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# ASSOCHAM NEWS & VIEWS

WEEKLY

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HIGH LEVEL GROUP ON TRADE, INVESTMENT AND  
COOPERATION



THE ASSOCIATED CHAMBERS OF COMMERCE AND INDUSTRY OF INDIA

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## **MINISTRY OF COMMERCE & INDUSTRY**

### **Shri Piyush Goyal said Trade & economy most important pillars of India- European Union partnership**

Union Railways and Commerce & Industry Minister Shri Piyush Goyal has said that Trade & economy is one of the most important pillars of India- European Union (EU) partnership. Addressing the Diplomatic & Industry Leadership Session on EU-India Collaborative Economic Growth, he said that we are also hopeful of working with EU towards a FTA, possibly starting with a Preferential Trade Agreement for an early harvest to get faster outcomes.

Shri Goyal said that under the Prime Minister Shri Narendra Modi, we have furthered our relationship across the European Union. India was one of the first countries to develop diplomatic relations with the EU & extend our hand of friendship. “Our friendship with the people of EU & the chemistry between PM Modi & various leaders of EU member countries is indeed remarkable. Our partnership surpasses political, innovation & cultural collaboration. We are both very natural partners willing to engage as responsible global citizens to address very pressing global challenges. We believe EU & India are 2 very important stakeholders when it comes to finding solutions for pressing matters.”

The Minister called for strengthening 3-R approach that EU & India are using: Re-energise, Re-invent and Re-orient. He said that removing barriers to trade between Europe & India is essential to move forward. Shri Goyal said that EU is India’s largest trading partner block, with about \$105 billion trade in goods in 2019. It is also the 2nd largest destination for Indian exports. He said “We believe we have to work towards balanced, ambitious & mutually beneficial trade & investment agreements. During the 15th India-EU summit in July 2020, we had adopted the EU-India strategic partnership which will guide our co-operation in the future.”

Shri Goyal said that to combat the COVID crisis, India & Europe worked together whether it was for adequate supply of medicines to different European countries or other goods required to battle coronavirus. He said that through the lockdown, our Information Technology sector continued to serve businesses in Europe, without any interruption. “We met all our international obligations & therefore, India is looked upon as a trusted partner of the EU. India can be the trusted partner to move away from single source supply chains and countries can work in partnership with India for

robust & sustainable global supply chains. During the pandemic, India never let down any of our friends.”, he added.

On the Covid-19, Shri Goyal said that when it came to addressing the problem in India, we moved swiftly into lockdown so that we could save lives & as we were able to prepare ourselves to fight COVID. “We started unlock process from June. As we move from protecting lives to saving lives & livelihoods, we have evolved as per the emergent situation. We can see benefits of that in having one of the highest recovery rates in the world & one of the lowest fatality rate. We have one of the highest recovery rates in the world.”

The Minister said that as we have opened up the economy, we are seeing that India is rapidly turning around, restoring its economic situation, rapidly coming back to normalcy. Recently, we have removed all restrictions on export of N-95 masks & Personal Protective Equipment. In the month of September, in the goods & merchandise sector, we have grown by 5.27% over the corresponding period of last year. Power consumption is up by 4.6% in September 2020 year on year. On the world trade also, India’s presence is felt. In goods & merchandise sector, in September 2020, we have grown by 5.27% over the same period last year. In the month of September and in the 1st 6 days of October, Railway freight has grown by 15% over the same period last year. He said that Indian economy is poised not only for normalcy but for growth in the years to come given that Prime Minister has offered Aatmanirbhar Bharat package for relief to the people & the industry. The Government has embarked on a series of reforms in Agriculture, labour, defence, space technology, mining, energy.

## **MINISTRY OF COMMERCE & INDUSTRY**

### **5<sup>th</sup> Meeting of the India-Mexico Bilateral High Level Group on Trade, Investment and Cooperation**

The fifth meeting of the India-Mexico Bilateral High Level Group on Trade, Investment and Cooperation (BHLG) was held on 9 October 2020 through video conference. The meeting was co-chaired by the Commerce Secretary of the Government of India, Dr. Anup Wadhawan and the Vice Minister for Foreign Trade of the Government of Mexico, Ms. Luz María de la Mora. Several Ministries, Departments and Business Chambers from both countries participated in the meeting.

