ASSOCHAM NEWS & VIEWS

WEEKLY

Highlights

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⇒ RECOMMENDATIONS OF GST COUNCIL RELATED ON IT ROADMAP
⇒ RECOMMENDATIONS OF GST COUNCIL RELATED TO LAW & PROCEDURE

THE ASSOCIATED CHAMBERS OF COMMERCE AND INDUSTRY OF INDIA
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MINISTRY OF COMMERCE & INDUSTRY

India’s Foreign Trade: February 2020

India’s overall exports (Merchandise and Services combined) in April-February 2019-20* are estimated to be USD 491.64 billion, exhibiting a positive growth of 2.13 per cent over the same period last year. Overall imports in April-February 2019-20* are estimated to be USD 559.45 billion, exhibiting a negative growth of (-) 3.90 per cent over the same period last year.

*Note: The latest data for services sector released by RBI is for January 2020. The data for February 2020 is an estimation, which will be revised based on RBI’s subsequent release.

EXPORTS (including re-exports)

Exports in February 2020 were USD 27.65 billion, as compared to USD 26.87 billion in February 2019, exhibiting a positive growth of 2.91 per cent. In Rupee terms, exports were Rs. 1,97,646.12 crore in February 2020, as compared to Rs. 1,91,345.27 crore in February 2019, registering a positive growth of 3.29 per cent.

In February 2020, major commodity groups of export showing positive growth over the corresponding month of last year are
Cumulative value of exports for the period April-February 2019-20 was USD 292.91 billion (Rs. 20,67,408.73 crore) as against USD 297.36 billion (Rs. 20,80,407.94 crore) during the period April-February 2018-19, registering a negative growth of (-) 1.50 per cent in Dollar terms (negative growth of (-) 0.62 per cent in Rupee terms).

Non-petroleum and Non-Gems and Jewellery exports in February 2020 were USD 21.23 billion, as compared to USD 20 billion in February 2019, exhibiting a positive growth of 6.16 per cent. Non-petroleum and Non-Gems and Jewellery exports in April-February 2019-20 were USD 218.83 billion, as compared to USD 217.60 billion for the corresponding period in 2018-19, an increase of 0.57 per cent.

**IMPORTS**

Imports in February 2020 were USD 37.50 billion (Rs. 2,68,063.75 crore), which was 2.48 per cent higher in Dollar terms and 2.86 per cent higher in Rupee terms over imports of USD 36.59 billion (Rs 2,60,603.47 crore) in February 2019. Cumulative value of imports for the period April-February 2019-20 was USD 436.03 billion (Rs. 30,76,266.13 crore), as against USD 470.36 billion (Rs. 32,90,920.85 crore) during the period April-February 2018-19, registering a negative growth of (-) 7.30 per cent in Dollar terms (negative growth of (-) 6.52 per cent in Rupee terms).

Major commodity groups of import showing negative growth in February 2020 over the corresponding month of last year are:

- Iron & Steel (-26.16%)
- Organic & Inorganic Chemicals (-14.68%)
- Coal, Coke & Briquettes, etc. (-8.63%)
- Gold (-8.53%)
- Electronic goods (-6.66%)

**CRUDE OIL AND NON-OIL IMPORTS:**

Oil imports in February 2020 were USD 10.76 billion (Rs. 76,893.83 crore), which was 14.26 percent higher in Dollar terms (14.68 percent higher in Rupee terms), compared to USD 9.41 billion (Rs. 67,048.31 crore) in February 2019. Oil imports in April-February 2019-20 were USD 119.42 billion (Rs. 8,42,844.25 crore) which was 7.53 per cent lower in Dollar terms (6.81 percent lower in
Rupee terms) compared to USD 129.14 billion (Rs. 9,04,417.53 crore), over the same period last year.

In this connection it is mentioned that the global Brent price ($/bbl) has decreased by 14.24 \% in February 2020 vis-à-vis February 2019 as per data available from World Bank.

