



# ASSOCHAM NEWS & VIEWS

WEEKLY

## Highlights

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- ⇒ **CENTRAL GOVERNMENT NOTIFIES EXEMPTION FROM QUOTING AADHAAR / ENROLMENT ID TO CERTAIN INDIVIDUALS**
- ⇒ **RATE OF EXCHANGE EXPORT AND IMPORT GOODS**
- ⇒ **RBI OUTLINES THE ACTION PLAN TO IMPLEMENT THE BANKING REGULATION (AMENDMENT) ORDINANCE, 2017**



**THE ASSOCIATED CHAMBERS OF COMMERCE AND INDUSTRY OF INDIA**

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## **MINISTRY OF COMMERCE & INDUSTRY**

### **INDIA'S FOREIGN TRADE: April, 2017**

#### **EXPORTS (including re-exports)**

In continuation with the double digit growth exhibited by exports during March 2017, exports during April 2017 have shown growth of 19.77 per cent in dollar terms valued at US\$ 24635.09 million as compared to US\$ 20568.85 million during April, 2016. In Rupee terms, during April 2017 exports were valued at Rs. 158913.79 crore as compared to Rs. 136720.11 crore during April, 2016, registering a positive growth of 16.23 per cent.

Non-petroleum and Non Gems & Jewellery exports in April 2017 were valued at US\$ 17718.87 million against US\$ 15136.41 million in April 2016, an increase of 17.06 %.

The growth in exports is positive for all major economies, USA (4.74%), EU (0.16%), Japan (13.30%) except for China (-1.56%) for February 2017 over the corresponding period of previous year as per latest WTO statistics.

#### **IMPORTS**

Imports during April 2017 were valued at US\$ 37884.28 million (Rs. 244380.52 crore) which was 49.07 per cent higher in Dollar terms and 44.67 per cent higher in Rupee terms over the level of imports valued at US\$ 25413.72 million (Rs. 168923.71 crore) in April, 2016.

#### **CRUDE OIL AND NON-OIL IMPORTS**

Oil imports during April, 2017 were valued at US\$ 7359.27 million which was 30.12 percent higher than oil imports valued at US\$ 5655.92 million in April 2016.

In this connection it is mentioned that the global Brent prices (\$/bbl) have increased by 25.40% in April 2017 vis-à-vis April 2016 as per World Bank commodity price data (The pink sheet).

Non-oil imports during April, 2017 were estimated at US\$ 30525.01 million which was 54.50 per cent higher than non-oil imports of US\$ 19757.80 million in April, 2016.

#### **TRADE BALANCE**

Overall the trade balance has improved. Taking merchandise and services together, overall trade deficit for April- March 2016-17 is estimated at US\$ 40980.00 million which is 16.87 percent lower in Dollar terms than the level of US\$ 49297.53 million during April-March 2015-16.

## **MINISTRY OF COMMERCE & INDUSTRY**

### **The 18th Session of India-Sweden Joint Commission for Economic, Industrial and Scientific Cooperation**

The Eighteenth Session of India-Sweden Joint Commission for Economic, Industrial and Scientific Cooperation (JCEC) was held in New Delhi on 17 May, 2017. The Indian delegation was led by Ms. Nirmala Sitharaman, Commerce and Industry Minister. The Sweden delegation was led by Ms. Ann Linde, Minister for Trade and EU Affairs, Ministry for Foreign Affairs.

Both sides expressed their satisfaction that considerable substance and contents had been added to bilateral relations during the last 2 years and reiterated their mutual desire and commitment to further strengthen the existing trade and investment relations and all-round bilateral cooperation.

The deliberations at the JCEC meeting provided an excellent opportunity to review the current state of ongoing cooperation in diverse fields such as Trade and Investment, Sustainable Urban development, Micro Small and Medium Enterprises, Environment, Education, Health, Renewable Energy, Science & Technology, etc.

The two sides also identified Telecommunications, Sustainable Urban transport and road safety, traditional medicine and Food Science & technology as other areas where potential for cooperation exists.

#### **Some of the highlights of this JCEC are:**

- The two sides are working towards a Memorandum of Understanding in order to strengthen the cooperation in the field of Intellectual Property. It was also agreed to expedite the finalization of other bilateral agreements currently under discussion.
- Both sides expressed interest on promoting innovation partnerships between the two countries.
- The two sides agreed to establish mechanisms for Swedish/Indian companies to facilitate their investments and business in India and Sweden. The two sides further agreed for regular meetings between Indian and Swedish Governments/ businesses for facilitating the same.
- Both sides agreed to have mid-term reviews on the progress of achievements in Sweden and India, alternatively.

