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ASSOCHAM NEWS & VIEWS

WEEKLY

Highlights

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THE ASSOCIATED CHAMBERS OF COMMERCE AND INDUSTRY OF INDIA

	AUG 27- SEPT 02, 2017

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Formulation of a new Industrial Policy

The Department of Industrial Policy and Promotion, Ministry of Commerce and Industry initiated the process of formulation of a new Industrial Policy in May 2017. Since the last Industrial Policy announced in 1991, India has transformed into one of the fastest growing economies in the world. With strong macro-economic fundamentals and several path breaking reforms in the last three years, India is equipped to deploy a different set of ideas and strategies to build a globally competitive Indian industry. The new Industrial Policy will subsume the National Manufacturing Policy.

A consultative approach has been taken for industrial policy formulation wherein six thematic focus groups and an online survey on DIPP website have been used to obtain inputs. Focus groups, with members from government departments, industry associations, academia, and think tanks have been setup to delve deep into challenges faced by the industry in specific areas. The six thematic areas include Manufacturing and MSME; Technology and Innovation; Ease of Doing Business; Infrastructure, Investment, Trade and Fiscal policy; and Skills and employability for the future. A Task Force on Artificial Intelligence for India's Economic Transformation has also been constituted which will provide inputs for the policy.

It is proposed that the new Industrial Policy will aim at making India a manufacturing hub by promoting 'Make in India'. It will also suitably incorporate the use of modern smart technologies such as IOT, artificial intelligence and robotics for advanced manufacturing.

Hon'ble Minister of State(i/c) for Commerce & Industry Smt Nirmala Sitharaman will hold consultations with stakeholders, including industry captains, think tanks and State governments in Chennai, Guwahati and Mumbai. The Industrial Policy is likely to be announced in October 2017.

A discussion paper in this regard is attached herewith for information of the members. Members are requested to send give their comments, feedback, suggestions regarding framing of the new Policy latest by 19th September 2017 at assocham@nic.in to enable us to submit the same to the concerned department.

Click here to see the Attachment

MINISTRY OF COMMERCE & INDUSTRY

Fourth Session of the India-Tanzania Joint Trade Committee (JTC)

The Fourth Session of the India-Tanzania Joint Trade Committee meeting was held in New Delhi, on 29th September, 2017. The Indian delegation was led by Hon'ble Minister for State for Commerce and Industry (Independent Charge) Ms. Nirmala Sitharaman. The Tanzanian delegation was led by the Hon'ble, Minister for Industry, Trade and Investment Mr. Charles John Mwijage.

The Hon'ble Minister of State(C&I) Ms Nirmala Sitharaman in her opening remarks highlighted that India and Tanzania enjoy close and cordial relations and underscored the unwavering bonds of friendship and solidarity, underpinned by a shared history of struggle against colonialism and the growing strategic partnership, multifaceted co-operation and vibrant people to people contact existing between the two countries.

During the meeting Hon'ble Prime Minister's state visit to Tanzania on 9-10 July 2016 was recalled. During the visit, discussions were held on all aspects of bilateral cooperation.

It was mentioned that Tanzania is one of the most important countries in Africa in so far as India's bilateral co-operation in various sectors is concerned. With an investment of US $ 2.2 billion, Tanzania is among the top 5 investment destinations for India. The Indian side conveyed to the Tanzanian side that the potential areas for Tanzania in India include Light oils and petroleum or bituminous minerals, motor cars and vehicles, medicaments etc Similarly, Metals and Minerals, dried cashew nuts in shells from Tanzania are required in India.

The Tanzanian side encouraged co-operation in the field of Fisheries, Industrial Development including Industrial Research and Development and SMEs Development, Information, Communication and Technology, Labour and Employment, Information, Culture, Arts and Sports.

The Indian Duty Free Tariff Preference Scheme of which Tanzania is a beneficiary has boosted considerably Tanzanian export to India in recent years. India and Tanzania agreed to enhance sectoral co-operation based on respective needs and comparative advantage for mutual benefit.

In the sectoral co-operation Gems and Jewellery, energy (Hydro/Thermal/Gas/Diesel/solar power plants), Oil and Natural Gas, Mining, Transport, Agriculture, Water Supply Projects, Human Resource Development, Capacity Building and trade promotion were discussed.

A liberal visa regime facilitates trade and investments. Visa on arrival is available in Tanzania though only for a three-month period. During the discussions, it was mentioned that long-term (at least one year visas) for reputed business companies with multi-entry facility will be helpful to promote investments and business collaboration between the two countries.

