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ASSOCHAM NEWS & VIEWS

WEEKLY

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THE ASSOCIATED CHAMBERS OF COMMERCE AND INDUSTRY OF INDIA

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MINISTRY OF COMMERCE & INDUSTRY

Futuristic vision combined with decisiveness has provided India with a solid Startup ecosystem: Shri Piyush Goyal

Union commerce and Industry Minister Shri Piyush Goyal said that Futuristic vision combined with decisiveness has provided India with a solid Startup ecosystem. At the inauguration of 1st Shanghai Cooperation Organisation (SCO) Startup Forum, he said that Youth is our wealth, and in these times of vulnerability & uncertainty, they have responded with agility, adaptability & ability.

Shri Goyal said that our Startups have demonstrated their ability to convert this severe adversity into a great potential of the future. Lauding Indian Startups for demonstrating high energy & enthusiasm to give many timely & cost-effective solutions, he said “Our hunger for growth is demonstrated by the number of EdTech apps for upscaling & education which have provided free access to content for learning to millions of Indians during the COVID period. All our youngsters have created many critical applications which have helped many sectors go digital and face the problems of the pandemic with confidence & emerge successfully as we unlock economy and expand economic activity.”

Shri Goyal said that Young firms in India have reacted fast & very flexibly to COVID pandemic by sharing our best practices & knowledge, engaging corporates & investors, Monetising & mobilising capital, Setting up incubators, and Providing exposure & scale. He said that through these, innovative ideas of startups will get larger engagement.

Shri Goyal said that India recognised some very interesting Startups in the first-ever national Startup award programme. “We provided an encouraging framework to have more Startups come up with brilliant ideas”, he added. He said that Prime Minister has been at the forefront of India's engagement with the startups. The Prime Minister Shri Narendra Modi has said, "Startups are the engines of exponential growth manifesting the power of innovation”.

Lauding the initiative of SCO to include several sessions including exclusive discussions to promote women entrepreneurship, Shri Goyal said that In India, a large number of startups have been founded by women. Shri Goyal said today's launch of the SCO startup forum is the reflection of the positive attitude of all the member states to further expand the engagement & nurture the spirit of innovation amongst our member states. He said that one of the common threads that knit the SCO member states together is the spirit of entrepreneurship. Launch of the SCO Startup Forum is the reflection of the positive attitude of all member states to nurture innovation amongst all, he added. He said that this engagement with Startups of all member states will further develop this ecosystem and encourage & expand the Startups' vision, as in this globalised world, our problems have also become planetary in scale & effect.

MINISTRY OF COMMERCE & INDUSTRY

India hosts meeting of SCO Ministers handling economy and foreign trade

India hosted the 19th Meeting of the Shanghai Cooperation Organisation (SCO) Ministers responsible for Foreign Economy and Foreign Trade Activities.

In his opening remarks, Minister of Commerce and Industry Shri Piyush Goyal said that the current crisis due to Covid-19 is a clarion call to the SCO countries to leverage the economic strength and explore partnerships that enhance trade and investment in the region. He said that cooperation should be continued to enhance intra-SCO trade and investment which would be critical in ensuring the speedy recovery from the aftermath of the pandemic. Shri Goyal said that every nation's world view is shaped by its civilization and philosophical tradition. India's ancient wisdom sees the world as one family - Vasudeva Kutumbakam, he added.

Minister of State for Commerce and Industry Shri Hardeep Singh Puri also spoke on the occasion. The virtual meeting was attended by the Secretary General of SCO and Ministers from, Kyrgyz Republic, Kazakhstan, Pakistan, Russia, Tajikistan and Uzbekistan.

In the meeting four documents were adopted. These were:-

- i. Statement on the response to Covid-19. It reinforces the need for greater cooperation for access to medicines and facilitation of trade.
- ii. Statement on the Multilateral Trading System of Ministers of SCO Countries who are WTO Members. This statement highlights the importance of the rules based multilateral negotiations.
- iii. Statement on SCO Cooperation on Intellectual Property Rights (IPR). It relates to cooperation of intellectual property and include sharing information/experience on legislation and enforcement, cooperation in international organisations and other areas.
- iv. Action Plan for Implementation of MOU to stimulate cooperation within the framework of SCO in the field of MSMEs. It looks at number of areas of cooperation among MSMEs, including exchange of information, organisation of events and collaboration on research and capacity building.

