

Volume No. 815
DEC 27, 2020- JAN 02, 2021
Total No. of Pages (including Cover): 13



ASSOCHAM NEWS & VIEWS

WEEKLY

Highlights

- ⇒ **EXTENSION OF TIME LIMITS FOR INCOME TAX RETURNS**
- ⇒ **SHRI PIYUSH GOYAL ASSURES BANGLADESH INDIA'S COMPLETE COOPERATION IN ENSURING BARRIER-FREE TRADE BETWEEN THE TWO COUNTRIES**
- ⇒ **INDIA'S INTERNATIONAL INVESTMENT POSITION (IIP), SEPTEMBER 2020**



THE ASSOCIATED CHAMBERS OF COMMERCE AND INDUSTRY OF INDIA

CONTENTS

COMMERCE AND INDUSTRY

SHRI PIYUSH GOYAL ASSURES BANGLADESH INDIA'S COMPLETE COOPERATION IN ENSURING BARRIER-FREE TRADE BETWEEN THE TWO COUNTRIES	3-4
--	-----

INDEX OF EIGHT CORE INDUSTRIES (BASE: 2011-12=100) FOR NOVEMBER, 2020	5-6
---	-----

FINANCE

EXTENSION OF TIME LIMITS FOR INCOME TAX RETURNS	7-8
---	-----

IFSCA PERMITS BANKING UNITS TO TRANSFER OF ASSETS THROUGH PARTICIPATION AGREEMENTS	9
--	---

EXCHANGE RATE NOTIFICATION NO. 114/2020 - CUSTOMS (N.T.)	10
--	----

RBI

RBI WORKING PAPER NO. 15/2020: MEASURING TREND INFLATION IN INDIA	11
---	----

RBI RELEASED "STATISTICAL TABLES RELATING TO BANKS IN INDIA: 2019-20"	12
---	----

INDIA'S INTERNATIONAL INVESTMENT POSITION (IIP), SEPTEMBER 2020	13
---	----

MINISTRY OF COMMERCE & INDUSTRY

Shri Piyush Goyal assures Bangladesh India's complete cooperation in ensuring barrier-free trade between the two countries

Minister of Railways, Commerce & Industry, Consumer Affairs and Food & Public Distribution Shri Piyush Goyal assured Bangladesh, from India's side, complete cooperation in ensuring barrier-free trade between the two countries. Addressing India-Bangladesh Digital Conference on Agriculture Sector, he said that we have offered duty-free market access to Bangladesh in many products, including, agri-exports. The minister said that together we can aspire for a better & brighter future for people of both the countries, particularly for the farmers of both countries to benefit from economic prosperity.

Shri Goyal said that India & Bangladesh share a very warm & cordial relationship, based on mutual trust & friendship which goes beyond the arithmetic of economic gains & losses. He said that this partnership stands out as a role model in the region, for good neighbourly relations. "Our ties have witnessed an upswing in the last 6 years. We have scaled up trade & economic engagement, besides implementing a number of connectivity & infrastructure projects", he mentioned. He said that Prime Minister Shri Narendra Modi and Bangladesh PM Sheikh Hasina share a common vision and pro-business policies which have enhanced governance in our two countries. They both share an ambition of improving the prosperity of the people, he mentioned.

Shri Goyal said that with over 50% of the population in both the countries involved in the agriculture sector, it has huge socio-economic dimension. "We are delighted that Bangladesh has now become self-sufficient in food, and the goal is to modernise agriculture. This is an area where we both should work with greater synergies & collaboration. Agriculture can have game-changing potential between our two countries. Bilateral cooperation in this sector can pave the way to overcome the current economic challenges. Agriculture sector has huge socio-economic dimensions. Being the prominent sector of the economy, bilateral cooperation in this sector can pave the way to overcome the current economic challenges our countries are facing.", he added.

The Minister appreciated the intention of the Government of Bangladesh to search for ways to increase & improve the prosperity of their farmers. He assured complete cooperation in this regard. Shri Goyal spoke about the steps taken by India to help our farmers, including transportation, Irrigation, Institutional credit, Marketing facilities, Supply of quality inputs like seeds, neem coating

fertilisers & machinery & development of associated cottage industries. “We have used a very holistic approach to enhance the productivity & efficiency of farmers & bring back attractiveness to agriculture sector. Going forward, in the post-Pandemic world as India also expands its international engagement coupled with our efforts to make India more self-reliant, we believe we will be able to increase the incomes of our farmers & help them prosper.”