The discussion concluded in a warm and cordial atmosphere reflecting the friendly relations between the two countries. The meeting concluded with the signing of the mutually agreed document.

MINISTRY OF FINANCE

GST on Selling of space for advertisement in print media – Clarification regarding.

Query has been raised regarding GST applicable on selling of space for advertisement in print media.

Selling of space for advertisement in print media is leviable to GST @ 5%.If the advertisement agency works on principal to principal basis, that is, buys space from the newspaper and sells such space for advertisement to clients on its own account, that is, as a principal, it would be liable to pay GST @5% on the full amount charged by advertisement agency from the client.

Illustration: If newspaper sells a unit of space worth Rs. 100/- to advertisement agency for Rs. 85/- (after a trade discount of Rs. 15/-), the advertisement agency sells the same unit of space to client at Rs. 100/-, newspaper would be liable to pay GST @5% on Rs. 85/- (=Rs. 4.25/-), and the advertisement agency would be liable to pay GST on full value, that is, Rs. 100 (=Rs. 5/-) and may utilise ITC of Rs. 4.25/- for payment of the same.

On the other hand, if the advertisement agency sells space for advertisement as an agent of the newspaper on commission basis, it would be liable to pay GST@ 18% on the sale commission it receives from the Newspaper. ITC of GST paid on such sale commission would be available to Newspaper.

Illustration: Advertisement agency sells unit of space to the client not on its own account but on account of newspaper for Rs. 100/- and receives commission of Rs. 15/- for such sale from the Newspaper. In such a case, advertisement agency shall be liable to pay GST @18% on the sales commission of Rs. 15/- (=Rs. 2.7/-), ITCF of which shall be available to newspaper for payment of GST @5% on Rs. 100//-(value of space for advertisement sold by the newspaper)

However, if the advertisement agency supplies any service other than selling of space for advertisement, such as designing or drafting the advertisement, and such supply is not a part of any composite supply, the same would be liable to tax @18%. If such supplies are part of any composite supply, the rate applicable for the principal supply shall apply.

Therefore, everything depends on the terms of the contract between the newspaper, advertisement agency and the client.

MINISTRY OF FINANCE

Seminar on Policy and Regulatory Framework for Algorithm/ High Frequency Trading discusses fair and equitable access

A seminar on 'Policy and Regulatory Framework for Algorithm/ High Frequency Trading in India' was organised in New Delhi today by the Department of Economic Affairs and the National Institute of Financial Management (NIFM). "Fair access and zero tolerance to manipulative practices is what regulations for algo trading shall strive for" said Secretary Economic Affairs, Shri. S.C. Garg in his Key note address. Speaking on the occasion, Chief Guest Shri Ashok Lavasa, Finance Secretary, pointed out that Stock markets in India have matured and induction of technology as enabler is now inescapable to intrinsic issues of trading. He also highlighted that use of technology could effectively reduce the cost of have-nots accessing the market. The Finance Secretary said that setting up of Fin-Cert – the computer emergency response team in the financial sector to address cyber security is also underway.

A study report on Algo Trading / High Frequency Trading was released during the Seminar. Copy of the report can be accessed at http://dea.gov.in/sites/default/files/NIFM%20Report%20on%20Algo%20trading.pdf.

Algorithmic Trading and, particularly, High Frequency Trading and Colocation, are one of the most debated issues impacting the way the securities transactions are being conducted in the world. Speedy execution, accuracy, reduced costs and avoiding the errors of human emotions are some of the reasons for its increasing popularity. At the same time, the development of such technology raises several regulatory challenges, particularly with respect to market manipulation and ensuring equity and integrity of the markets. The seminar was organised in this context. Director NIFM Smt Meena Agrawal welcome the participants to the seminar. Shri Praveen Garg, Joint Secretary, Ministry of Finance introduced the seminar theme by providing a brief background of the evolution of algorithmic trading in India and highlighting some of the major concerns generated by it.

Mr. Muralidhar Rao, Executive Director SEBI informed that SEBI is carrying out simulation exercises to understand the merits and demerits of its proposals unveiled in its Discussion Paper of August 2016, in view of the various public comments received in this regard. SEBI has also setup a panel to evaluate concepts like regulatory sandbox for dealing with the technological challenges posed by algos and fintechs.

