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MINISTRY OF COMMERCE & INDUSTRY

Commerce and Industry Minister meets the Industry and traders Association; Assures them that the Ministry is working to solve their problems

Ministry of Commerce and Industry held interaction, through Video conferencing, with various Industry and Trade associations of the country to assess the ground situation and problems being faced by them in the wake of Covid-19 and subsequent lockdown. Union Commerce and Industry & Railways Minister Shri Piyush Goyal, MoS Shri Som Parkash, and officers of the Ministry of Commerce and Industry were present in the meeting.

The industry associations appraised the status and progress made in the last few days, since the announcement of the lockdown and similar meetings held since then. They raised the issues of liquidity crunch, orders cancellation, labour scarcity, different interpretation of the central Government’s orders by the state and district authorities, Trucks being stranded, difficulty in getting the spare parts, etc. At the same time, they informed that the situation has improved considerably in last fortnight, so much so that IT industry has been able to cover upto 95% of the ground. They also informed about their CSR activities, best practices and Community kitchens, being undertaken by the industries and traders.

Speaking on the occasion, Shri Piyush Goyal said that stress on economy and livelihood has to be protected but saving the lives of the people of the country is of prime importance. The decision on lockdown will be taken at appropriate time, after making due assessment, but gains made during the period can’t be lost, through a hurried approach. He drew their attention to certain states planning extension of the lockdown. Shri Goyal called upon the industry to have a calibrated and rational approach to the problem, by evolving protocols and procedures, which will help them in improving their productivity and efficiency, without compromising on the health security of their employees and other stakeholders. "I think we should start talking more practical instead of making wish lists.", he said.

Shri Goyal said that the Ministry is already working to solve the logistics and export-import related problems, and is also taking up other concerns of the industry and traders with various ministries. The Minister said that the labour, which had migrated recently, will return after the COVID cases start declining. On the demand of certain participants for early announcement of the relief package for the industry, the Minister said that the feedback received is being forwarded to the Finance Ministry for consideration, which is likely to take a balanced, nuanced approach. Shri Goyal appreciated the humanitarian activities undertaken by the Associations’ members. He called upon the associations to motivate their members and others to download the Aarogya Setu App, which he described as an effective technological tool to fight Covid-19.

The meeting was attended by Office bearers of ASSOCHAM, CII, FICCI, ICC, Laghu Udyog Bharati, FISME, NASSCOM, PHD Chamber of Commerce and Industry, SIAM, ACMA, IMTMA, IEEMA, CAIT and FAME.
MINISTRY OF COMMERCE & INDUSTRY

Department of Commerce has Provided a number of Relaxations / Extensions of various Compliance Deadlines etc. to address Corona Pandemic Related Hardships of Exporters

In order to give relief to businesses and affected individuals amidst the stress caused by the novel coronavirus pandemic, Department of Commerce, Ministry of Commerce and Industry has introduced several relaxations and extensions in deadlines etc. with regard to compliances mandated under its schemes and activities.

The key relaxations pertaining to the Department of Commerce are as follows:

A. FACILITATION UNDER FOREIGN TRADE POLICY (FTP) 2015-20 BY DGFT
   1. Extension of FTP beyond 31st March 2020
   2. Advance Authorizations and EPCG Authorizations: Extension of Export Obligation Period etc.
   3. Extension of validity of Registration cum Membership Certificate (RCMC) beyond 31st March, 2020
   4. Service Exports from India Scheme (SEIS):
   5. Merchandise Exports from India Scheme (MEIS):
   6. Rebate of State and Central Taxes and Levies (RoSCTL)
   7. Status Holder:
   8. Remissions under provisions of Hand Book of Procedure (HBP)
   9. Chapter 6 of Hand Book of Procedures (HBP)-EOU/EHTP/STP/BTP
   10. Chapter 7 of Hand Book of Procedures (HBP)-Deemed Exports
   11. Chapter 7A of Hand Book of Procedures (HBP)- Transport and Marketing Assistance (TMA) Scheme
   12. Chapter 9 of Hand Book of Procedures (HBP)- Miscellaneous Matters

B. FACILITATION FOR SPECIAL ECONOMIC ZONE (SEZ) UNITS

C. FACILITATION BY ECGC:

D. FACILITATION BY AGRI EXPORTERS BY AGRICULTURAL & PROCESSED PRODUCTS EXPORT DEVELOPMENT AUTHORITY (APEDA):

E. FACILITATION BY THE TOBACCO BOARD:

F. FACILITATION BY THE TEA BOARD:

G. FACILITATION BY THE MARINE PRODUCTS EXPORT DEVELOPMENT AUTHORITY (MPEDA)

H. MEASURES TAKEN BY GOVERNMENT E-MARKET PLACE (GEM) TO FACILITATE PROCUREMENT IN VIEW OF THE COVID-19 PANDEMIC

I. MEASURES TAKEN BY DEPARTMENT TO FACILITATE PREFERENTIAL EXPORTS IN THE COVID-19 PANDEMIC FACILITATION BY THE DIRECTOR GENERAL TRADE REMEDIES (DGTR)