The Minister said that in view of the recent developments, the non-tariff barriers will play a crucial role in determining how Bangladesh utilises the abundant opportunities India has to offer

Referring to other areas of bilateral cooperation, Shri Goyal said that the largest number of tractors used in Bangladesh come from India. “On food processing, we can work with each, learn from each other & expand our presence in the global market in partnership with each other. We share a very strong relationship in the Railways sector which is our bridge to greater engagement in infrastructure development. Government of both our countries have set very high benchmarks on how Bangladesh & India together can capture a larger share of the global market in textiles. Through this, we can provide jobs to the people, increase earnings from trade & support economic development.”

MINISTRY OF COMMERCE & INDUSTRY

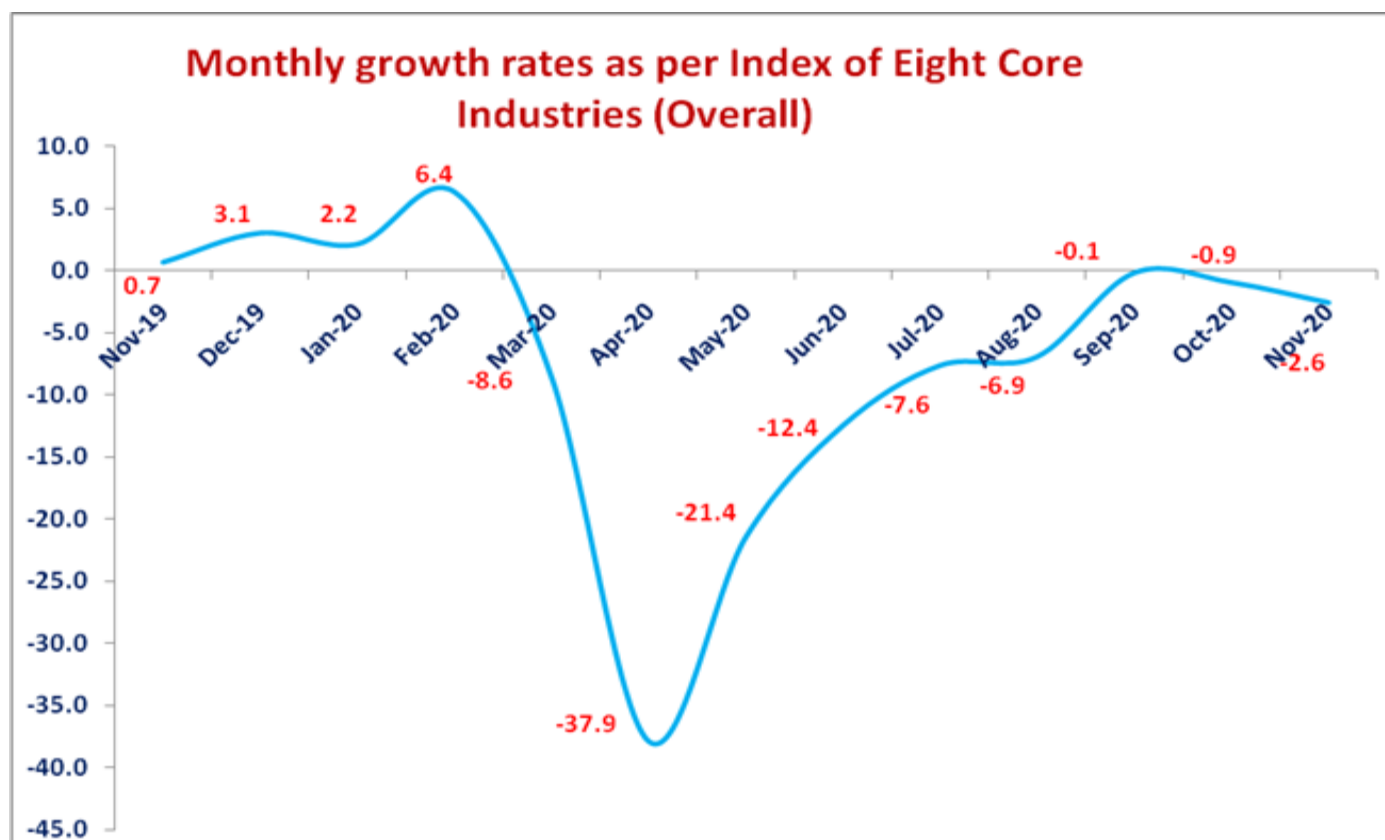
INDEX OF EIGHT CORE INDUSTRIES (BASE: 2011-12=100) FOR NOVEMBER, 2020

The Office of Economic Adviser, Department for Promotion of Industry and Internal Trade is releasing Index of Eight Core Industries for the Month of November, 2020.