Non-oil imports in February 2020 were estimated at USD 26.74 billion (Rs. 1,91,169.92 crore) which was 1.60 per cent lower in Dollar terms (1.23 percent lower in Rupee terms), compared to USD 27.18 billion (Rs. 1,93,555.16 crore) in February 2019. Non-oil imports in April-February 2019-20 were USD 316.61 billion (Rs. 22,33,421.88 crore) which was 7.21 per cent lower in Dollar terms (6.41 percent lower in Rupee terms), compared to USD 341.22 billion (Rs. 23,86,503.32 crore) in April-February 2018-19.

Non-Oil and Non-Gold imports were USD 24.38 billion in February 2020, recording a negative growth of (-) 0.87 per cent, as compared to Non-Oil and Non-Gold imports of USD 24.59 billion in February 2019. Non-Oil and Non-Gold imports were USD 289.61 billion in April-February 2019-20, recording a negative growth of (-) 7.06 per cent, as compared to Non-Oil and Non-Gold imports USD 311.60 billion in April-February 2018-19.
MINISTRY OF FINANCE

Tariff Notification No. 24/2020-CUSTOMS (N.T.)

In exercise of the powers conferred by sub-section (2) of section 14 of the Customs Act, 1962 (52 of 1962), the Central Board of Indirect Taxes & Customs, being satisfied that it is necessary and expedient so to do, hereby makes the following amendments in the notification of the Government of India in the Ministry of Finance (Department of Revenue), No. 36/2001-Customs (N.T.), dated the 3rd August, 2001, published in the Gazette of India, Extraordinary, Part-II, Section-3, Sub-section (ii), vide number S. O. 748 (E), dated the 3rd August, 2001, namely:-

In the said notification, for TABLE-1, TABLE-2, and TABLE-3 the following Tables shall be substituted, namely: -

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Chapter/ heading/ sub-heading/tariff item</th>
<th>Description of goods</th>
<th>Tariff value (US $Per Metric Tonne)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1511 10 00</td>
<td>Crude Palm Oil</td>
<td>670</td>
</tr>
<tr>
<td>2</td>
<td>1511 90 10</td>
<td>RBD Palm Oil</td>
<td>695</td>
</tr>
<tr>
<td>3</td>
<td>1511 90 90</td>
<td>Others – Palm Oil</td>
<td>683</td>
</tr>
<tr>
<td>4</td>
<td>1511 10 00</td>
<td>Crude Palmolein</td>
<td>698</td>
</tr>
<tr>
<td>5</td>
<td>1511 90 20</td>
<td>RBD Palmolein</td>
<td>701</td>
</tr>
<tr>
<td>6</td>
<td>1511 90 90</td>
<td>Others – Palmolein</td>
<td>700</td>
</tr>
<tr>
<td>7</td>
<td>1507 10 00</td>
<td>Crude Soya bean Oil</td>
<td>733</td>
</tr>
<tr>
<td>8</td>
<td>7404 00 22</td>
<td>Brass Scrap (all grades)</td>
<td>3283</td>
</tr>
<tr>
<td>9</td>
<td>1207 91 00</td>
<td>Poppy seeds</td>
<td>3623</td>
</tr>
<tr>
<td>Sl. No.</td>
<td>Chapter/ heading/sub-heading/tariff item</td>
<td>Description of goods</td>
<td>Tariff value (US $)</td>
</tr>
<tr>
<td>--------</td>
<td>----------------------------------------</td>
<td>----------------------</td>
<td>-------------------</td>
</tr>
<tr>
<td>(1)</td>
<td>(2)</td>
<td>(3)</td>
<td>(4)</td>
</tr>
<tr>
<td>1.</td>
<td>71 or 98</td>
<td>Gold, in any form, in respect of which the benefit of entries at serial number 356 of the Notification No. 50/2017-Customs dated 30.06.2017 is availed</td>
<td>505 per 10 grams</td>
</tr>
<tr>
<td>2.</td>
<td>71 or 98</td>
<td>Silver, in any form, in respect of which the benefit of entries at serial number 357 of the Notification No. 50/2017-Customs dated 30.06.2017 is availed</td>
<td>533 per kilogram</td>
</tr>
</tbody>
</table>
| 3.     | 71                                     | (i) Silver, in any form, other than medallions and silver coins having silver content not below 99.9% or semi-manufactured forms of silver falling under sub-heading 7106 92;  
(ii) Medallions and silver coins having silver content not below 99.9% or semi-manufactured forms of silver falling under sub-heading 7106 92, other than imports of such goods through post, courier or baggage.  
Explanation. - For the purposes of this entry, silver in any form shall not include foreign currency coins, jewellery made of silver or articles made of silver. | 533 per kilogram |
| 4.     | 71                                     | (i) Gold bars, other than tola bars, bearing manufacturer’s or refiner’s engraved serial number and weight expressed in metric units;  
(ii) Gold coins having gold content not below 99.5% and gold findings, other than imports of such goods through post, courier or baggage. | 505 per 10 grams |
Explanation. - For the purposes of this entry, “gold findings” means a small component such as hook, clasp, clamp, pin, catch, screw back used to hold the whole or a part of a piece of Jewellery in place.