In his concluding remarks, Shri Goyal emphasised that all these outcomes of the meeting are very important milestones for the SCO solidarity.

MINISTRY OF COMMERCE & INDUSTRY

Patents (Amendment) Rules, 2020- streamlining of the requirements related to filing of Form 27 and submission of verified English translation of priority documents

Consequent to Delhi High Court's Order dated 23-04-2018 in writ petition No. WPC- 5590 of 2015 in the matter of Shamnad Basheer Vs UOI and others, stakeholder consultation was undertaken in order to streamline the requirements related to submission of statement regarding the working of a patented invention on a commercial scale in India (Form 27).

The Patents (Amendment) Rules, 2020, which came into effect on 19 October 2020, have further streamlined the requirements related to filing of Form 27 and submission of verified English translation of priority documents, which is not in English language.

Important changes with reference to Form-27 and Rule 131(2) are as follows:

1. Patentee would get flexibility to file a single Form-27 in respect of a single or multiple related patents
2. Where a patent is granted to two or more persons, such persons may file a joint Form-27
3. The patentee would be required to provide 'approximate revenue / value accrued'
4. Authorized agents would be able to submit Form-27 on behalf of patentees
5. For filing Form-27, patentees would get six months, instead of current three months, from expiry of financial year
6. Patentee will not be required to file Form-27 in respect of a part or fraction of the financial year
7. While on one hand the requirements in Form-27 regarding submission of information by patentees have been eased, it may be noted that Section 146(1) of the Patents Act, 1970 empowers the Controller to seek information from the patentee, as may be deemed appropriate.

Important changes with reference to Rule 21 are as follows:

1. If the priority document is available in WIPO's digital library, the applicant would not be required to submit the same in the Indian Patent Office
2. Applicant would be required to submit verified English translation of a priority document, where the validity of the priority claim is relevant to the determination of whether the invention concerned is patentable or not.

These changes will streamline the requirements related to submission of statement regarding the working of a patented invention on a commercial scale in India (Form 27) and the submission of verified English translation of priority documents.

MINISTRY OF FINANCE

IFSCA prescribes regulatory framework for REITs and InvITs in IFSC

The International Financial Services Centres Authority (IFSCA), with an objective to develop the financial products and services in the Gujarat International Finance Tec-City International Financial Services Centre (GIFT IFSC) has prescribed the regulatory framework for Real Estate Investment Trusts (REITs) and Infrastructure Investment Trusts (InvITs) in IFSC.

IFSCA has permitted global participants i.e. REITs and InvITs incorporated in FATF compliant jurisdictions to list on the stock exchanges in GIFT IFSC. Additionally, InvITs have been permitted to raise funds through private placements also.

The REITs and InvITs registered in IFSC have been permitted to invest in real estate assets and infrastructure projects respectively in IFSC, India and other foreign jurisdictions, which is in line with the framework provided in the global financial centres.

Additionally, the REITs and InvITs that are already listed in any of the permissible jurisdictions other than IFSC (currently USA, Japan, South Korea, United Kingdom excluding British Overseas Territories, France, Germany, Canada and India) or India have been permitted to list and trade on the recognised stock exchanges in IFSC, subject to compliance with their respective laws of home jurisdiction.

The listing of REITs and InvITs in IFSC shall be in accordance with the requirements of the stock exchanges in IFSC.

The entities in IFSC can participate and benefit from the growth of real estate and infrastructure sector in international jurisdictions.

Further details on the framework for REITs and InvITs are available on the IFSCA website at the URL: <https://ifsc.gov.in/Circular>

MINISTRY OF FINANCE

Extension of due date of furnishing of Income Tax Returns and Audit Reports

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 are 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) has also been extended to 31st October, 2020.

In order to provide more time to taxpayers for furnishing of Income Tax Returns, it has been decided to further extend the due date for furnishing of Income-Tax Returns as under:

- (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 extension by the said notification) as per the Act is 31st October, 2020] has been 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 extension by the said notification) as per the Act is 30th November, 2020] has been 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 extension by the said notification) as per the Act was 31st July, 2020] has been extended to 31st December, 2020.