The combined Index of Eight Core Industries stood at 125.9 in November, 2020, which declined by 2.6 (provisional) per cent as compared to the Index of November, 2019. Its cumulative growth during April to November, 2020-21 has been (-) 11.4%.

Final growth rate of Index of Eight Core Industries for August'2020 is revised to (-) 6.9%. The Eight Core Industries comprise 40.27 per cent of the weight of items included in the Index of Industrial Production (IIP). Details of yearly/monthly index and growth rate is provided at Annexure.

Monthly growth rates of Index of Eight Core Industries (Overall) is depicted in the graph:



The summary of the Index of Eight Core Industries is given below:

Coal- Coal production (weight: 10.33per cent) increased by 2.9 per cent in November, 2020 over November,2019. Its cumulative index declined by 2.6per cent during April toNovember, 2020-21over corresponding period of the previous year.

Crude Oil- Crude Oil production (weight: 8.98per cent) declined by 4.9 per cent in November, 2020 over November,2019. Its cumulative index declined by 6.0 per cent during April toNovember, 2020-21over the corresponding period of previous year.

Natural Gas- The Natural Gas production (weight:6.88per cent) declinedby9.3 per cent in November, 2020 over November,2019. Its cumulative index declined by 12.1 per cent during April to November, 2020-21 over the corresponding period of previous year.

Refinery Products- Petroleum Refinery production (weight: 28.04per cent) declined by4.8 per cent in November, 2020 over November,2019. Its cumulative index declined by 14.9per cent during April to November, 2020-21over the corresponding period of previous year.

Fertilizers- Fertilizers production (weight: 2.63 per cent) increased by 1.6 per cent in November,2020 overNovember,2019. Its cumulative index increased by 3.8 per cent during April to November, 2020-21 over the corresponding period of previous year.

Steel- Steel production (weight: 17.92per cent) declined by 4.4 per cent in November, 2020 over November,2019. Its cumulative index declined by 19.4per cent during April to November, 2020-21 over the corresponding period of previous year.

Cement- Cement production (weight:5.37per cent) declinedby7.1per cent in November, 2020 over November, 2019. Its cumulative index declinedby19.5per cent during April to November, 2020-21over the corresponding period of previous year.

Electricity- Electricity generation (weight:19.85per cent) increased by 2.2per cent in November, 2020 over November, 2019. Its cumulative index declined by 4.7per cent during April to November, 2020-21 over the corresponding period of previous year.

MINISTRY OF FINANCE

Extension of time limits for income tax returns

In view of the challenges faced by taxpayers in meeting the statutory and regulatory compliances due to the outbreak of COVID-19, the Government brought the Taxation and Other Laws (Relaxation of Certain Provisions) Ordinance, 2020 ('the Ordinance') on 31st March, 2020 which, inter alia, extended various time limits. The Ordinance has since been replaced by the Taxation and Other Laws (Relaxation and Amendment of Certain Provisions) Act.

The Government issued a Notification on 24th June, 2020 under the Ordinance which, inter alia, extended the due date for all Income Tax Returns for the FY 2019-20 (AY 2020-21) to 30th November, 2020. Hence, the returns of income which were required to be filed by 31st July, 2020 and 31st October, 2020 were required to be filed by 30th November, 2020. Consequently, the date for furnishing various audit reports including tax audit report under the Income-tax Act, 1961 (the Act) was also extended to 31st October, 2020.

In order to provide more time to taxpayers for furnishing of Income Tax Returns, the due date was further extended vide notification No 88/2020/F. No. 370142/35/2020-TPL dated 29th October, 2020:

(A) The due date for furnishing of Income Tax Returns for the taxpayers (including their partners) who are required to get their accounts audited [for whom the due date (i.e. before the said extension) as per the Act was 31st October, 2020] was extended to 31st January, 2021.