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Chapter/ heading/ sub-heading/tariff item</th>
<th>Description of goods</th>
<th>Tariff value (US $ Per Metric Tonne)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>080280</td>
<td>Areca nuts</td>
<td>3782&quot;</td>
</tr>
</tbody>
</table>

Note: - The principal notification was published in the Gazette of India, Extraordinary, Part-II, Section-3, Sub-section (ii), vide Notification No. 36/2001–Customs (N.T.), dated the 3rd August, 2001, vide number S. O. 748 (E), dated the 3rd August, 2001 and was last amended vide Notification No. 18/2020–Customs (N.T.), dated the 28 February, 2020, e-published in the Gazette of India, Extraordinary, Part-II, Section-3, Sub-section (ii), vide number S.O. 900(E), dated 28th February, 2020.
MINISTRY OF FINANCE

Recommendations of GST Council related on IT Roadmap

The 39th GST Council met under the Chairmanship of Union Finance & Corporate Affairs Minister Smt Nirmala Sitharaman. The meeting was also attended by Union Minister of State for Finance & Corporate Affairs Shri Anurag Thakur besides Finance Ministers of States & UTs and seniors officers of the Ministry of Finance.

In the GST Council meeting, Shri Nandan Nilekani, on behalf of Infosys, made a presentation addressing the system related issues that are being faced by the taxpayers in the GST system. He first gave the summary of the recently observed IT issues and the way forward to resolve them.

He suggested that in order to smoothen the rollout of the new return system, and to ensure a better uptake of the new return, the transition to the new return system may be made in an incremental manner. He suggested that the process may be initiated by addressing the compliance related issues first so that the problem of tax evasion and gaming of the system due to non-linking of FORM GSTR-1 and FORM GSTR-3B is addressed immediately. The journey could start with linking of the details of the statement of outward supplies in FORM GSTR-1 to the liability in FORM GSTR-3B. This would be followed by the linking of the input tax credit in FORM GSTR-3B to the details of the supplies reflected in the FORM GSTR-2A. In order to tackle evasion and preventing the gaming of the system, implementation of Aadhaar authentication and spike rules would also be initiated.

He informed the Council that to augment the capacity of the IT system to concurrently handle 3 lakh taxpayers from the present level of 1.5 lakh taxpayers, hardware procurement process has been initiated which is slightly impacted by the Covid-19 pandemic.

The GST Council further made the following suggestions after due discussions-

a. Shri Nandan Nilekani would attend the next 3 meetings of the GST Council and update the council of the status of implementation of the decisions taken by the Council and assist the Council in taking appropriate decisions on technology related issues,

b. To support the timely implementation of various initiatives, the Council gave a go ahead for deployment of additional manpower (60 in number) on T&M basis and assured that both on procurement of additional hardware and hiring of manpower, expeditious approvals would be given however the return filing experience of the taxpayers and removal of technical glitches needs to be carried out urgently.