The panel consisting of Mr. Ashish Chouhan, MD, BSE, Mr. Vikram Limaye, MD, NSE, Mr. Mrugank Paranjape MD, MCX, Mr. Hector Colon, COO, Citadel Securities, Hong Kong, Mr. Nirav Parikh, Global Head, Electronic Trading Citigroup, Singapore and Mr. Tushar Mahajan, Listed F&O, Nomura Securities debated on relative positioning of Indian markets infrastructure vis a vis global markets, comprehensive risk management and surveillance systems already being put in place, aspects of latency which are hurting the system, Fintech evolution and how current Indian capital markets may co-exist, benefit from, and compete with the Fintech firms, efficacy of penalising based on order to trade ratio, unintended consequences of overhauling the micro structure of markets for controlling HFT, need for recognising and rewarding market making etc. The panel focused on the need for having a regulatory framework specific to the Indian ecosystem with clarity on what needs to be achieved rather than what needs to be controlled.

The seminar was attended by policy makers, regulators, academicians and leading market participants.

MINISTRY OF FINANCE

GST Revenue Figures – July 2017

The Goods and Services Tax (GST) tax was introduced on 1st of July, 2017. The last date for payment of GST for the month of July 2017 was 25th August, 2017. The last date for filing returns in cases, where the taxpayer wanted to avail transitional credit was 28th August, 2017 and, in all other cases, it was 25th August, 2017.

If we exclude the taxpayers who have registered with the GSTN in August 2017 and the composition dealers, total number of tax payers who were required to file the returns for July 2017 is **59.57 lakhs**, of which, as on 29th August, 2017 (10 a.m.), **38.38 lakh** returns have been filed, which is **64.42%** of the total number of returns, which are to be filed for the month of July 2017.

The total revenue of GST paid under different heads upto 29th August, 2017 (10 a.m) is **Rs.92,283 crore**. The total CGST revenue is **Rs.14,894 crore**, SGST revenue is **Rs.22,722 crore**, IGST revenue is **Rs.47,469 crore** (of which IGST from imports is **Rs.20,964 crore**) and Cess is **Rs.7,198 crore** (of which **Rs.599 crore** is Compensation Cess from imports).

It may be mentioned that IGST will be allocated between the CGST and the SGST to the extent that the same is used for payment of CGST/SGST. This exercise will be done based on the cross-utilisation report to be received from the GSTN. Exact revenue figures of the Central and the State Governments respectively will be known after this exercise is complete before the end of this month.

Out of total **72.33 lakh** taxpayers, **58.53 lakh** taxpayers have completely migrated to the GSTN and **13.80 lakh** taxpayers are yet to complete their procedural formalities to migrate to the GSTN. The number of new taxpayers who have registered with the GSTN upto 29th August, 2017 (10 a.m.) is **18.83 lakhs**.

RESERVE BANK OF INDIA

RBI released 'Quarterly Statistics on Deposits and Credit of Scheduled Commercial Banks: June 2017

Today, the Reserve Bank of India released the Quarterly Statistics on Deposits and Credit of Scheduled Commercial Banks (SCBs) as on June 30, 2017. The data for this quarterly survey have been collected from all SCBs, including Regional Rural Banks (RRBs). Data on aggregate deposits, with break-ups as per types of deposits and total credit classified by states, districts, centres, population groups and bank groups, are provided. The data can be accessed through the link https://dbie.rbi.org.in/DBIE/dbie.rbi?site=publications#!3.

Highlights:

- Deposits and credit of SCBs recorded higher growth (y-o-y) in June 2017 as compared with March 2017.
- Improvement in deposit growth was observed in urban and metropolitan areas, while growth in rural deposits declined for the second successive quarter.
- Bank credit growth was higher across all population groups and notably in non-metropolitan areas.
- Metropolitan branches/ offices constituted around 57 per cent of total business (aggregate deposits + bank credit) of all SCBs, followed by urban branches/ offices with a share of less than 20 per cent.
- Banks continued to enjoy higher share of current and savings accounts (CASA) deposits in the June 2017 quarter.
- Private sector banks continued to lead business growth both in terms of deposits (19.7 per cent) and credit (20.3 per cent), followed by RRBs.
- In contrast, deposits with foreign banks contracted for three quarters following demonetisation.
- The credit-deposit (C-D) ratio of SCBs at the all-India level declined to 72.8 per cent at end-June 2017 as compared with 73.7 per cent at end-March 2017.
- Among major states, the C-D Ratio improved in Gujarat and Uttar Pradesh.

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