## **MINISTRY OF FINANCE**

### **Central Government notifies Exemption from Quoting Aadhaar / Enrolment ID to certain individuals**

The Central Government vide notification dated 11<sup>th</sup> May, 2017 has notified that the requirement of quoting of *Aadhaar* / Enrolment ID shall not apply to the following individuals if they do not possess the *Aadhaar* / Enrolment ID:

- i. An individual who is residing in the state of Assam, Jammu and Kashmir and Meghalaya.
- ii. An individual who is a non-resident as per the Income-tax Act, 1961.
- iii. An individual of the age of eighty years or more at any time during the previous year.
- iv. An individual who is not a citizen of India.

**The notification is available on the Income Tax website [www.incometaxindia.gov.in](http://www.incometaxindia.gov.in).**

Section 139AA of the Income-tax Act, 1961, as inserted by the Finance Act, 2017 provides for mandatory quoting of *Aadhaar* / Enrolment ID of *Aadhaar* application form for filing of return of income and for making an application for allotment of Permanent Account Number with effect from 1<sup>st</sup> July, 2017. Section 139AA (3) of the Act empowers the Central Government to notify the person(s) or State(s) to which the requirement of quoting of *Aadhaar* / Enrolment ID shall not apply.

## **MINISTRY OF FINANCE**

### **The Union Minister of Finance, Shri Arun Jaitley, launches Operation Clean Portal; Will enable citizen engagement for creating a tax compliant society and transparent tax administration**

The Union Minister of Finance, Shri Arun Jaitley, officially launched the Portal of **Operation Clean Money** (<https://www.cleanmoney.gov.in>) in New Delhi in the presence of senior officers of the Ministry of Finance, Department of Revenue and the Central Board of Direct Taxes.

The Operation Clean Money was initiated by the Income Tax Department (ITD) on the 31st January, 2017 with the launch of e-verification of large cash deposits made during 9th November to 30th December 2016. In the first phase, around **18 lakh persons** were identified in whose case, cash transactions did not appear in line with the tax payer's profile. There has been an encouraging response to the online verification process and more than **9.72 lakh taxpayers** submitted their response without visiting Income tax office up to 12<sup>th</sup> May, 2017. These taxpayers have provided response for **13.33 lakh accounts** involving cash deposits of around **Rs. 2.89 lakh crore**. The online responses have been assessed and no further action will be taken in cases of satisfactory explanation.

#### **The salient features of the Operation Clean Money Portal launched today are:**

- **Providing comprehensive information at one place** consisting of Step by Step Guides, Frequently asked Questions, User Guides, Quick Reference Guides and Training Toolkits related to verification process and other issues.
- **Enabling Citizen Engagement for creating a tax compliant society** where every Indian takes pride in paying taxes. Citizens would be able to support the Operation Clean Money by taking pledge, contribute by engaging and educating fellow citizens, and share their experiences and provide feedback.
- **Enabling Transparent Tax Administration** by sharing status reports (including sanitized cases and explanation of verification issues) and thematic analysis reports (e.g. taxpayer segment analysis of cash deposit data).

The ITD on-boarded two specialised data analytics agencies and a business process management agency to augment departmental capability in analyzing large volumes of cash deposit data, track the compliance status of taxpayers and reporting entities.

In **Phase II of Operation Clean Money**, the high risk cases will be handled by selecting appropriate enforcement action (verification, search, survey, scrutiny). A targeted campaign will be initiated in cases with identified risk issues. The key components of the targeted campaign are:

- Communication of specific issue through digital channels (Email, SMS etc.)
- Providing detailed explanation to create environment of transparency
- Sharing investigation findings for specific segments (e.g. Jewellers, petrol pump, traders, property purchasers etc.)
- Centralised monitoring and gradual escalation of inadequate response cases for enforcement action

With the continuous flow of information from various sources including Statement of Financial Transactions (SFT), the ITD is conducting analysis in conjunction with previously available/analysed data. Such incremental data analysis has already led to identification of new cases for e-verification. Furthermore, ITD has also identified **3.71 lakh new accounts** relating to **1.58 lakh taxpayers** who made partial declaration of accounts/amounts in their earlier responses. In addition to the earlier 18 lakh cases, **5.68 lakh new cases** have been identified for e-verification process.

The Income Tax Department urges all taxpayers and citizens to actively participate in Operation Clean Money for a common cause of building a proud nation, which runs on the strength of the honest taxpayers.