Detailed circular in this regard is linked for the information of the members.
MINISTRY OF FINANCE

CBDT issued orders u/s 119 of IT Act, 1961 to mitigate hardships to taxpayers arising out of compliance of TDS/TCS provisions

Due to outbreak of the Covid-19 pandemic, there is severe disruption in the normal working of almost all sectors. To mitigate the hardships of taxpayers, the CBDT has issued the following directions/clarifications by exercise of its power u/s 119 of the Income-tax Act, 1961 (the Act):

All the assessees who have filed application for lower or nil deduction of TDS/TCS for F.Y. 2020-21 and whose applications are pending for disposal as on date and they have been issued such certificates for F.Y. 2019-20, then such certificates would be applicable till 30.06.2020 of F.Y. 2020-21 or disposal of their applications by the Assessing Officers, whichever is earlier, in respect of the transaction and the deductor or collector if any, for whom the certificate was issued for F.Y. 2019-20. In cases where the assessees could not apply for issue of lower or nil deduction of TDS/TCS in the Traces Portal for the F.Y. 2020-21, but were having the certificates for F.Y. 2019-20, such certificates will be applicable till 30.06.2020 of F.Y. 2020-21. However, they need to apply at the earliest giving details of the transactions and the Deductor/Collector to the TDS/TCS Assessing Officer as per procedure prescribed. Further, on payments to Non-residents (including foreign companies) having Permanent Establishment in India, where the above applications are pending, tax on payments made will be deducted at the subsidised rate of 10% including surcharge and cess, on such payments till 30.06.2020 of F.Y. 2020-21, or disposal of their applications, whichever is earlier (Order passed on 31.03.2020).

In case of pending applications for lower/nil rate of TDS/TCS for F.Y. 2019-20, the Assessing Officers have been directed to dispose off the applications through a liberal procedure by 27.04.2020, so that the taxpayers may not have to pay extra tax which may cause liquidity issues to them (Order passed on 03.04.2020).

To mitigate the hardships of small taxpayers, it has been decided that if a person had submitted valid Forms 15G and 15H to the Banks or other institutions for F.Y. 2019-20, then these Forms would be valid up to 30.06.2020. This will safeguard the small tax payers against TDS where there is no tax liability (Order passed on 03.04.2020).

All the above orders passed u/s 119 of the Act are linked below.

MINISTRY OF FINANCE

Government Grants exemption from Basic Custom duty & Health Cess on import of Ventilators, PPE, COVID Test Kits & Face & Surgical Masks

In the context of Covid-19 situation, considering the immediate requirement of ventilators and other items, the Central Government has granted exemption from Basic Customs Duty and Health cess, on the import of the following goods, with immediate effect:

a. Ventilators,
b. Face masks, surgical Masks,
c. Personal protection equipment (PPE)
d. Covid-19 test kits
e. inputs for manufacture of the above items

This basic customs duty exemption shall be available upto the 30th September, 2020.
Robust Digital Payment Infrastructure Enables Prompt Transfer of Cash Payment under Pradhan Mantri Garib Kalyan Package.

A digital pipeline has been laid through linking of Jan-Dhan accounts as well as other accounts with the account holders’ mobile numbers and Aadhaar [Jan Dhan-Aadhaar-Mobile (JAM)]. This infrastructure pipeline is providing the necessary backbone for DBT flows, adoption of social security/pension schemes, etc. The Pradhan Mantri Jan Dhan Yojana (PMJDY) was launched in August, 2014 with an aim to provide bank accounts to unbanked persons. Out of around 126 crore operative CASA accounts as on 20th March 2020, more than 38 crore have been opened under PMJDY.

- **Enablement of interoperable, speedy and accurate transactions:**
  - The bank accounts are enabled to carry out both cash and digital transactions at bank branches, Business Correspondent (BC) points, merchant locations and on internet. Using biometric ID, highly cost-effective payments solutions like AePS/ Bhim Aadhaar Pay have been created both for banking services and for retail payments.

- **The Digital Payment Ecosystem includes the following modes:**
  - AePS: helps in cash withdrawal by using Aadhaar authentication at branch/BC locations.
  - Bhim Adhaar Pay: enables payment to merchants using Aadhaar authentication
  - RuPay debit cards: As on 31 March 2020, a total of 60.4 crore RuPay cards have been issued including 29 crore issued in PMJDY accounts. These cards could be used at ATMs for cash withdrawal and at Points of Sale (PoS) & e-commerce for digital payments.
  - UPI: Immediate real time payment system which helps in both person to person (P2P) and Person to Merchant (P2M) transactions.
  - BBPS: helps in payment of utility bills through internet & BC locations both by using cash & digital modes.

Using the digital payment infrastructure mentioned above, more than 30 crore poor people have received financial assistance of Rs 28,256 crore under the Pradhan Mantri Garib Kalyan Package announced by Union Finance Minister Smt Nirmala Sitharaman on 26th March to protect them from the impact of the lockdown due to COVID 19.

