

FICCI Gujarat State Council

24th April, 2020 - Friday

Key Developments in Various Sectors

72% companies to take a Covid hit, 61% to defer expansion: FICCI survey

Almost 72% of companies see their businesses being highly impacted by the emerging situation of the impact of Covid-19 and the lockdown, according to a business impact survey released on Tuesday. Data from a Federation of Indian Chambers of Commerce & Industry (FICCI) survey said 70% of surveyed firms saw sales declining by more than 20% this fiscal. “The Covid-19 pandemic is causing deep economic harm and could reverse the gains made in the industrial economy over many decades. There is a need to render immediate and sizable support to industry to protect people, jobs, and enterprises,” said Sangita Reddy, president of Ficci. The Ficci-Dhruva Survey, conducted firms saw sales declining by more than 20% this fiscal.

<https://economictimes.indiatimes.com/news/company/corporate-trends/72-companies-to-take-a-covid-hit-61-to-defer-expansion-ficci-survey/articleshow/75281404.cms>

I-T return forms to be modified

The Finance Ministry on Sunday announced that the Income Tax return forms for Assessment Year [2020-21](#) (fiscal year [2019-20](#)) will be revised. New forms will be made public by the end of this month. “In order to facilitate the taxpayer to avail full benefits with various timeline extension up to June 30 granted by the government, it has initiated necessary changes in the return forms so that taxpayers could take benefits of their transactions carried out during the period from April 1 to June 30, in the return forms for FY [2019-20](#),” the Ministry said in a statement.

<https://www.thehindubusinessline.com/economy/i-t-return-forms-to-be-modified/article31382016.ece>

Selective relaxation in non-containment areas from April 20: Government

Selective relaxation will be given in non-containment areas from April 20, but strict perimeter control will continue in Covid-19 containment zones with nothing except essential services allowed there, the government said on Sunday. Addressing a daily media briefing for updates on the coronavirus situation, Joint Secretary in the Health Ministry Lav Agarwal said besides Mahe in Puducherry and Kodagu in Karnataka, there has been no new Covid-19 case for the last 14 days in 54 districts across 23 states and Union Territories. Selective relaxation will be given in non-containment areas from April 20, but strict perimeter control will continue in Covid-19 containment zones with nothing except essential services allowed there, the government said on Sunday. Addressing a daily media briefing for updates on the coronavirus situation, Joint Secretary in the Health Ministry Lav Agarwal said besides Mahe in Puducherry and Kodagu in Karnataka, there has been no new Covid-19 case for the last 14 days in 54 districts across 23 states and Union [Territories.In](#) Mahe and Kodagu there has been no coronavirus case since the last 28 days.

<https://www.thehindubusinessline.com/news/selective-relaxation-in-non-containment-areas-from-april-20-government/article31382749.ece>

Govt bets on artificial intelligence, data analytics to weed out shell cos

The corporate affairs ministry is betting on artificial intelligence and data analytics as key elements in the fight against the menace of shell companies as it works to put in place an ecosystem that will have "zero tolerance" for non-compliance with regulations. Continuing efforts to have a robust corporate governance system and ensure high level of compliance, the ministry is also in the process of having an advanced MCA 21 portal. The portal is used for submission of requisite filings under the companies law and is also a repository of data on corporates in the country. Corporate Affairs Secretary Injeti Srinivas told that once the third version of MCA 21 becomes fully operational, the portal would make it "almost impossible for a shell company to survive."

<https://economictimes.indiatimes.com/news/economy/policy/govt-bets-on-artificial-intelligence-data-analytics-to-weed-out-shell-cos/articleshow/75230101.cms>

Govt unlikely to exempt GST on masks, ventilators, and PPEs

The government is unlikely to exempt GST on medical items like ventilators, PPEs, masks, test kits and sanitisers, as it would lead to blocked input tax credit (ITC), thereby increasing the cost of manufacturing and consequently, the price for consumers. There have been demands from certain sections to exempt GST on certain items like ventilators, personal protective equipment (PPEs), masks, test kits and sanitisers that are essential items for treatment of COVID-19 saying that GST exemption on these items would lead to reduction in prices. Currently, GST rate on ventilator is 12 per cent; on mask, it is 5 per cent; on test kits, it is 12 per cent; on sanitiser, it is 18 per cent; and on PPE, it is 5 per cent (costing up to Rs 1,000) and 12 per cent (if the cost is more than Rs 1,000 per piece).

https://www.business-standard.com/article/economy-policy/covid-19-govt-unlikely-to-exempt-gst-on-masks-ventilators-and-ppes-120041900768_1.html

Competition Commission cautions businesses against unfair practices amid coronavirus pandemic

The Competition Commission of India (CCI) on Sunday cautioned businesses against indulging in unfair trade practices amid the coronavirus pandemic that has caused disruptions in supply chains. At the same time, the watchdog has provided an assurance to companies that coordinated activities and joint arrangements during this time for the purpose of business continuity would be taken into consideration in case there is a complaint against them in the future. The CCI keeps a tab on unfair business practices in the market place and has powers to take action against erring entities, including imposition of penalties. In an advisory on Sunday, the regulator said the Competition Act has in-built safeguards to protect businesses from sanctions for certain coordinated conduct, provided such arrangements result in increasing efficiencies.