GOVERNMENT OF INDIA  
 MINISTRY OF FINANCE  
 (DEPARTMENT OF REVENUE)  
 (CENTRAL BOARD OF EXCISE AND CUSTOMS)  
**Notification No.49/2017 - Customs (N.T.)**

May 18, 2017

In exercise of the powers conferred by section 14 of the Customs Act, 1962 (52 of 1962), and in supersession of the notification of the Central Board of Excise and Customs No.43/2017-CUSTOMS (N.T.), dated 4th May, 2017, except as respects things done or omitted to be done before such supersession, the Central Board of Excise 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 19th May, 2017, 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**

Sr. No.	Foreign Currency	Rate of exchange of one unit of foreign currency equivalent to India rupees	
		(a) (For Imported Goods)	(b) (For Export Goods)
(1)	(2)	(3)	
1	Australian Dollar	48.95	47.20
2	Bahrain Dinar	177.05	165.05
3	Canadian Dollar	48.10	46.60
4	Chinese Yuan	9.50	9.20
5	Danish Kroner	9.85	9.45
6	EURO	73.10	70.60
7	Hong Kong Dollar	8.40	8.15
8	Kuwait Dinar	219.25	204.95
9	New Zealand Dollar	45.55	43.75
10	Norwegian Kroner	7.80	7.50
11	Pound Sterling	85.05	82.20



12	Qatari Riyal	18.10	17.10
13	Saudi Arabian Riyal	17.75	16.60
14	Singapore Dollar	47.05	45.60
15	South African Rand	5.00	4.70
16	Swedish Kroner	7.50	7.25
17	Swiss Franc	66.95	64.75
18	UAE Dirham	18.15	16.95
19	US Dollar	65.30	63.60

**SCHEDULE-II**

Sr. No.	Foreign Currency	Rate of exchange of 100 unit of foreign currency equivalent to India rupees	
		(a) (For Imported Goods)	(b) (For Export Goods)
(1)	(2)	(3)	
		(a)	(b)
		(For Imported Goods)	(For Export Goods)
1	Japanese Yen	59.05	57.05
2	Kenya Shilling	64.50	60.25

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(Kshitendra Verma)  
Under Secretary to the Govt. of India

## **RESERVE BANK OF INDIA**

### **Reserve Bank of India Outlines the action plan to implement the Banking Regulation (Amendment) Ordinance, 2017**

In a Release, the Reserve Bank of India outlined the steps taken and those on the anvil post the promulgation of the Banking Regulation (Amendment) Ordinance, 2017.

The amendments to the BR Act 1949, introduced through the Ordinance, and the notification issued thereafter by the Central Government empower RBI to issue directions to any banking company or banking companies to initiate insolvency resolution process in respect of a default, under the provisions of the Insolvency and Bankruptcy Code, 2016 (IBC). It also enables the Reserve Bank to issue directions with respect to stressed assets and specify one or more authorities or committees with such members as the Bank may appoint or approve for appointment to advise banking companies on resolution of stressed assets.

Immediately upon the promulgation of the Ordinance, the Reserve Bank issued a directive bringing the following changes to the existing regulations on dealing with stressed assets.

- i. It was clarified that a corrective action plan could include flexible restructuring, SDR and S4A.
- ii. With a view to facilitating decision making in the JLF, consent required for approval of a proposal was changed to 60 percent by value instead of 75 percent earlier, while keeping that by number at 50 percent.
- iii. Banks who were in the minority on the proposal approved by the JLF are required to either exit by complying with the substitution rules within the stipulated time or adhere to the decision of the JLF
- iv. Participating banks have been mandated to implement the decision of JLF without any additional conditionality.
- v. The Boards of banks were advised to empower their executives to implement JLF decisions without further reference to them

It was made clear to the banks that non-adherence would invite enforcement actions.

Currently, the Oversight Committee (OC) comprises of two Members. It has been constituted by the IBA in consultation with RBI. It has been decided to reconstitute the OC under the aegis of the Reserve Bank and also enlarge it to include more Members so that the OC can constitute requisite benches to deal with the volume of cases referred to it. While the current Members will continue in the reconstituted OC, names of a few more will be announced soon. The Reserve Bank is planning to expand the scope of cases to be referred to the OC beyond those under S4A as required currently.

The Reserve Bank is working on a framework to facilitate an objective and consistent decision making process with regard to cases that may be determined for reference for resolution under the IBC. Reserve Bank has already sought information on the current status of the large stressed assets from the banks. The RBI would also be constituting a Committee comprised majorly of its independent Board Members to advise it in this matter.

The current guidelines on restructuring are under examination for such modifications as may be necessary to resolve the large stressed assets in the banking system in a value optimising manner. The Reserve Bank envisages an important role for the credit rating agencies in the scheme of things and, with a view to preventing rating-shopping or any conflict of interest, is exploring the feasibility of rating assignments being determined by the Reserve Bank itself and paid for from a fund to be created out of contribution from the banks and the Reserve Bank.

The Reserve Bank notes that the proper exercise of the enhanced empowerment would require coordination with and cooperation from several stakeholders including banks, ARCs, rating agencies, IBBI and PE firms, to which end the Reserve Bank would be holding meetings in the near future with these stakeholders.

The Reserve Bank will issue further updates as may be deemed necessary at an appropriate time.

Jose J. Kattoor  
Chief General Manager