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 has also been extended to 31st December, 2020.

Further, in order to provide relief to small and middle class taxpayers, the said notification dated 24th June, 2020 had also extended the due date for payment of self-assessment tax for the taxpayers whose self-assessment tax liability is up to Rs. 1 lakh. Accordingly, the due date for payment of self-assessment tax for the taxpayers who are not required to get their accounts audited was extended from 31st July, 2020 to 30th November, 2020 and for the auditable cases, this due date was extended from 31st October, 2020 to 30th November, 2020.

In order to provide relief for the second 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 31st January, 2021 for the taxpayers mentioned in para 3(A) and para 3(B) and to 31st December, 2020 for the taxpayers mentioned in para 3(C).

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

MINISTRY OF FINANCE

IFSCA Committee submits second interim report on development of international retail business – Finserv from India

The International Financial Services Centres Authority (IFSCA) Expert Committee on international retail business development in the IFSC has submitted its second interim report to the Chairperson of the IFSCA.

This interim report covers a number of suggestions aimed at swift and efficient development of international retail businesses in the IFSC, and focuses on recommendations for international insurance activity to flourish in the IFSC. This report follows the first interim report, covering banking-related proposals which was submitted on September 11, 2020. Other key business verticals, i.e., asset management and capital markets, will be covered in reports that the committee will submit in due course.

The Expert Committee has been constituted by the IFSCA to make recommendations on promoting international retail business in International Financial Services Centre (IFSC) along with potential strategies for making IFSC attractive for international financial services; provide a roadmap for future growth of international retail business in IFSC; and also examine and recommend any other issues that are important in the development of the IFSC.

The main recommendations of this interim report deal with making the GIFT IFSC an attractive destination for Life, Health and Non-Life Insurance companies. Some of the key recommendations of the report include:-

- Permit Non-resident Indians (NRIs)/ Persons of Indian Origin (PIOs) to buy Life Insurance policies for themselves as well as their family members who are based in India and abroad from companies set up in the IFSC and allow them to pay premium in the currency of their choice (including Indian rupees).
- Permit NRIs/PIOs to buy portable life insurance policies which offers them flexibility to pay premium in INR or in foreign currency, based on their choice, after they return to India.
- Permit residents to buy overseas health insurance for themselves and their dependents (in India and overseas) from insurance companies or intermediaries in the IFSC for medical treatment anywhere in the world.
- Allow insurance companies to offer health insurance products to NRIs/PIOs including covering their family members who are based in India.
- Permit insurance companies in the IFSC to offer personal accident cover, baggage loss, documents loss cover and travel health insurance anywhere in the world for NRIs/ PIOs and to any other non-resident.
- IFSC should emerge as Reinsurance Hub for Asia and Africa with more reinsurers encouraged to set up base in IFSC. IFSC can also emerge as Aviation insurance Hub for the world.

- Insurers be allowed to set up subsidiaries in IFSC to promote business.
- Indian investors be allowed to set up direct and reinsurance companies with lower capital requirements to promote insurance abroad.
- Foreign reinsurance brokers be encouraged to set up base in IFSC to create a vibrant insurance market.

“The Committee believes that the IFSC can become an engine of economic growth for India. The global opportunity for Insurance sector is immense. The Indian insurance sector is underperforming compared to that of developed and emerging economies. Insurance penetration and density, which are the key performance indicators of the insurance industry, are especially low in India. GIFT IFSC promises to offer a cost-effective and tax-efficient jurisdiction for insurance companies to set up operations there,” said Pradip Shah, Chairman of the Expert Committee

The Government of India had constituted the IFSCA with Shri Injeti Srinivas as its Chairperson earlier this year to develop and regulate the financial services market in the IFSC in India. The other members of the Expert Committee comprise G. Srinivasan, (Ex-CMD, New India Assurance Ltd.), Siddhartha Sengupta, (ex-DMD, State Bank of India), Shyamal Mukherjee (chairman, PWC), Prakash Subramanian (head- Strategy, Standard Chartered Bank), Dipesh Shah (head-IFSC dept., GIFT IFSC) and Nitin Jaiswal (head-Govt Affairs and Strategic relations, Bloomberg, Asia Pacific). The Committee has so far held 16 video meetings and met with 36 participants in financial services in India and abroad.