<https://economictimes.indiatimes.com/news/economy/policy/competition-commission-cautions-businesses-against-unfair-practices-amid-coronavirus-pandemic/articleshow/75236931.cms>

Textiles ministry notifies extension of scheme to rebate taxes on garment exports

Garment exporters will continue to get rebate on central and state taxes on their outward shipments as the government has decided to extend the RoSCTL scheme beyond March 2020 to enhance competitiveness of the labour-intensive textiles sector. The Ministry of Textiles has issued a notification extending the Scheme of Rebate of State and Central Taxes and Levies on Export of Garments and Made-ups (RoSCTL) which was in force up to March 31, 2020. "The Government has decided to continue the said Scheme w.e.f. April 01,

2020 until such time that the RoSCTL Scheme is merged with Remission of Duties and Taxes on Exported Products (RoDTEP) Scheme without any change in Scheme guidelines and rates as notified (earlier)," said the notification.

<https://economictimes.indiatimes.com/industry/cons-products/garments-/-textiles/textiles-ministry-notifies-extension-of-scheme-to-rebate-taxes-on-garment-exports/articleshow/75230742.cms>

Government should utilise IFSC platform to support export industry: Officials

To support the export industry amid a difficult economic scenario, the government has been requested to utilise IFSC platform at the GIFT City to enable various international financial services at competitive cost, senior officials said. Banking units and stock exchanges at IFSC, among other institutions, can play an important role towards this goal, the officials said. IFSC wrote a letter to the Commerce Ministry earlier this month and suggested several measures for export financing and export credit that need to be taken to support the industry amid nationwide lockdown to tackle the coronavirus pandemic, they said.

<https://www.financialexpress.com/economy/government-should-utilise-ifsc-platform-to-support-export-industry-officials/1933014/>

Government may take up PF for companies with 100+ staff

The government, keen to prevent job cuts, may soon pay both the employer and employee's share of provident fund contributions at more companies. An announcement on this could be part of an economic package that is in the works, a top government official told ET. As part of a ₹1.7 lakh crore package announced by finance minister Nirmala Sitharaman on March 26, the government had said it would pay the entire provident fund contribution of those who earn less than ₹15,000 per month. As part of a ₹1.7 lakh crore package announced by finance minister Nirmala Sitharaman on March 26, the government had said it would pay the entire provident fund contribution of those who earn less than ₹15,000 per month in companies that employ up to 100 people, where 90% draw salaries of less than ₹15,000 per month.

<https://economictimes.indiatimes.com/news/economy/policy/government-may-take-up-pf-for-companies-with-100-staff/articleshow/75239160.cms>

RBI's next Monetary Policy Committee meet scheduled for June 3-5; repo rate decision awaited

The Reserve Bank of India on Monday announced the calendar of the meetings of the Monetary Policy Committee (MPC) for the current financial year, and decision of the first meet will be announced on June 5. The RBI governor-headed committee will meet for five times during the financial year [2020-21](#). The previous MPC meeting was advanced in view of the COVID-19 outbreak to March 24, 26 and 27 from originally scheduled for March 31, April 1 and 3. The MPC in the previous meeting decided to sharply cut the repo rate by 75 basis points as the coronavirus outbreak led to the lockdown in the country adversely affecting economic activities. The six-member MPC has met for 22 times. The first meeting was held in October [2016](#). As per the schedule announced by the RBI, the next Monetary Policy Committee meeting will take place during June 3 to 5. The MPC decision is announced on the last day of the meeting.

<https://www.financialexpress.com/economy/rbis-next-monetary-policy-committee-meet-scheduled-for-june-3-5-repo-rate-decision-awaited/1934297/>

Finance Ministry sanctions Rs 46,038 crore as states share in taxes for April

The finance ministry sanctioned the release of Rs 46,038.10 crore to states as their share of central taxes and duties for April on Monday. The first instalment of tax devolution was made as per the recommendations of the 15th Finance Commission (FC), the ministry announced via Twitter. The NK Singh-led FC had assigned 41% of central taxes to the states and union territories and 1% to the union territories of Jammu & Kashmir and Ladakh. According to the state-wise break up, Uttar Pradesh received the highest amount at Rs 8,255.19 crore, followed by Bihar which got Rs 4,631.96 crore and Madhya Pradesh's Rs 3,630.6 crore.