The two sides appreciated the progress made in the bilateral trade and commercial relations between India and Mexico in the recent years. Both sides discussed a number of bilateral ongoing and outstanding issues, ranging from Audio-visual Co-production, Bilateral Investment Treaty, market access for agricultural products, a cooperation framework on Sanitary and Phytosanitary (SPS) & Technical Barriers to Trade (TBT) measures between the two countries, co-operation in the Intellectual Property Rights, and exploring ways to promote tourism and people-to-people contact between India and Mexico.

In the meeting, two business to business MoUs were signed, to foster the cooperation in the respective domains. A Memorandum of Understanding between the Electronics & Computer Software Export Promotion Council (ESC) of India and the Mexican Chamber of Electronics, Telecommunications and Information Technologies (CANIETI) was signed. A Memorandum of Understanding between the Federation of Indian Chambers of Commerce and Industry (FICCI) and the Mexican Business Council of Foreign Trade, Investment and Technology (COMCE) for promoting the development of business relations between India and Mexico was also signed.

They also agreed to expand and diversify the bilateral trade relationship to tap the potential of the complementarities between India and Mexico through enhanced cooperation in pharmaceuticals, medical equipment, healthcare, agro-products, fisheries, food processing and aerospace industry etc. A 'Joint Statement' after the successful conclusion of the meeting was issued.

## MINISTRY OF FINANCE

### **Notification No.95/2020 - Customs (N.T.)**

In exercise of the powers conferred by section 14 of the Customs Act, 1962 (52 of 1962), and in supersession of the Notification No.88/2020-Customs(N.T.), dated 17<sup>th</sup> September, 2020 except as respects things done or omitted to be done before such supersession, the Central Board of Indirect Taxes and Customs hereby determines that the rate of exchange of conversion of each of the foreign currencies specified in column (2) of each of Schedule I and Schedule II annexed hereto, into Indian currency or *vice versa*, shall, with effect from 2<sup>nd</sup> October, 2020, be the rate mentioned against it in the corresponding entry in column (3) thereof, for the purpose of the said section, relating to imported and export goods.

#### **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) |
| 1.     | Australian Dollar  | <b>54.10</b>   | <b>51.75</b>         |
| 2.     | Bahraini Dinar     | <b>201.60</b>  | <b>189.25</b>        |
| 3.     | Canadian Dollar    | <b>56.40</b>   | <b>54.45</b>         |
| 4.     | Chinese Yuan       | <b>11.00</b>   | <b>10.70</b>         |
| 5.     | Danish Kroner      | <b>11.85</b>   | <b>11.40</b>         |
| 6.     | EURO               | <b>88.05</b>   | <b>84.90</b>         |
| 7.     | Hong Kong Dollar   | <b>9.70</b>  | <b>9.35</b>          |
| 8.     | Kuwaiti Dinar      | <b>248.25</b>  | <b>233.00</b>        |
| 9.     | New Zealand Dollar | <b>50.15</b>   | <b>47.85</b>         |
| 10.    | Norwegian Kroner   | <b>8.05</b>  | <b>7.75</b>          |

|     |                     |              |              |
|-----|---------------------|--------------|--------------|
| 11. | Pound Sterling      | <b>96.95</b> | <b>93.60</b> |
| 12. | Qatari Riyal        | <b>20.90</b> | <b>19.60</b> |
| 13. | Saudi Arabian Riyal | <b>20.25</b> | <b>19.05</b> |
| 14. | Singapore Dollar    | <b>54.95</b> | <b>53.10</b> |
| 15. | South African Rand  | <b>4.55</b>  | <b>4.25</b>  |
| 16. | Swedish Kroner      | <b>8.40</b>  | <b>8.10</b>  |
| 17. | Swiss Franc         | <b>81.70</b> | <b>78.55</b> |
| 18. | Turkish Lira        | <b>9.85</b>  | <b>9.25</b>  |
| 19. | UAE Dirham          | <b>20.70</b> | <b>19.45</b> |
| 20. | US Dollar           | <b>74.50</b> | <b>72.80</b> |