Shri Nandan Nilekani assured that he would personally monitor the progress of the GSTN project and also agreed to attend the IT-GoM for the next 6 months or till such time the initiatives are implemented. The GST Council expects these initiatives to be implemented by the 31st of July, 2020.
MINISTRY OF FINANCE

Recommendations of GST council related to changes in GST rates on supply of goods and services

The 39th GST Council met under the Chairmanship of Union Finance & Corporate Affairs Minister Smt Nirmala Sitharaman. The meeting was also attended by Union Minister of State for Finance & Corporate Affairs Shri Anurag Thakur besides Finance Ministers of States & UTs and seniors officers of the Ministry of Finance.

GST Council took following decisions relating to changes in GST rates on supply of goods and services.

1. The recommendation of the Fitment Committee for calibrating the GST rate structure to correct the inverted duty structure on various items like Mobile phones, Footwear, Textiles and Fertilizers was placed before the GST Council for discussion. The Council had a detailed discussion on the matter. Upon discussion the Council made the following recommendations:
   i. To raise the GST rate on Mobile Phones and specified parts presently attracting 12% to 18%.
   ii. To deliberate the issue of calibrating the rate in other items for removing inversion in future meetings with further consultation and examination of issue.

2. GST rate on all types of matches (Handmade and other than Handmade) has been rationalised to 12% (from 5% on Handmade matches and 18% on other matches). This would address the classification issues. This issue was deliberated earlier in the 37th meeting and was pending for decision.

3. To reduce GST rate on Maintenance, Repair and Overhaul (MRO) services in respect of aircraft from 18% to 5% with full ITC and to change the place of supply for B2B MRO services to the location of recipient. This change is likely to assist in setting up of MRO services in India. Domestic MRO will also get protection due to 5% tax paid under section 3(7) of the Customs Tariff Act, 1975 on most imported goods (sent abroad for repairs) as this tax is not available as credit.

Note: It is proposed to issue notifications giving effect to these recommendations of the Council on 01st April, 2020.

[This note presents the decision of the GST Council in simple language for easy understanding which would be given effect to through Gazette notifications/ circulars which shall have force of law.]
Recommendations of GST council related to law & procedure

The 39th GST Council met under the Chairmanship of Union Finance & Corporate Affairs Minister Smt Nirmala Sitharaman. The meeting was also attended by Union Minister of State for Finance & Corporate Affairs Shri Anurag Thakur besides Finance Ministers of States & UTs and seniors officers of the Ministry of Finance.

The GST Council has made the following recommendations on Law & Procedures changes.

1. Measures for Trade facilitation:
   a. Interest for delay in payment of GST to be charged on the net cash tax liability w.e.f. 01.07.2017 (Law to be amended retrospectively).
   b. Where registrations have been cancelled till 14.03.2020, application for revocation of cancellation of registration can be filled up to 30.06.2020 (extension of period of application as one-time measure to facilitate those who want to conduct business).
   c. Annual Return:
      i. Relaxation to MSMEs from furnishing of Reconciliation Statement in FORM GSTR-9C, for the financial year 2018-19, for taxpayers having aggregate turnover below Rs. 5 crores;
      ii. Due date for filing the Annual return and the Reconciliation Statement for financial year 2018-19 to be extended to 30.06.2020; and
      iii. Late fees not to be levied for delayed filing of the Annual return and the Reconciliation Statement for financial year 2017-18 and 2018-19 for taxpayers with aggregate turnover less than Rs. 2 crores.
   d. A new facility called ‘Know Your Supplier’ to be introduced so as to enable every registered person to have some basic information about the suppliers with whom they conduct or propose to conduct business.
   e. The requirement of furnishing FORM GSTR-1 for 2019-20 to be waived for taxpayers who could not opt for availing the option of special composition scheme under notification No. 2/2019-Central Tax (Rate) dated 07.03.2019 by filing FORM CMP-02.
   f. A special procedure is being prescribed for registered persons who are corporate debtors under the provisions of the Insolvency and Bankruptcy Code, 2016 and are undergoing the corporate insolvency resolution process, so as to enable them to comply with the provisions of GST Laws during the CIRP period.
   h. Bunching of refund claims allowed across financial years to facilitate exporters.