<https://economictimes.indiatimes.com/news/economy/finance/finance-ministry-sanctions-rs-46038-crore-as-states-share-in-taxes-for-april/articleshow/75257114.cms>

Sebi grants breather to firms, extends expiration date for IPO approvals

Market regulator Sebi has granted a breather to companies by extending the expiration date for their IPO approvals. At present, the approvals given to IPOs are valid for a period of 12 months from the date of Sebi's final "observation". This has been extended by six months, subject to fulfilment of certain conditions. "The validity of the Sebi observations where the same have expired or will expire between March 1, 2020 and September 30, 2020 has been extended by six months, from the date of expiry of such observation," Sebi said in a circular. Further, the market regulator has allowed changes to the IPO structure. "The issuer shall be permitted to increase or decrease the fresh issue size by up to 50 per cent of the estimated issue size without requiring to file fresh draft offer document," the Sebi said. However, Sebi has said there has to be no change in the objects of the issue. Also, the relaxation is only for issues that open before the end of the current calendar.

https://www.business-standard.com/article/markets/sebi-grants-breather-to-firms-extends-expiration-date-for-ipo-approvals-120042101188_1.html

IRDAI allows payment of health cover premium in instalments

The Insurance Regulatory and Development Authority of India (IRDAI) has allowed the payment of health insurance premiums in instalments. "In view of prevailing conditions due to the outbreak of Covid-19, considering the need for easing of payment of health insurance premium, all insurers are allowed to collect health insurance premium in instalments," said DVS Ramesh, General Manager - Health, IRDAI, on Tuesday. The premium instalment facility may be offered either as a permanent feature or temporary relief for 12 months (one policy year) in respect of all health insurance policies that are due for renewal up to March 31, 2021, he said in circular. The details of the instalment facility for health insurance policies should be clearly displayed on the portals of the insurance companies, including specific details of names of the products.

<https://www.thehindubusinessline.com/money-and-banking/irdai-allows-payment-of-health-cover-premium-in-instalments/article31396518.ece?homepage=true>

MCA allows companies to hold first AGM before September 30

The Ministry of Corporate Affairs (MCA) allowed companies whose financial year ended in December, to hold their first Annual General Meeting (AGMs) within the first nine months of their current fiscal or September 30, without it being viewed as a violation under the Companies Act. The relaxation was given on account of many such companies requesting leniency on the AGM rules owing to the social distancing norms and the lockdown resulting from the Covid-19 outbreak, the ministry said in a circular released on Monday. "On account of the difficulties highlighted above, it is hereby clarified that if the companies whose financial year (other than first financial year) has ended on 31st December, 2019, hold their AGM for such financial year within a period of nine months from the closure of the financial year (i.e. by 30th September, 2020), the same shall not be viewed as a violation," the circular said.

<https://economictimes.indiatimes.com/news/economy/policy/mca-allows-companies-to-hold-first-agm-before-september-30/articleshow/75286636.cms>

Bread factories, milk plants allowed to operate in urban areas: Home Affairs Ministry

The Ministry of Home Affairs (MHA) on Tuesday clarified that food processing units, including bread factories, milk processing plants, flour mills and dal mills, located in urban areas are allowed to operate during the ongoing lockdown. It clarified that activities that are exempted in the public utilities space include recharge facilities for prepaid mobile connections. Also, in the social sector services space, bed-side attendants and caregivers of senior citizens residing in their homes are exempted during the lockdown. After receiving queries, the MHA clarified that these services and activities have already been exempted from lockdown measures, which has been imposed to contain the spread of Covid-19. It also directed District Authorities and Field agencies "to avoid ambiguity at the ground level", with regard to exemption of these services.

<https://www.thehindubusinessline.com/economy/bread-factories-milk-plants-allowed-to-operate-in-urban-areas-home-affairs-ministry/article31399222.ece>

Govt to suspend up to 1-year IBC provisions that trigger insolvency cases

In a major relief for corporate borrowers hit hard by the coronavirus pandemic, the government has decided to amend the insolvency law to suspend up to one year provisions that trigger insolvency proceedings against defaulters, according to sources. Further, the sources said amendments to the IBC (Insolvency and Bankruptcy Code) would pave the way for banks to restructure loans. The sources said an ordinance would be promulgated to suspend three sections of IBC for up to one year and a decision in this regard was taken by the Union Cabinet on Wednesday. Section 7, 9 and 10 of the IBC would be suspended for six months and the suspension time can be extended up to one year. An enabling provision with respect to extending the time would be part of the ordinance, they added. Suspension of these provisions could be extended up to one year based on the economic situation going forward.

https://www.business-standard.com/article/companies/govt-to-suspend-up-to-1-year-ibc-provisions-that-trigger-insolvency-cases-120042301116_1.html

PM Modi, Sitharaman to meet on Friday to finalise second stimulus package

Prime Minister Narendra Modi and Finance Minister Nirmala Sitharaman will again meet on Friday to finalise a second stimulus package for industry, the poor and farmers. An announcement is expected within the next 24-48 hours. Friday's meeting follows a wide range of deliberations held within the government and with eminent experts. However, there may not be a 'big-bang' stimulus package and the government thinking is to go for smaller, targeted announcements. On Wednesday, Senior PMO officials had a videoconference with officials from the finance ministry, Niti Aayog, members of the Economic Advisory Council to the Prime Minister, and independent experts. Those who are learnt to have participated in the meeting included former RBI governor Urjit Patel, Economic Advisory Council to the Prime Minister Chairman Bibek Debroy, Member Sajjid Chenoy, 15th Finance Commission Chairman NK Singh and director of National Institute of Public Finance and Policy Rathin Roy.

https://www.business-standard.com/article/economy-policy/pm-modi-sitharaman-to-meet-on-friday-to-finalise-second-stimulus-package-120042301516_1.html