**SCHEDULE-II**

| Sl.No. | Foreign Currency | Rate of exchange of 100 units of foreign currency equivalent to Indian rupees |                    |
|--------|------------------|---|--------------------|
| (1)    | (2)              | (3)   |                    |
|        |                  | (a)   | (b)                |
|        |                  | (For Imported Goods)  | (For Export Goods) |
| 1.     | Japanese Yen     | <b>71.15</b>  | <b>68.55</b>       |
| 2.     | Korean Won       | <b>6.55</b>   | <b>6.15</b>        |

## MINISTRY OF FINANCE

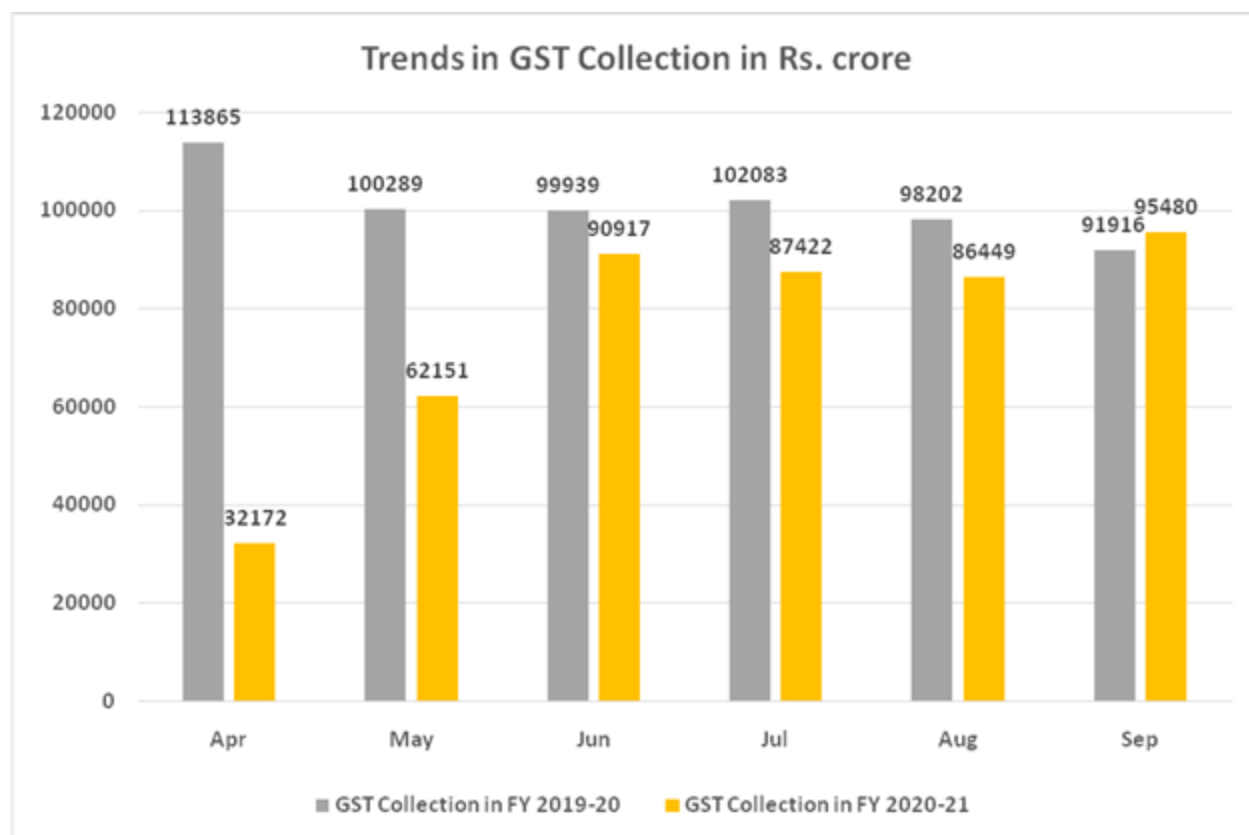
### **GST Revenue collection for September, 2020**

The gross GST revenue collected in the month of September, 2020 is ₹ 95,480 crore of which CGST is ₹ 17,741 crore, SGST is ₹ 23,131 crore, IGST is ₹ 47,484 crore (including ₹ 22,442 crore collected on import of goods) and Cess is ₹ 7,124 crore (including ₹ 788 crore collected on import of goods).