2. Deferment of E-invoice and QR Code:
1. a. Certain class of registered persons (insurance company, banking company, financial institution, non-banking financial institution, GTA, passenger transportation service etc.) to be exempted from issuing e-invoices or capturing dynamic QR code; and
   b. The dates for implementation of e-invoicing and QR Code to be extended to 01.10.2020.

3. **Deferment of e-wallet Scheme:**
   a. Extension of the time to finalize e-Wallet scheme up to 31.03.2021; and
   b. Extension of the present exemptions from IGST and Cess on the imports made under the AA/EPCG/EOU schemes up to 31.03.2021.

4. Continuation of existing system of furnishing FORM GSTR-1 & FORM GSTR-3B till September, 2020;

5. **Other new initiatives:**
   a. Seeking information return from Banks;
   b. To curb fake invoicing and fraudulent passing of ITC, restrictions to be imposed on passing of the ITC in case of new GST registrations, before physical verification of premises and Financial KYC of the registered person.

6. **Issuance of circulars** in respect of:
   a. Clarification in apportionment of ITC in cases of business reorganization under section 18 (3) of CGST Act read with rule 41(1) of CGST Rules;
   b. Appeals during non-constitution of the Appellate Tribunal;
   c. Clarification on refund related issues; and
   d. Clarification on special procedure for registered persons who are corporate debtors under the provisions of the Insolvency and Bankruptcy Code, 2016, undergoing the corporate insolvency resolution process.

7. **Amendments to the CGST Rules**: Key amendments are as below:
   a. Procedure for reversal of input tax credit in respect of capital goods partly used for affecting taxable supplies and partly for exempt supplies under rule 43 (1) (c);
   b. ceiling to be fixed for the value of the export supply for the purpose of calculation of refund on zero rated supplies;
   c. to allow for refund to be sanctioned in both cash and credit in case of excess payment of tax;
   d. to provide for recovery of refund on export of goods where export proceeds are not realized within the time prescribed under FEMA; and
   e. to operationalize Aadhaar authentication for new taxpayers.

8. Certain amendments to be carried out in the GST laws.

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Note: The recommendations of the GST Council have been presented in this release in simple language for information of all stakeholders. The same would be given effect through relevant Circulars/Notifications or amendment in GST laws which alone shall have the force of law.
RESERVE BANK OF INDIA

Monthly Data on India’s International Trade in Services - January 2020

The Reserve Bank of India releases monthly data on India’s international trade in services with a lag of around 45 days.

The value of exports and imports of services during the month of January 2020 are given in the following Table:

<table>
<thead>
<tr>
<th>Month</th>
<th>Receipts (Exports)</th>
<th>Payments (Imports)</th>
</tr>
</thead>
<tbody>
<tr>
<td>October-2019</td>
<td>17,698</td>
<td>10,864</td>
</tr>
<tr>
<td>November-2019</td>
<td>17,996</td>
<td>11,472</td>
</tr>
<tr>
<td>December-2019</td>
<td>20,004</td>
<td>12,555</td>
</tr>
<tr>
<td>January-2020</td>
<td>18,985</td>
<td>12,001</td>
</tr>
</tbody>
</table>

**Note:** Data are provisional.

Monthly data on services are provisional and would undergo revision when the Balance of Payments (BoP) data are released on a quarterly basis.