Apart from channelizing India's offshore business to the IFSC located at GIFT City and making it the gateway for India centric international financial services, the objective is to make it a global hub for international financial services on the lines of London, Hong Kong, Singapore, and Dubai.

MINISTRY OF FINANCE

Extension of due dates for Annual Return and Reconciliation Statement for 2018-19

The Government has been receiving a number of representations regarding need to extend due date for filing Annual Return (FORM GSTR-9) and Reconciliation Statement (FORM GSTR-9C) for 2018-19 on the grounds that on account of the COVID-19 pandemic related lockdown and restrictions, normal operation of businesses have still not been possible in several parts of the country. It has been requested that the due dates for the same be extended beyond 31st October 2020 to enable the businesses and auditors to comply in this regard.

In view of the same, on the recommendations of the GST Council, it has been decided to extend the due date for filing Annual Return (FORM GSTR-9/GSTR-9A) and Reconciliation Statement (FORM GSTR-9C) for Financial Year 2018-19 **from 31st October 2020 to 31st December, 2020**. Notifications to give effect to this decision would follow.

It may be noted that filing of Annual Return (FORM GSTR-9/ GSTR-9A) for 2018-19 is optional for taxpayers who had aggregate turnover below Rs. 2 crore. The filing of reconciliation Statement in FORM 9C for 2018-19 is also optional for the taxpayers having aggregate turnover upto Rs. 5 crore.

RESERVE BANK OF INDIA

Digital Payment Transactions – Streamlining QR Code infrastructure

As you are aware, Reserve Bank had constituted a Committee (Chairperson : Prof Deepak Phatak) to review the current system of Quick Response (QR) Codes in India and suggest measures for moving towards interoperable QR Codes. The [report](#) of the Committee containing various recommendations was placed on the Reserve Bank website for public comments and feedback.

After examining the recommendations and the feedback received, the following has been decided:

- The two interoperable QR codes in existence – UPI QR and Bharat QR – shall continue as at present.
- Payment System Operators (PSOs) that use proprietary QR codes shall shift to one or more interoperable QR codes; the process of migration shall be completed by March 31, 2022.
- No new proprietary QR codes shall henceforth be launched by any PSO for any payment transaction.
- RBI shall continue a consultative process to standardise and improve interoperable QR codes, to enable beneficial features identified by the Phatak Committee.
- PSOs may take initiative to increase awareness about interoperable QR codes.

The above measures are expected to reinforce the acceptance infrastructure, provide better user convenience due to interoperability and enhance system efficiency.

This directive is issued under Section 10 (2) read with Section 18 of the Payment and Settlement Systems Act, 2007 (Act 51 of 2007).

Yours faithfully,

(P. Vasudevan)
Chief General Manager

RESERVE BANK OF INDIA

RBI released “State Finances: A Study of Budgets of 2020-21”

The Reserve Bank of India (RBI) released the report titled “[State Finances: A Study of Budgets of 2020-21](#)”, an annual publication that provides information, analysis and an assessment of the finances of state governments for 2020-21 against the backdrop of actual and revised (or provisional accounts) outcomes for 2018-19 and 2019-20, respectively. The theme of this year’s Report is “COVID-19 and its Spatial Dimensions in India”.

Highlights:

- States’ consolidated gross fiscal deficit (GFD) is placed at 2.8 per cent of GDP for 2020-21; however, the COVID-19 pandemic may alter budget estimates substantially.
- The consequent rising levels of debt and guarantees pose risks to state finances, going forward.
- Sustaining the recovery from the pandemic will entail boosting investment in health care systems consistent with demographic and co-morbidity profiles; building digital infrastructure for more efficient provision of public services; upgrading the urban infrastructure; and increasing engagement of local governments.

This publication has been prepared in the Division of State Finances of the Department of Economic and Policy Research. The current issue, along with past issues of the Report, is available on the Reserve Bank’s website (www.rbi.org.in). Comments on this publication may be sent to The Director, Division of State Finances, Department of Economic and Policy Research, Reserve Bank of India, Shahid Bhagat Singh Road, Mumbai - 400001. Comments can also be forwarded via [e-mail](#).

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