The government has settled ₹ 21,260 crore to CGST and ₹ 16,997 crore to SGST from IGST as regular settlement. The total revenue earned by Central Government and the State Governments after regular settlement in the month of September, 2020 is ₹ 39,001 crore for CGST and ₹ 40,128 crore for the SGST.

The revenues for the month are 4% higher than the GST revenues in the same month last year. During the month, the revenues from import of goods were 102% and the revenues from domestic transaction (including import of services) were 105 % of the revenues from these sources during the same month last year.

The chart shows trends in monthly gross GST revenues during the current year. The table shows the state-wise figures of GST collected in each State during the month of September 2020 as compared to September 2019 and for the full year.





## MINISTRY OF FINANCE

### **Recommendations of the 42nd GST Council Meeting**

The 42nd GST Council met under the Chairmanship of Union Finance & Corporate Affairs Minister Smt Nirmala Sitharaman through video conferencing. The meeting was also attended by Union Minister of State for Finance & Corporate Affairs Shri Anurag Thakur besides Finance Ministers of States & UTs and senior officers of the Ministry of Finance & States/ UTs.

The GST Council has made the following recommendations:

1. Levy of Compensation Cess to be extended beyond the transition period of five years i.e. beyond June, 2022, for such period as may be required to meet the revenue gap. Further details to be worked out.

2. Centre is releasing compensation of ₹ 20,000 crore to States today towards loss of revenue during 2020-21 and an amount of about ₹ 25,000 crore towards IGST of 2017-18 by next week.

3. **Enhancement in features of return filing:** In its 39<sup>th</sup> Meeting held in March 2020, the Council had recommended an incremental approach to incorporate features of the new return system in the present familiar GSTR-1/3B scheme. Various enhancements have since been made available on the GST Common Portal. With a view to further **enhance Ease of Doing Business and improve the compliance experience**, the Council has approved the future roadmap for return filing under GST. The **approved framework aims to simplify return filing and further reduce the taxpayer's compliance burden in this regard significantly**, such that the timely furnishing of details of outward supplies (GSTR-1) by a taxpayer and his suppliers would –(i) allow him to view the ITC available in his electronic credit ledger from all sources i.e. domestic supplies, imports and payments on reverse charge etc. prior to the due date for payment of tax, and (ii) enable the system to auto-populate return (GSTR-3B) through the data filed by the taxpayer and all his suppliers. In other words, the timely filing of GSTR-1 statement alone would be sufficient as the return in FORM GSTR-3B would get auto prepared on the common portal. To this end the Council recommended / decided the following:

a. Due date of furnishing quarterly GSTR-1 by quarterly taxpayers to be revised to 13<sup>th</sup> of the month succeeding the quarter **w.e.f. 01.1.2021**;

b. Roadmap for auto-generation of GSTR-3B from GSTR-1s by:

i. Auto-population of liability from own GSTR-1 **w.e.f. 01.01.2021**; and

ii. Auto-population of input tax credit from suppliers' GSTR-1s through the newly developed facility in FORM GSTR-2B for monthly filers **w.e.f. 01.01.2021** and for quarterly filers **w.e.f. 01.04.2021**;

c. In order to ensure auto population of ITC and liability in GSTR 3B as detailed above, **FORM GSTR 1** would be mandatorily required to be filed before **FORM GSTR3B** w.e.f. 01.04.2021.

d. The present GSTR-1/3B return filing system to be extended till 31.03.2021 and the GST laws to be amended to make the GSTR-1/3B return filing system as the default return filing system.

4. As a further step towards reducing the compliance burden particularly on the small taxpayers having **aggregate annual turnover < Rs. 5 cr.**, the Council's earlier recommendation of allowing filing of **returns on a quarterly basis with monthly payments** by such taxpayers to be implemented **w.e.f. 01.01.2021**. Such quarterly taxpayers would, for the first two months of the quarter, have an option to pay 35% of the net cash tax liability of the last quarter using an auto generated challan.

5. Revised Requirement of declaring HSN for goods and SAC for services in invoices and in FORM GSTR-1 **w.e.f. 01.04.2021** as under:

a. HSN/SAC at 6 digits for supplies of both goods and services for taxpayers with aggregate annual turnover above Rs. 5 crores;

b. HSN/SAC at 4 digits for B2B supplies of both goods and services for taxpayers with aggregate annual turnover upto Rs. 5 crores;

c. Government to have power to notify 8 digit HSN on notified class of supplies by all taxpayers.