Ajit Prasad
Director
MINISTRY OF STATISTICS AND PROGRAMME IMPLEMENTATION

Consumer Price Index Numbers on Base 2012=100 for Rural, Urban and Combined for the Month of February 2020

The National Statistical Office (NSO), Ministry of Statistics and Programme Implementation is releasing CPI (Rural, Urban, Combined) on Base 2012=100 for the month of February 2020 in this press note. In addition to this, Consumer Food Price Index (CFPI) for all India Rural, Urban and Combined are also being released for February 2020. All India Inflation rates (on point to point basis i.e. current month over same month of last year, i.e., February 2020 over February 2019), based on General Indices and CFPIs are given as follows:

All India Inflation rates (%) based on CPI (General) and CFPI

<table>
<thead>
<tr>
<th>Indices</th>
<th>Feb. 2020 (Prov.)</th>
<th>Jan. 2020 (Final)</th>
<th>Feb. 2019 (Final)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CPI (General)</td>
<td>6.67</td>
<td>6.57</td>
<td>6.58</td>
</tr>
<tr>
<td>CFPI</td>
<td>10.37</td>
<td>11.51</td>
<td>10.81</td>
</tr>
</tbody>
</table>

Notes: Prov. – Provisional, Combd. - Combined

Monthly changes in the General Indices and CFPIs are given below:

Monthly changes (%) in All India CPI (General) and CFPI: Feb. 2020 over Jan. 2020

<table>
<thead>
<tr>
<th>Indices</th>
<th>Rural</th>
<th>Urban</th>
<th>Combined</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Index Value</td>
<td>% Change</td>
<td>Index Value</td>
</tr>
<tr>
<td>CPI (General)</td>
<td>150.4</td>
<td>151.9</td>
<td>-0.99</td>
</tr>
<tr>
<td>CFPI</td>
<td>149.0</td>
<td>152.8</td>
<td>-2.49</td>
</tr>
</tbody>
</table>

Note: Figures of February 2020 are provisional.
Quick estimates of Index of Industrial Production and use-based Index for the month of January, 2020 (Base 2011-12=100)

The Quick Estimates of Index of Industrial Production (IIP) with base 2011-12 for the month of January 2020 stands at 137.1, which is 2.0 percent higher as compared to the level in the month of January 2019. The cumulative growth for the period April-January 2019-20 over the corresponding period of the previous year stands at 0.5 percent.

The Indices of Industrial Production for the Mining, Manufacturing and Electricity sectors for the month of January 2020 stand at 124.3, 137.6 and 155.6 respectively, with the corresponding growth rates of 4.4 percent, 1.5 percent and 3.1 percent as compared to January 2019 (Statement I). The cumulative growth in these three sectors during April-January 2019-20 over the corresponding period of 2018-19 has been 1.0 percent, 0.3 percent and 0.9 percent respectively.

In terms of industries, eleven out of the twenty three industry groups (as per 2-digit level of National Industrial Classification-2008) in the manufacturing sector have shown positive growth during the month of January 2020 as compared to the corresponding month of the previous year (Statement II). The industry group ‘Manufacture of tobacco products’ has shown the highest positive growth of 22.8 percent followed by 14.1 percent in ‘Manufacture of basic metals’ and 9.0 percent in ‘Manufacture of furniture’. On the other hand, the industry group ‘Printing and reproduction of recorded media’ has shown the highest negative growth of (-) 16.3 percent followed by (-) 11.6 percent in ‘Manufacture of computer, electronic and optical products’ and (-) 10.6 percent in ‘Manufacture of motor vehicles, trailers and semi-trailers’.

As per Use-based classification, the growth rates in January 2020 over January 2019 are 1.8 percent in Primary goods, (-) 4.3 percent in Capital goods, 15.8 percent in Intermediate goods and (-) 2.2 percent in Infrastructure/Construction Goods (Statement III). The Consumer durables and Consumer non-durables have recorded growth of (-) 4.0 percent and (-) 0.3 percent respectively.