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The Central Government has notified the structure of the National Startup Advisory Council to advise the Government on measures needed to build a strong ecosystem for nurturing innovation and startups in the country to drive sustainable economic growth and generate large scale employment opportunities. The individual names will be notified later.

The Council will suggest measures to foster a culture of innovation amongst citizens and students in particular, promote innovation in all sectors of economy across the country, including semi-urban and rural areas, support creative and innovative ideas through incubation and research and development to transform them into valuable products, processes or solutions to improve productivity and efficiency and create an environment of absorption of innovation in industry. It will also suggest measures to facilitate public organizations to assimilate innovation with a view to improving public service delivery, promote creation, protection and commercialization of intellectual property rights, make it easier to start, operate, grow and exit businesses by reducing regulatory compliances and costs, promote ease of access to capital for startups, incentivize domestic capital for investments into startups, mobilize global capital for investments in Indian startups, keep control of startups with original promoters and provide access to global markets for Indian startups.

The National Startup Advisory Council will be chaired by Minster for Commerce & Industry. The Council will consist of the non-official members, to be nominated by Central Government, from various categories like founders of successful startups, veterans who have grown and scaled companies in India, persons capable of representing interests of investors into startups, persons capable of representing interests of incubators and accelerators and representatives of associations of stakeholders of startups and representatives of industry associations. The term of the non-official members of the Startup Advisory Council will be for a period of two years.

The nominees of the concerned Ministries/Departments/Organisations, not below the rank of Joint Secretary to the Government of India, will be ex-officio members of the Council. Joint Secretary, Department for Promotion of Industry and Internal Trade will be the Convener of the Council.
MINISTRY OF COMMERCE & INDUSTRY

India-Brazil set target of USD 15 billion trade by 2022

The visit of the President of the Federative Republic of Brazil, Jair Bolsonaro, is a sign of the growing importance of the India – Brazil bilateral partnership said Union Minister of Commerce and Industry & Railways, Piyush Goyal, during his address at the inaugural session of the India-Brazil Business Forum held in New Delhi.

He hoped that as Brazil is one of the most important trading partners of India in the entire LAC (Latin America and Caribbean) region trade between the two countries will grow to USD 15 billion by 2022.

The 15 MoUs signed during the visit of the President of Brazil shows the power of democracy, demography, leadership, the talent pool available in India, India’s market and the aspirations of one billion Indian citizens for a better life said the Commerce and Industry Minister. The MoUs of cooperation that have been signed during the presidential visit on investments, trade facilitation, social security, agriculture, defence and double taxation makes this the most productive visit by a Brazilian Head of State.

Commerce and Industry Minister hoped that investments will also grow in the sectors of clean energy, startups, railways and creation of value chains between India and Brazil where goods may be semi assembled in one country and finished in another. Piyush Goyal informed that the entire Indian Railway will be fully electrified by 2024 and by 2030 the railway network in India will run completely on clean energy with zero emission.

Commerce and Industry Minister welcomed the announcement made during the visit of President of Brazil to India for visa free travel between the two countries. He added that visitors for business and tourism between two countries will benefit greatly from this.

Commerce and Industry Minister also urged that the India – Brazil Business Leader’s Forum may be activated and reconstituted to make it more relevant and contemporary to businesses in both countries.
Commerce and Industry Minister hoped that India’s services in wellness sector like Yoga and Ayurveda will further grow as Brazil has a strong community of Yoga and Ayurveda practitioners. Brazil has an association of Ayurveda (ABRA), a nonprofit association with offices in 9 states of Brazil and members all over Brazil and the third International Congress on Ayurveda was held from 12 to 15 March 2018 in Rio de Janeiro. The conference saw participation of more than 4000 delegates, including many from India.

India and Brazil share close relationship at the bilateral level as well as plurilateral fora like BRICS, BASIC, G-20, IBSA, International Solar Alliance and in larger multilateral bodies like UN, UNESCO and WIPO stated Commerce and Industry Minister. He further said that the decade long bilateral strategic partnership is based on a common global vision shared democratic values and a commitment to foster economic growth with social inclusion for the welfare of the people of both countries.
Now the GST Taxpayers can file their GSTR-3B Returns in a Staggered Manner

Considering the difficulties faced by trade and industry in filing of returns, the government has decided to introduce several measures to ease the process. The Finance Ministry today said that now GST taxpayers can file their GSTR-3B returns in a staggered manner.