6. **Amendment to the CGST Rules:** Various amendments in the CGST Rules and FORMS have been recommended which includes provision for furnishing of Nil **FORM CMP-08** through SMS.

7. Refund to be paid/disbursed in a validated bank account linked with the PAN & Aadhaar of the registrant w.e.f. 01.01.2021.

8. To encourage domestic launching of satellites particularly by young start-ups, the satellite launch services supplied by ISRO, Antrix Corporation Ltd. and NSIL would be exempted.

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**Note:- The decisions of the GST Council have been presented in this note in simple language for easy understanding. The same would be given effect to through Gazette notifications/ circulars which alone shall have force of law.**

## **RESERVE BANK OF INDIA**

### **Interest Subvention Scheme for MSMEs – Co-operative banks**

Government of India, Ministry of Micro, Small and Medium Enterprises (MSMEs) had announced the 'Interest Subvention Scheme for MSMEs 2018' on November 2, 2018 for Scheduled Commercial Banks. A copy of the salient features and operational guidelines for implementation of the Scheme released by the Ministry of MSMEs is [enclosed](#). Government of India has since decided to include Co-operative Banks also as Eligible Lending Institutions effective from March 3, 2020.

The scheme provides for an interest relief of two per cent per annum to eligible MSMEs on their outstanding fresh/incremental term loan/working capital during the period of its validity. The coverage of the Scheme is limited to all term loans / working capital to the extent of ₹100 lakh. The loan accounts on the date of filing claim should not have been declared as NPA as per the extant guidelines in force. No interest subvention shall be admissible for any period during which the account remains NPA.

The aforesaid operational guidelines for the Scheme (para 2.1, 2.2 and 2.4 of the enclosed Scheme) have been further modified by the Government as under:

- a) The validity of the scheme has been extended till March 31, 2021. Accordingly, fresh or incremental term loan / working capital limit extended by co-operative banks with effect from March 3, 2020 will be eligible for coverage under the scheme.
- b) Acceptance of claims in multiple lots for a given half-year by eligible institutions is permitted.
- c) Requirement of Udyog Aadhaar Number (UAN) may be dispensed with for units eligible for GST. Units not required to obtain GST may either submit Income Tax Permanent Account Number (PAN) or their loan account must be categorized as MSME by the concerned bank.
- d) Trading activities have also been allowed to be covered under the scheme without UAN.

Accordingly, **the enclosed Scheme should be read in conjunction with the above modifications.**

Small Industries Development Bank of India (SIDBI) is the single national level nodal implementation agency for the scheme. Nodal office of eligible lending institutions should submit their half yearly claims to SIDBI in the enclosed formats as per the guidelines for claim submission provided in the scheme.

Co-operative Banks may take appropriate action as envisaged in the aforesaid operational guidelines and issue necessary instructions to their branches / controlling offices for successful implementation of the scheme.

Yours faithfully

(Neeraj Nigam)  
Chief General Manager

Enclosure: As above

## **RESERVE BANK OF INDIA**

### **Monetary Policy Statement, 2020-21 Resolution of the Monetary Policy Committee (MPC)**

**October 7-9, 2020**

On the basis of an assessment of the current and evolving macroeconomic situation, the Monetary Policy Committee (MPC) decided to:

- a. keep the policy repo rate under the liquidity adjustment facility (LAF) unchanged at 4.0 per cent.
- b. Consequently, the reverse repo rate under the LAF remains unchanged at 3.35 per cent and the marginal standing facility (MSF) rate and the Bank Rate at 4.25 per cent.
- c. The MPC also decided to continue with the accommodative stance as long as necessary – at least during the current financial year and into the next financial year – to revive growth on a durable basis and mitigate the impact of COVID-19 on the economy, while ensuring that inflation remains within the target going forward.

These decisions are in consonance with the objective of achieving the medium-term target for consumer price index (CPI) inflation of 4 per cent within a band of +/- 2 per cent, while supporting growth.

**Download Link: [RBI\\_Monetary Policy Statement, 2020-21 Resolution of the Monetary Policy Committee \(MPC\) October 7-9, 2020](#)**