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## 1. EXPORTERS TO GET BENEFITS UNDER RODTEP FROM JAN 1, 2021

Commerce Secretary Anup Wadhawan said "teething" issues pertaining to tax refund scheme RoDTEP will soon be resolved and the benefits under it will be available to exporters effective January 1 this year. Last year, the government had announced that it has decided to extend the benefit of Remission of Duties and Taxes on Exported Products (RoDTEP) scheme to all goods, with effect from January 1, 2021. Replying to a question regarding delay in rollout of RoDTEP, Wadhawan said it is a new scheme and there are always some "teething issues" in new initiatives. "The entire roadmap is clear and benefits will be available from January 1, 2021 it is just a matter of a few weeks, teething issues. They will be behind us But exporters know what to expect. They know it is a benefit that will come from January 1," he said at a media interaction. Wadhawan said electronic governance is a priority area for the government, and efforts have been made towards making all approval processes online, paperless and digitised, and minimise face-to-face interaction between the government and stakeholders. He further said the Directorate General of Foreign Trade (DGFT) is at the forefront of the effort and almost all its schemes are fully digitised and the approval process is paperless. On the government's initiative of developing districts as export hubs, Wadhawan said every district will be mobilised. He said awareness building and outreach to stakeholders is happening to ensure that every district realises its capacities and potential as an export hub and materialises it in the short to medium term.

(Source: Devdi scourse)

## 2. CCI CUTS PRICE OF COTTON AS 'ONE-TIME' CORRECTION

The Cotton Corporation of India (CCI) reduced the selling price of cotton as a "one-time correction." International cotton prices had risen almost 12% in the last two months and dropped at the same rate, said Pradeep Kumar Agarwal, CMD of CCI. "The CCI did not increase the prices to that extent. Since CCI prices went up only by about 2%, it has reduced the prices by [about] 2%," he said. The amount of reduction in prices differs according to the variety of cotton. This nominal correction will give a stimulus to the textile industry as those who want to buy cotton can do so now, he added. A. Sakthivel, chairman of the Apparel Export Promotion Council, said cotton yarn prices had gone up steeply in the last 4 months. The move by the CCI was significant for the textile value chain, especially

garment exporters, he said, appealing to textile mills to reduce yarn prices by ₹20 a kg as cotton prices had declined.

*(Source: The Hindu)*

### **3. TEXTILE EXPORTERS ASKS BUYERS TO INCREASE PRICES AS RAW MATERIAL COSTS RISE**

Knitwear exporters from Tirupur have asked buyers to increase prices against the backdrop of rising raw material costs. Raja M Shanmugham, president, Tirupur Exporters Association, said that there was an urgent need to hike the prices of knitwear products for Tirupur's exports to sustain and face the challenging business environment prevailing for the past four months. The textile town in Tamil Nadu exports products worth about Rs 27,000 crore. After the central government increased the minimum support price for cotton (kappas) procured from farmers, lint (ginned cotton) prices have risen from Rs 36,016/candy (355.54 kgs) in August 2020 to Rs 46,720/candy in March 2021 and the association has asked the Ministry of Textiles to intervene in the matter. Shanmugham said that the increase in cotton yarn prices, coupled with an increase in prices of accessories and dyeing charges have made the manufacturing of garments costlier. He pointed out that the fabric cost for manufacturing garments was Rs 384.16/kg in the month of August 2020 has now (March 2021) gone up to Rs 464.8/kg, an increase of 21%. Shanmugham said the difference in prices of regular cotton yarn and organic cotton yarn was just Rs 10/kg before November 2020, while now the difference was almost Rs 120 a kg. The cost for manufacturing garments was Rs 390.88 a kg in the month of August 2020 and has now (March 2021) gone up to Rs 566.72 a kg, an increase of 45 per cent. Shanmugham said in the case of cotton and Spandex yarn, due to the increase in prices of Spandex yarn, the cost for manufacturing garments was Rs 432.32/kg in August 2020 and had now (March 2021) gone up to Rs 546.56/kg, an increase of 26%. The association has appealed to buyers to consider the overall increase in the prices of fabric, which has resulted in an increase in cost of manufacturing of garments and requested them to revise the prices of garments to achieve a win-win situation.