Presently the last date of filing GSTR-3B returns for every taxpayer is 20th of every month. From now on, the last date for filing of GSTR-3B for the taxpayers having annual turnover of Rs 5 crore and above in the previous financial year would be 20th of the month. Thus, around 8 lakh regular taxpayers would have the last date of GSTR-3B filing as 20th of every month without late fees.

The taxpayers having annual turnover below Rs 5 crore in previous financial year will be divided further in two categories. The tax filers from 15 States/ UTs, i.e., Chhattisgarh, Madhya Pradesh, Gujarat, Daman and Diu, Dadra and Nagar Haveli, Maharashtra, Karnataka, Goa, Lakshadweep, Kerala, Tamil Nadu, Puducherry, Andaman and Nicobar Islands, Telangana and Andhra Pradesh will now be having the last date of filing GSTR-3B returns as 22nd of the month without late fees. This category would have around 49 lakh GSTR-3B filers who would now have 22nd of every month as their last date for filing GSTR-3B returns.

For the remaining 46 lakh taxpayers from the 22 States/UTs of Jammu and Kashmir, Laddakh, Himachal Pradesh, Punjab, Chandigarh, Uttarakhand, Haryana, Delhi, Rajasthan, Uttar Pradesh, Bihar, Sikkim, Arunachal Pradesh, Nagaland, Manipur, Mizoram, Tripura, Meghalaya, Assam, West Bengal, Jharkhand and Odisha having annual turnover below Rs 5 crore in previous financial year will now be having last date of filing the GSTR-3B as 24th of the month without late fees.

The Finance Ministry said that the necessary notification in this regard would be issued later by the competent authority.

In a statement issues, the Ministry further said that it has also taken a note of difficulties and concerns expressed by the taxpayers regarding filing of GSTR-3B and other returns. The matter has been discussed by the GSTN with Infosys, the Managed Service Provider, which has come out with above solution to de-stress the process as a temporary but immediate measure. For further improving the performance of GSTN filing portal on permanent basis, several technological measures are being worked out with Infosys and will be in place by April 2020.
MINISTRY OF FINANCE

Government puts in place measures to protect Commercial decision making by Banks

The Finance Minister has repeatedly assured Bankers that adequate measures would be taken to protect honest commercial decisions taken by them and distinction would be made between genuine commercial failures and culpability. Every Bank was also required to take steps to dispose of internal disciplinary and vigilance cases in a time bound manner so that such cases do not linger on account of procedural delay so as to avoid adverse impact on staff morale and reduce scope for harassment. As part of this endeavor of Government, Section 17A was incorporated in Prevention of Corruption Act requiring prior permission before initiating investigation against a public servant.

The Central Vigilance Commission has, considering the complexities involved in the commercial decisions of managers in public sector, in the meanwhile, also set up the Advisory Board for Banking and Financial Frauds (ABBFF) for a mandatory first level examination on suspected frauds in excess of Rs.50 crore involving public servants equivalent in rank to GMs & above, before enquiry or investigations begin.

Government has now modified its 2015 framework on large value frauds doing away with the personal responsibility of the MD & CEOs of PSBs for compliance with various prescribed timelines. Powers have been delegated by Department of Financial Services (DFS) to the Boards of Public Sector lenders to put in place a suitable mechanism for ensuring compliance of the various timelines laid down in RBI and CVC circular(s). Similarly, the instructions of DFS of 2015 regarding compulsory examination of fraud for all NPA accounts exceeding Rs. 50 crore have been aligned with the CVC circular of 15th Jan, 2020 whereby all such cases of suspicious fraud are to be initially referred to the ABBFF.

Government has separately directed Banks on 27.01.2020 to set up a committee of senior officers to monitor progress of pending disciplinary and internal vigilance cases as procedural delay, on one hand, adversely affects morale of the employees and on the other, breeds inefficiencies in the system. Therefore, every Bank must setup a Committee of Senior Officers to review pending disciplinary and internal vigilance cases and frame timelines to reduce delays in deciding such cases.
STEPS BY GOVERNMENT

- Section 17A inserted in PC Act requiring prior permission before initiating investigation against a public servant.
- ABBFF constituted for first level of examination of suspected frauds in excess of Rs. 50 crore.
- Personal responsibilities of MD & CEOs of PSBs for compliance with prescribed timelines done away with.