The following amounts have been released to beneficiaries till 10th April 2020, under the Pradhan Mantri Garib Kalyan Package.
<table>
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<th>Scheme</th>
<th>No of beneficiaries</th>
<th>Estimated amount</th>
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<td>Support to PMJDY women account holders</td>
<td>19.86 crore (97%)</td>
<td>Rs 9930 crore</td>
</tr>
<tr>
<td>Front-loaded payments to farmers under PM-KISAN</td>
<td>6.93 crore (out of 8 crore)</td>
<td>Rs 13,855 crore</td>
</tr>
<tr>
<td>Support to NSAP beneficiaries (widows, senior citizens and Divyang)</td>
<td>2.82 crore</td>
<td>Rs 1405 crore</td>
</tr>
<tr>
<td>Support to Building and other construction workers</td>
<td>2.16 crore</td>
<td>Rs 3066 crore</td>
</tr>
<tr>
<td>Total</td>
<td>31.77 crore</td>
<td>Rs 28,256 crore</td>
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The Government of India as well as the Reserve Bank has been receiving representations from Exporters Trade bodies to extend the period of realisation of export proceeds in view of the outbreak of pandemic COVID-19. It has, therefore, been decided, in consultation with Government of India, to increase the present period of realization and repatriation to India of the amount representing the full export value of goods or software or services exported, from nine months to fifteen months from the date of export, for the exports made up to or on July 31, 2020.

2. The provisions in regard to period of realization and repatriation to India of the full export value of goods exported to warehouses established outside India remain unchanged.

3. AD Category - I banks may please bring the contents of this Circular to the notice of their constituents concerned.

4. The directions contained in circular have been issued under Section 10(4) and 11(1) of Foreign Exchange Management Act, 1999 (42 of 1999) and without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

(Ajay Kumar Misra)
Chief General Manager-In-Charge
RESERVE BANK OF INDIA

Hedging of Foreign Exchange Risk – Final Directions

Draft regulations reviewing facilities for “Hedging of Foreign Exchange Risk by Residents and Non-Residents” were released for public comments in February 2019. As stated in the Statement on Developmental and Regulatory Policies dated December 5, 2019, based on the public comments received and the recommendations of the Task Force on Offshore Rupee Markets, the directions have now been finalised. Pursuant to the notification of the proposed changes to the Foreign Exchange Management Act (FEMA) Regulations in the Gazette of India, final directions are being issued today, which shall come into effect from June 1, 2020.

The directions aim to ease access to the domestic foreign exchange derivative markets, inter alia, through:

i. merging facilities for residents and non-residents into a single unified facility for all users;
ii. allowing users having valid exposures to hedge the same by using any available instrument;
iii. introducing facility to hedge anticipated exposures; and
iv. simplifying procedures for authorised dealers to offer foreign exchange derivatives.

The directions shall replace the existing directions in Part A - Section I and II of the Master Direction on Risk Management and Interbank Dealings.

(Yogesh Dayal)
Chief General Manage
Quick Estimates of Index of Industrial Production and Use-Based Index for the Month of February, 2020 (Base 2011-12=100)

The Quick Estimates of Index of Industrial Production (IIP) with base 2011-12 for the month of February 2020 stands at 133.3, which is 4.5 percent higher as compared to the level in the month of February 2019. The cumulative growth for the period April-February 2019-20 over the corresponding period of the previous year stands at 0.9 percent.

The Indices of Industrial Production for the Mining, Manufacturing and Electricity sectors for the month of February 2020 stand at 123.7, 133.5 and 149.1 respectively, with the corresponding growth rates of 10.0 percent, 3.2 percent and 8.1 percent as compared to February 2019. The cumulative growth in these three sectors during April-February 2019-20 over the corresponding period of 2018-19 has been 1.9 percent, 0.6 percent and 1.5 percent respectively.

In terms of industries, thirteen 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 February 2020 as compared to the corresponding month of the previous year. The industry group ‘Manufacture of basic metals’ has shown the highest positive growth of 18.2 percent followed by 8.0 percent in ‘Manufacture of chemicals and chemical products’ and in ‘Manufacture of other non-metallic mineral products’. On the other hand, the industry group ‘Manufacture of motor vehicles, trailers and semi-trailers’ has shown the highest negative growth of (-) 15.6 percent followed by (-) 14.8 percent in ‘Manufacture of computer, electronic and optical products’ and (-) 9.9 percent in ‘Manufacture of fabricated metal products, except machinery and equipment’.

As per Use-based classification, the growth rates in February 2020 over February 2019 are 7.4 percent in Primary goods, (-) 9.7 percent in Capital goods, 22.4 percent in Intermediate goods and 0.1 percent in Infrastructure/ Construction Goods. The Consumer durables and Consumer non-durables have recorded growth of (-) 6.4 percent and 0.0 percent respectively.