(B) The due date for furnishing of Income Tax Returns for the taxpayers who are required to furnish report in respect of international/specified domestic transactions [for whom the due date (i.e. before the said extension) as per the Act was 30th November, 2020] was extended to 31st January, 2021.

(C) The due date for furnishing of Income Tax Returns for the other taxpayers [for whom the due date (i.e. before the said extension) as per the Act was 31st July, 2020] was extended to 31st December, 2020.

(D) Consequently, the date for furnishing of various audit reports under the Act including tax audit report and report in respect of international/specified domestic transaction was also extended to 31st December, 2020.

Considering the problems being faced by the taxpayers, it has been decided to provide further time to the taxpayers for furnishing of Income Tax Returns, tax audit reports and declaration under Vivad Se Vishwas Scheme. Further, in order to provide more time to taxpayers to comply under various ongoing proceedings, the dates of completion of proceedings under various Direct Taxes & Benami Acts have also been extended. These extensions are as under:

a. The due date for furnishing of Income Tax Returns for the Assessment Year 2020-21 for the taxpayers (including their partners) who are required to get their accounts audited and companies [for whom the due date, as per the provisions of section 139(1) of the Income-tax Act, 1961, was

31st October, 2020 and which was extended to 30th November, 2020 and then to 31st January, 2021] has been further extended to 15th February, 2021.

b. The due date for furnishing of Income Tax Returns for the Assessment Year 2020-21 for the taxpayers who are required to furnish report in respect of international/specified domestic transactions [for whom the due date, as per the provisions of section 139(1) of the Income-tax Act, 1961, was 30th November, 2020 and which was extended to 31st January, 2021] has been further extended to 15th February, 2021.

c. The due date for furnishing of Income Tax Returns for the Assessment Year 2020-21 for the other taxpayers [for whom the due date, as per the provisions of section 139(1) of the Income-tax Act, 1961, was 31st July, 2020 and which was extended to 30th November, 2020 and then to 31st December, 2020] has been further extended to 10th January, 2021.

d. The date for furnishing of various audit reports under the Act including tax audit report and report in respect of international/specified domestic transaction for the Assessment Year 2020-21 has been further extended to 15th January, 2021.

e. The last date for making a declaration under Vivad Se Vishwas Scheme has been extended to 31st January, 2021 from 31st December, 2020.

f. The date for passing of orders under Vivad Se Vishwas Scheme, which are required to be passed by 30th January, 2021 has been extended to 31st January, 2021.

g. The date for passing of order or issuance of notice by the authorities under the Direct Taxes & Benami Acts which are required to be passed/ issued/ made by 30th March, 2021 has also been extended to 31st March, 2021.

Further, in order to provide relief for the third time to small and middle class taxpayers in the matter of payment of self-assessment tax, the due date for payment of self-assessment tax date is hereby again being extended. Accordingly, the due date for payment of self-assessment tax for taxpayers whose self-assessment tax liability is up to Rs. 1 lakh has been extended to 15th February, 2021 for the taxpayers mentioned in para 4(a) and para 4(b) and to 10th January, 2021 for the taxpayers mentioned in para 4(c).

The Government has also extended the due date of furnishing of annual return under section 44 of the Central Goods and Services Tax Act, 2017 for the financial year 2019-20 from 31st December, 2020 to 28th February, 2021.

The necessary notifications in this regard shall be issued in due course.

MINISTRY OF FINANCE

IFSCA permits Banking Units to transfer of assets through participation agreements

The International Financial Services Centres Authority (IFSCA) today allowed Banking Units (BUs) to transfer assets to/from other financial institutions, persons resident in India and persons resident outside India through any internationally recognised standard risk participation agreement.

Transfer of assets through the risk participation agreement route is a common practice in many jurisdictions especially in the field of trade finance. Such risk participation is undertaken as a bilateral contract under a standard document called a risk participation agreement between the two institutions (buying and selling entity). One of the common standard risk participation agreement is the Master Risk Participation Agreement (MRPA) developed by the Bankers Association for Finance and Trade (BAFT).

The above dispensation is expected to encourage risk participation of foreign currency assets through BUs in IFSC instead of banks in foreign jurisdictions.

MINISTRY OF FINANCE

Exchange Rate Notification No. 114/2020 - Customs (N.T.)