Compulsory examination of fraud for all NPA accounts exceeding Rs. 50 crore has been aligned with CVC circular of 15th Jan, 2020 whereby all such cases of suspicious fraud are to be initially referred to the ABBFF.

- Committee of Senior Officers to monitor progress of pending disciplinary and internal vigilance cases and to frame timelines to reduce delays in deciding such cases.
RESERVE BANK OF INDIA

Merchanting Trade Transactions (MTT) – Revised Guidelines

Attention of Authorised Dealer Category-I banks (AD banks) is invited to A.P. (DIR Series) Circular No.115 dated March 28, 2014 containing directions relating to merchanting trade transactions.

2. With a view to further facilitate merchanting trade transactions, the existing guidelines have been reviewed and the revised guidelines as under, are being issued in supersession of the A.P. (DIR Series) Circular ibid:

i. For a trade to be classified as merchanting trade, goods acquired shall not enter the Domestic Tariff Area.

ii. Considering that in some cases, the goods acquired may require certain specific processing/value-addition, the state of goods so acquired may be allowed transformation subject to the AD bank being satisfied with the documentary evidence and bonafides of the transaction.

iii. The MTT shall be undertaken for the goods that are permitted for exports/imports under the prevailing Foreign Trade Policy (FTP) of India as on the date of shipment. All rules, regulations and directions applicable to exports (except Export Declaration Form) and imports (except Bill of Entry) shall be complied with for the export leg and import leg respectively.

iv. AD bank shall satisfy itself with the bonafides of the transactions. Further, KYC and AML guidelines shall be scrupulously adhered to by the AD bank while handling such transactions.

v. The entire merchanting trade is to be routed through the same AD bank. The AD bank shall verify the documents like invoice, packing list, transport documents and insurance documents (if originals are not available, Non-negotiable copies duly authenticated by the bank handling documents may be taken) and satisfy itself about the genuineness of the trade. The AD bank may, if satisfied, rely on online verification of Bill of Lading/Airway Bill on the website of International Maritime Bureau or Airline web check facilities. However, the AD bank shall ensure that the requisite details are made available/retrievable at the time of Inspection/Audit/investigation of the transactions.

vi. The entire MTT shall be completed within an overall period of nine months and there shall not be any outlay of foreign exchange beyond four months. The commencement date of merchanting trade shall be the date of shipment/export leg receipt or import leg payment, whichever is first. The completion date shall be the date of shipment/export leg receipt or import leg payment, whichever is the last.

vii. Short-term credit either by way of suppliers’ credit or buyers’ credit may be extended for MTT to the extent not backed by advance remittance for the export leg, including the discounting of export leg LC by the AD bank, as in the case of import transactions. However, Letter of Undertaking (LoU)/Letter of Comfort (LoC) shall not be issued for supplier’s/buyer’s credit.

viii. Any receipts for the export leg, prior to the payment for import leg, may be parked either in Exchange Earners Foreign Currency (EEFC) account or in an interest-bearing INR account till the import leg liability arises. It shall be strictly earmarked/lien-marked.
for the payment of import leg and the liability of the import leg, as soon as it arises, shall be extinguished out of these funds without any delay. If such receipts are kept in interest-bearing INR account, hedging thereof may be allowed by the AD bank at the request of its customer, as per extant regulations. No fund/non-fund-based facilities shall be extended against these balances.

ix. In case of discounting of export leg LC where payment for import leg is still to be made (even if partially), the proceeds shall be utilized in the manner prescribed at point no. 2 (viii) above.

x. Payment for import leg may also be allowed to be made out of the balances in EEFC account of the merchant trader.

xi. Merchanting traders may be allowed to make advance payment for the import leg on demand made by the overseas supplier. In case where inward remittance from the overseas buyer is not received before the outward remittance to the overseas supplier, AD bank may handle such transactions based on its commercial judgement. It may, however, be ensured that any such advance payment for an import leg beyond USD 500,000/- per transaction, shall be made against Bank Guarantee / an unconditional, irrevocable standby Letter of Credit from an international bank of repute. Overall prudential limits on allowing such advance payments by a customer may be fixed by the AD bank.

xii. Letter of Credit to the supplier for the import leg is permitted against confirmed export order, keeping in view the foreign exchange outlay of four months and completion of the MTT within nine months and subject to compliance with the instructions issued by Department of Banking Regulation on “Guarantees and Co-acceptances”, as amended from time to time.

xiii. AD bank shall ensure one-to-one matching in case of each MTT and report defaults in any leg by the traders to the concerned Regional Office of the Reserve Bank, on half yearly basis in the format as annexed, within 15 days from the close of each half year, i.e. June and December;

xiv. Merchant traders with outstanding of 5% or more of their annual export earnings shall be liable for caution listing.

