tea leaf cell walls, enabling more effective interaction between catechins, aroma precursors, and enzymes. This results in a more efficient fermentation process and contributes to desirable Maillard and Strecker reactions during drying, enhancing leaf appearance and integrity.

It was noted that pectinase is already permitted as a processing aid under current FSSAI regulations and is widely used in tea-producing countries. In view of the well-established scientific and functional benefits, it was respectfully recommended that the use of pectinase as a processing aid in tea continue to be permitted without restriction.

For detailed recommendations, please write to
Mr Hemant Seth at hemant.seth@ficci.com

CIFTI comments on Guide on Suitability of Plastics for Food Packaging

CIFTI submitted comments on Guide on Suitability of Plastics for Food Packaging to BIS,

For detailed recommendations, please write to
Mr Hemant Seth at hemant.seth@ficci.com

FICCI Submission on India-US BTA

FICCI has submitted inputs on key aspects of the India-US Bilateral Trade Agreement (BTA), including Rules of Origin—particularly in garments, textiles, Man-Made Cellulosic Fibres (MMCF), and the steel sector. Inputs have also been provided on digital trade and implications of the Build America Buy America (BABA) Act. These were submitted to Joint Secretary, Ministry of Commerce & Industry, New Delhi.

For detailed recommendations, please write to
Ms Pragati Srivastava at pragati.srivastava@ficci.com

Representation on Need to provide timelines under Income Tax Law for disposal of rectification application

Issue: Non-processing of rectification applications filed by the taxpayers during pendency of appeal.

Background: CPC Bengaluru and Faceless Assessment Units commit errors in Intimations [Section 143(1)] while processing returns of income and faceless assessment orders [Section 143(3)] of the Income Tax Act, 1961. To correct such apparent mistakes, taxpayers file rectification applications [Section 154]. However, due to non-disposal within 30 days (time period to file an appeal against the order) or rejection of such applications, and to protect their interests, taxpayers also file appeals before the Commissioner of Income Tax (Appeals) on the same issue. Once the appeal is filed, jurisdictional Assessing Officers are refusing to process such rectification applications or rejecting rectification applications on the ground that the matter is sub judice due to a pending appeal. Resulting in continued erroneous tax demands, coercive recovery measures, including insistence on 20% pre-deposit.

Section 154(1A) of the Income Tax Act permits rectification by the AO for issues not considered and decided in appeal or revision. There is no bar on rectification merely because an appeal is pending. Currently, although a statutory timeline of 6 months is provided under section 154(8) for disposal of rectification applications, such timeline is seldom complied with. As a result, delays create uncertainty and affect the taxpayer's ability to take further legal or compliance actions.

Recommendation: It is requested that CBDT may issue a clarification or instruction stating that pendency of appeal does not bar the AO from exercising powers, provided the issue has not been considered and decided in appeal or revision; and Amend Section 154 of the Income Tax Law to provide that if a rectification application is not disposed of within statutory time limit of six months, it shall be deemed as allowed. These were submitted to the Chairperson, Central Board of Direct Taxes, Department of Revenue, Ministry of Finance.

For detailed recommendation, please write to
Ms Ira Khanna at ira.khanna@ficci.com

Request for threshold Exemption under Section 194BA of the Income Tax Act, 1961

Issue: Skill-based Indian online gaming platforms, in relation to compliance with the provisions of Section 194BA of the Income-tax Act, 1961.

Background: Section 194BA deals with tax deduction at source on winnings from online games. Under this provision, online gaming platforms are required to deduct TDS at the rate of 30% (without any

threshold). Circular No. 5/2023 provides administrative relief by exempting TDS on withdrawals below Rs. 100 during the year. This relief does not apply to year-end computation, where TDS is still required, even if the net annual winnings are below Rs. 100. It is highlighted that a vast majority of users fall within lower net winnings brackets or no winnings, contributing minimally to overall TDS collections. Yet, they are subjected to the full compliance framework.

No TDS related relaxation [like for lotteries] has been provided to online skill-based gaming platforms under Section 194BA. This results in a clear disadvantage for the skill-based gaming industry, where players are subjected to continuous taxation on their earnings, unlike games of chance such as the lottery industry. By not extending a similar provision to skill-based gaming, the current TDS framework may end up inadvertently favoring games of chance over games of skill. This potential preferencing may have unintended consequences on the profitability of the skill-based gaming industry, India's economic growth, and the welfare of consumers using these platforms.

Recommendation – It is, therefore, recommended to introduce an exemption threshold under Section 194BA in line with other similar provisions under the Act including 194B, below which no TDS should be deducted, including at year-end. Such measures would reduce administrative and operational complexity, ease the compliance burden on both users and platforms, and enable more efficient processing of returns and refunds by the Department. This was submitted to the Joint Secretary (TPL)-II, Central Board of Direct Taxes, Ministry of Finance.

For detailed recommendation, please write to
Ms Ira Khanna at ira.khanna@ficci.com

Request to seek clarification on GST implications in case of EPC Contracts

Issue - Taxability of Erection, Procurement and Construction Contracts (EPC) under the GST regime.

Background - In the execution of EPC contracts, particularly for power projects, it is common for two separate contracts (or a single contract with separate scope and consideration) to be entered into: 1) One for supply of goods (e.g., Plant & Machinery), and 2) Another for provision of services (e.g., erection, testing, commissioning, civil works). Under such arrangements, the transfer of title in goods takes place on an Ex-Works basis, with property in goods passing to the customer at the time of dispatch. After dispatch, the goods are handed over to the contractor for installation on a bailment basis.

Despite this commercial and legal separation, tax authorities sometimes seek to treat such bifurcated contracts as a single composite works contract, taxable as a supply of service under GST. This is often justified on grounds like the existence of cross-fall breach clauses or interdependency between contracts. However, the GST law (as per Schedule II and Section 2(119) of the CGST Act) clearly distinguishes between – 1) Supply of goods (when title in goods transfers independently), and 2) Works contracts (where goods become part of immovable property during execution). The issue arises when bifurcated contracts are wrongly classified as indivisible despite separate scopes, considerations, and distinct stages of title transfer, leading to unwarranted litigation.

Recommendation – It is requested for a clarification from the CBIC that such separately scoped contracts, where title in goods passes ex-works should continue to be treated as distinct supply of goods and services for GST purposes, even in the presence of cross-fall breach clauses, and not as a composite works contract. This was submitted to the Chairperson, Central Board of Indirect Taxes and Customs and Commissioner, GST Policy Wing, Central Board of Indirect Taxes and Customs.

For detailed recommendation, please write to
Ms Ira Khanna at ira.khanna@ficci.com

Please share your valuable feedback at:
https://meet.ficci.in/voiceofficci/survey.asp

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