In exercise of the powers conferred by section 14 of the Customs Act, 1962 (52 of 1962), the Central Board of Indirect Taxes and Customs hereby makes the following amendment in the Notification of the Central Board of Indirect Taxes and Customs No.113/2020-CUSTOMS (N.T.), dated 17th December, 2020 with effect from 31st December, 2020, namely: -

In the SCHEDULE-I of the said Notification, for serial No. 18 and the entries relating thereto, the following shall be substituted, namely: -

SCHEDULE-I

Sl.No.	Foreign Currency	Rate of exchange of one unit of foreign currency equivalent to Indian rupees	
(1)	(2)	(3)	
		(a)	(b)
		(For Imported Goods)	(For Exported Goods)
18.	Turkish Lira	10.25	9.65

RESERVE BANK OF INDIA

RBI Working Paper No. 15/2020: Measuring Trend Inflation in India

The Reserve Bank of India placed on its website a Working Paper titled “[Measuring Trend Inflation in India](#)” under the Reserve Bank of India Working Paper Series*. The Paper is authored by Harendra Kumar Behera and Michael Debabrata Patra.

Central to the design and conduct of monetary policy is the concept of trend inflation, the level to which actual inflation outcomes are expected to converge after short run fluctuations from a variety of sources die out. The paper seeks to estimate trend inflation in India to find the answer to a question that goes to the root of flexible inflation targeting (FIT) – is the choice of the target for inflation consistent with its trend?

The paper finds a steady decline in trend inflation to 4.1- 4.3 per cent since 2014. A target set too below the trend imparts a deflationary bias to monetary policy because it will go into overkill relative to what the economy can intrinsically bear in order to achieve the target. Analogously, a target that is fixed above trend renders monetary policy too expansionary and prone to inflationary shocks and unanchored expectations. Hence, maintaining the inflation target at 4 per cent is appropriate for India.

(Yogesh Dayal)
Chief General Manager

Press Release: 2020-2021/839

* The Reserve Bank of India introduced the RBI Working Papers series in March 2011. These papers present research in progress of the staff members of the Reserve Bank and are disseminated to elicit comments and further debate. The views expressed in these papers are those of authors and not of the Reserve Bank of India. Comments and observations may kindly be forwarded to authors. Citation and use of such papers should consider its provisional character.

RESERVE BANK OF INDIA

RBI released “Statistical Tables Relating to Banks in India: 2019-20”

The Reserve Bank released its web publication entitled ‘[Statistical Tables Relating to Banks in India: 2019-20](#)’ covering the activities of scheduled commercial banks and rural co-operative banks.

For scheduled commercial banks, entity-wise information on major items of liabilities and assets; income and expenses; selected financial ratios; number of employees and details of priority sector advances (for Public sector banks) are provided. In addition, capital adequacy ratios (CRAR), non-performing assets (NPAs), exposure to sensitive sectors, contingent liabilities and unclaimed deposits are included.

Time series on all variables have been updated up to 2019-20. The publication can be accessed on the RBI website through the link ‘[Time Series Publications](#)’ under the Database on Indian Economy (DBIE) (<https://dbie.rbi.org.in>).

Ajit Prasad
Director

RESERVE BANK OF INDIA

India's International Investment Position (IIP), September 2020

The Reserve Bank released data relating to [India's International Investment Position](#) at [end-September 2020](#).

Key Features of India's IIP in September 2020

- Net claims of non-residents on India declined by US\$ 4.6 billion during the latest quarter and stood at US\$ 339.1 billion at end-September 2020.
- The decline in net claims was due to an increase of US\$ 53.4 billion in Indian residents' overseas financial assets vis-à-vis a lower increase of US\$ 48.8 billion in foreign-owned assets in India.
- Accretion to reserves assets (US\$ 39.0 billion) was major contributor to the buildup in Indian residents' overseas financial assets during July-September 2020.
- The rise in foreign-owned assets in India was supported by increase of US\$ 36.6 billion in foreign direct investment and US\$ 11.7 billion in portfolio investment during the quarter.
- Appreciation of the Indian rupee against the US dollar during the quarter contributed to the increase in India's liabilities, when valued in US dollar terms.
- The ratio of India's international financial assets to international financial liabilities stood at 70.3 per cent in September 2020 as compared with 60.5 per cent a year ago.
- Reserve assets accounted for nearly 68 per cent of India's international assets.
- The share of debt liabilities in total liabilities stood at 49.2 per cent in September 2020.

(Yogesh Dayal)
Chief General Manager