3. The merchanting traders shall be genuine traders of goods and not mere financial intermediaries. Confirmed orders must be received by them from the overseas buyers. AD banks shall satisfy themselves about the capabilities of the merchanting trader to perform the obligations under the order. The merchanting trade shall result in profit which shall be determined by subtracting import payments and related expenses from export proceeds for the specific MTT.

4. Write-off of unrealized amount of export leg:

i. AD bank may write-off the unrealized amount of export leg, without any ceiling, on the request made by the Merchanting trader, in the following circumstances:

   a. The MTT buyer has been declared insolvent and a certificate from the official liquidator specifying that there is no possibility of recovery of export proceeds has been produced.
   b. The goods exported have been auctioned or destroyed by the Port / Customs / Health authorities in the importing country and a certificate to that effect has been produced.
c. The unrealized amount of the export leg represents the balance due in a case settled through the intervention of the Indian Embassy, Foreign Chamber of Commerce or similar Organization;

provided, the MTT is in adherence to all other provisions except the delays in timelines (either for outlay or completion period of MTT or both) attributed to reasons mentioned at a, b and c above.

ii. In addition to above, write-off as at (i) shall be subject to following conditions:

a. AD bank shall satisfy itself with the bonafides of the transactions and ensure that there are no KYC/AML concerns.
b. The transaction shall not be under investigation under FEMA by any of the investigating agency/ies.
c. The counterparty to the merchant trader is not from a country or jurisdiction in the updated FATF Public Statement on High Risk & Non-Co-operative Jurisdictions on which FATF has called for counter measures.

5. Third party payments for export and import legs of the MTT are not allowed.

6. Agency commission is not allowed in MTTs. However, AD banks may allow payment of agency commission up to a reasonable extent by way of outward remittance under exceptional circumstances, subject to the following conditions:

a. MTT has been completed in all respects.
b. The payment of agency commission shall not result in the MTT ending into a loss.
c. The Merchanting trader shall make a specific request to the AD bank in this regard.

7. AD bank may approach Regional Office (RO) concerned of the Reserve Bank for regularization of the MTT for deviation, if any, from the prescribed guidelines and the MTT shall be closed only after receiving approval from the RO concerned of the Reserve Bank.

8. Reporting for merchanting trade transactions under FETERS shall be done on **gross basis**, against the undermentioned codes:

<table>
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<tr>
<th>Trade</th>
<th>Purpose Code under FETERS</th>
<th>Description</th>
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<tbody>
<tr>
<td>Export</td>
<td>P0108</td>
<td>Goods sold under merchanting /receipt against export leg of merchanting trade</td>
</tr>
<tr>
<td>Import</td>
<td>S0108</td>
<td>Goods acquired under merchanting /payment against import leg of merchanting trade</td>
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9. AD banks shall bring the contents of this circular to the notice of their constituents concerned for strict compliance.
10. The directions contained in this circular have been issued under sections 10(4) and 11(1) of the Foreign Exchange Management Act (FEMA), 1999 (42 of 1999) and are without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully

(R K Moolchandani)
Chief General Manager

Annex

Statement on default in Merchanting Trade Transactions (MTT) for the half year ended 30th June/31st December 20….

Name and Address of the Bank:

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>AD Code (Part-I Code)</th>
<th>AD reference No.</th>
<th>Name and Address of the Merchanting Trader</th>
<th>Name and Address of the Foreign Buyer</th>
<th>Name and Address of the Foreign Supplier</th>
<th>Commencement Date</th>
<th>Completion date</th>
<th>Export leg (equivalent to US dollar)</th>
<th>Import leg (equivalent to US Dollar)</th>
<th>Foreign Exchange Outlay, if any (No. of days)</th>
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