*(Source: Business Standard)*

### **4. DUTY REVISIONS AFTER OCT TO COME WITH SUNSET CLAUSE, SAYS FM SITHARAMAN**

Duty change notifications post October 1 will come with a sunset clause after the government meets stakeholders in April on rationalising customs and anti-dumping duty, said Finance Minister Nirmala Sitharaman. Sitharaman, during a discussion on the Finance Bill in the Rajya Sabha, said she had announced in the budget that the government would rationalise any duty brought against dumping over the years. Anti-dumping duty notifications announced over decades did not have an end date and continue. The government will meet stakeholders from April 1 to review such duties. "And if any such decades old, anti-dumping duty or any other notification as regards increasing or reducing duties is felt necessary, we shall take it up, but from now, we have brought in a system whereby any such notification, which is brought out after consultation should come with a deadline. "So that say, two years after the notification, March of that year, there should be a review, and if it is felt necessary it can continue, if it's not necessary it should end rather than leaving it at the loose end," Sitharaman said. A new system will streamline such duties

from October 1. “The Finance Bill has some amendments towards achieving reduction in compliance, and aimed at ease of doing business,” she said. Rs 30,000 crore to be released to states GST compensation due to states for April 2020 to January 2021 is Rs 2.17 trillion, and back-to-back loans worth Rs 1.1 trillion have been released to states to meet the compensation shortfall. The central government will release another Rs 30,000 crore from the compensation fund in a few days to states. “Therefore, compensation, likely due to states and union territories in the year, 2020-21 is Rs 77,636 crores, this is the overall for all states,” she said.

*(Source: Business Standard)*

## **5. GST TECHNICAL GLITCHES BEHIND INPUT TAX CREDIT FRAUDS: CAG REPORT**

The Comptroller and Auditor General (CAG) of India has found that the goods and services tax (GST) system is prone to input tax credit (ITC) frauds due to complexity in the compliance system. “The originally envisaged system-validated ITC through ‘invoice matching’ had not been implemented. The complexity of return mechanism and technical glitches had resulted in roll-back of key GST returns, rendering the system prone to ITC frauds,” CAG said in its report submitted in Parliament. The GST returns system is still a work in progress despite more than three years of roll-out, it said. “In the absence of a stable and simplified return mechanism, one of the main objectives of GST rollout simplified tax compliance system is yet to be achieved,” the report said. CAG recommended fixing a definite time frame for rollout simplified returns forms as frequent deferments are resulting in a delay in its stabilisation and continued uncertainty in the GST ecosystem. During October 2018 to March 2020, CAG examined records relating to 4,736 of 23,106 refunds in 33 Central GST (CGST) commissionerates. It noticed non-adherence to extant provisions in processing refunds in 280 claims (6 per cent) involving an amount of Rs 16.16 crore. “We observed instances of irregular grant of refund due to non-consideration of minimum balance in electronic credit ledger, irregular sanction of refund of input tax credit availed of on capital goods, etc,” the report said. The CGST revenue was short of the Budget Estimates and the Revised Estimates during 2018-19 and 2019-20. The shortfall vis-à-vis Budget Estimates was 22 per cent and 10 per cent for the years, respectively. Also, CGST revenue grew 2.97 per cent in FY20 over FY19. CGST revenue as a percentage of GDP, however, declined from 3.08 per cent in FY19 to 2.95 per in FY20. The share of GST remained constant at 62 per cent of the direct tax collections during the last two years (FY19 and FY20). To a query over this, the finance ministry said on the recommendations of the GST Council, rate rationalisations have been implemented from time to time by the government and, therefore, the actual indirect tax collections may vary with regard to the target set for a financial year. It should be noted that in December 2015, the report on the revenue neutral rate and structure of rates for GST recommended the range of 15-15.5 per cent as the revenue neutral rate. However, the effective weighted average GST rate as of July 2019 was 11.6 per cent. In addition, the GST Council revised the threshold turnover limits upwards for registration of taxpayers and the composition levy scheme, which affected GST collections, the ministry said.

*(Source: Business Standard)*

## **6. FINANCE MINISTER SMT. NIRMALA SITHARAMAN LAUNCHES CENTRAL SCRUTINY CENTRE AND IEPFA’S MOBILE APP TO LEVERAGE DIGITAL**

## **SOLUTIONS TO ACHIEVE PRIME MINISTER'S VISION OF 'DIGITALLY EMPOWERED INDIA'**

Union Minister for Finance & Corporate Affairs Smt. Nirmala Sitharaman here virtually launched Central Scrutiny Centre (CSC) and Investor Education and Protection Fund Authority's (IEPFA) Mobile App two tech-enabled initiatives by Ministry of Corporate Affairs. These initiatives leverage to strengthen the Prime Minister's vision of 'Digitally empowered India'. Shri Rajesh Verma, Secretary, MCA, and other senior officials attended the virtual launch event. Announcing the launch of new initiatives, Smt. Sitharaman said, "Digital India is a campaign launched by the Government of India in order to ensure that the Government's services are made available to citizens electronically by making the country digitally empowered in the field of technology. These two initiatives would create a new corporate and investor friendly ecosystem. Going forward, MCA would bring in more tech-enabled services for ease of doing business and ease of living for the people." The Finance Minister also said that the Ministry of Corporate affairs has been engaged in a continuous journey of digitisation, automation and improvement, for the good of the society, the corporates, the economy and the professionals. Smt. Sitharaman further added that the multiple initiatives taken by the MCA in past couple of years to promote Ease of Doing Business (EoDB) in India. The increase in number of incorporation of Companies in India even during the COVID-19 pandemic is the result of initiatives like introduction of integrated form SPICe+ & Agile Pro for incorporation of Companies, which has provided one stop solutions to promoters desirous of setting up a business entity in India. This year till February 2021, about 1.38 lakhs companies have been incorporated as compared to about 1.16 lakhs companies in the corresponding period of last year by Central Registration Centre, an increase of over 17%, Smt. Sitharaman added. The Finance Minister said that the Central Scrutiny Centre will scrutinize certain Straight through Process (STP) Forms filed by the corporates on the MCA21 registry and flag the companies for more in-depth scrutiny. Smt. Sitharaman stated that MCA being one of the key primary sources of corporate data, is required to ensure that the data quality is uncompromised and free from flaws. With this objective in mind, the Ministry of Corporate affairs has established a Central Scrutiny Centre, which will primarily scrutinise the filings made by the users under straight through processes, identify the data quality issues and irregularities, communicate the same to the concerned Registrar of Companies so that corrective steps can be taken to restore authenticity and correctness of data and it can be seamless shared with other regulators, if required. The Finance Minister also launched the IEPFA Mobile App. During the launch the Finance Minister said, "The Mobile App aims at achieving the goal of financial literacy, spreading investors' awareness, education, and protection among investors. Our prime goal here is to push Ease of Living." Smt. Sitharaman added that the Mobile App has been developed for citizen engagement and information dissemination to promote awareness among investors. With this App, the Authority aims to achieve the goal of financial literacy, spreading investors' awareness, education, and protection among investors both in rural and urban areas. Considering the dynamic nature of corporate compliance and regulatory ecosystem, the MCA will continue to upgrade the sampling mechanism, process workflow and technology to address the needs of stakeholders and promote EoDB in India, the Finance Minister said. The IEPFA App will have the facility of tracking the status and progress of the IEPF claim refund process. Moreover, it also provides a mechanism for investors and common citizens to report on the suspected fraudulent schemes. Currently, the app is available on Android based devices and can be downloaded from PlayStore.

*(Source: pib.nic.in)*