

POLICY

Updates



Representation to Hon'ble Commerce and Industry Minister	Page 1
Representation to Finance Minister	Page 1
Representation on Make in India	Page 1
Representation to All State Utilities	Page 1
Representation to Hon'ble Power Minister post interaction	Page 2
IEEMA Comments on Draft Electricity	Page 2
Ministry of Power puts restrictions on Imports of Chinese	Page 2
Ministry of Finance imposes restriction	Page 2
Ministry of Finance extends the time limit	Page 2
Extension of some deadlines	Page 3
Government revises classification	Page 3
Credit Guarantee scheme for subordinate	Page 3
List of CSR eligible activities	Page 5
The Guidelines and Standards for Charging	Page 5
Guidelines released for installation	Page 5

Representation to Hon'ble Commerce and Industry Minister, Hon'ble Finance Minister and Hon'ble Minister for MSME, regarding Consignments held up at Ports

IEEMA represented to the Government of India regarding holding up of consignments from China, at various Indian ports by the custom authorities. The manufacturers whose consignments are stuck are also incurring port charges, many of them are MSME units, who have just opened up after the Lockdown and are grappling with multiple issues of liquidity, labour etc., while many of them also have export obligations to fulfill. Holding up of these consignments is causing serious difficulty in already complex and challenged environment. IEEMA requested to release the held up consignments for which payment have already been made and LC's been given, as a plea to save the Indian industry after restarting operations their operations and needs all support to regain equilibrium.

Representation to Finance Minister regarding Government RBI Financial Support

IEEMA wrote to the Government of India, on its several initiatives to minimize the negative impact of Lockdown, due to COVID 19. The support extended by the banks in terms of 20 percent additional working capital has provided the much needed liquidity in these adverse conditions, but this financial support is available only to Industries having a turnover of Rs. 100 crore and 25 crore as fund base limit. IEEMA requested that this 20 percent financial support should be extended to all MSME units, which have a turnover of less than Rs. 250 crore, without limitation of fund base limit. By doing this, liquidity will be available to all MSME units, without any differentiation.

Representation on Make in India for Prepaid Smart Meter Roll-out

While welcoming the directions of Hon'ble Power Minister that equipment being used in Indian power sector should be made in India, IEEMA highlighted the challenges of the domestic Meter industry on account of non-level playing field and submitted its recommendations, such as, to prohibit sourcing Smart Meters through ICB as there is adequate production capacity in India and to consider increasing the import duty on Populated PCBs used for manufacturing / assembly of Electricity Meters, which is as good as import of a complete Electricity Meter since it constitutes 70-80 percent of the total cost of a Meter.

Representation to All State Utilities, PSU's, Chief Secretaries, Energy Secretaries, regarding threat to Power Sector - Prohibit Sourcing of Electrical Equipment from China

In its representation, IEEMA mentioned that the power sector is one of the critical infrastructures of any nation and is the lifeline, as all other critical sectors, such as Healthcare, Security, Transport, and Financial Sector etc. Under the current trying circumstances India's relationship with People Republic of China is a suspect to say the least, while in reality, China is a hostile country.

IEEMA had, on several occasions in the past, cautioned the various Indian Government agencies about this development of the security threat to Indian power sector, which is severe, as most of Chinese manufacturers are directly or indirectly state owned and State continues to be a major economic and business activity player in China, with many decisions not taken by business entities alone.

IEEMA highlighted that the equipment like Protection Relays, Remote Terminal Units, Feeder Automation, Sub-Station Automation and SCADA systems, which if misused by unfriendly forces can cripple our power sector. It appealed to prohibit sourcing of these equipment from China, and also urgently replace all these existing Chinese products.

Representation to Hon'ble Power Minister post interaction with IEEMA members

Post interaction with Shri R K Singh, Hon'ble Minister of State (IC) for Power, on 9th June 2020, IEEMA submitted papers on various subjects, as desired by the Minister, such as, Outstanding payments of Central and State Utilities, Restrict sourcing of critical equipment from hostile countries, Insurance as alternate to Bank Guarantee, Plausible impact of Basic Custom Duty on Solar Manufacturing Facilities, located in SEZs, serious injury caused by inability to claim pass through safeguard duty, under change in law clause, specially under State Government projects, Recommendations to incentivize solar PV manufacturing and boost exports of Solar PV products, Recommendations on manufacturing linked PPA scheme, List of contracts awarded/participated by Chinese manufactures, Recommendation for Vendor Approval by Central and State Power Utilities etc.

IEEMA Comments on Draft Electricity (Amendment) Bill 2020

IEEMA welcomed the Draft Electricity (Amendment) Bill, 2020, which will bring the long standing reforms in a simple and strategic way. In its communication to the Ministry of Power, IEEMA stated that draft amendment is a move in the right direction for a sustainable power sector and the growing economy. The proposed amendments are inclusive and capable of addressing operational and financial inefficiencies of generation, transmission and distribution utilities, rampant tampering, access and quality of power supply, reducing political interference, lack of private investments, inadequate

public infrastructure and lack of consumer participation.

IEEMA also submitted the collated views and comments received from the Indian electrical industry on the draft for consideration.

Ministry of Power puts restrictions on Imports of Chinese Power Equipment

The Ministry of Power, vide an Order dated 2nd July 2020, put restrictions on imports of power equipment from China. The Order states that power supply system is a sensitive and critical infrastructure that supports not only India's national defence, vital emergency services including health, disaster response, critical national infrastructure including classified data & communication services, defence installations and manufacturing establishments, logistics services but also the entire economy and the day-to-day life of the citizens of the country. Any danger or threat to Power Supply system can have catastrophic effects and has the potential to cripple the entire country. The vulnerabilities in the Power Supply System & Network mainly arise out of the possibilities of cyber-attacks through malware / Trojans etc. embedded in imported equipment.

Hence, to protect the security, integrity and reliability of the strategically important and critical Power Supply System & Network in the country, the following directions were issued:-

- (1) All equipment, components, and parts imported for use in the power Supply System and Network shall be tested in the country to check for any kind of embedded malware/trojans/cyber threat and for adherence to Indian Standards.
- (2) All such testings shall be done in certified laboratories that will be designated by the Ministry of Power.
- (3) Any import of equipment/components/parts from "prior reference" countries as specified or by persons owned by, controlled by,

or subject to the jurisdiction or the directions of these "prior reference" countries will require prior permission of the Government of India.

- (4) Where the equipment/ components/parts are imported from "prior reference" countries, with special permission, the protocol for testing in certified and designated laboratories shall be approved by the Ministry of Power.

This order shall apply to any item imported for end use or to be used as a component, or as a part in manufacturing, assembling of any equipment or to be used in power supply system or any activity directly or indirectly related to power supply system.

Ministry of Finance imposes restriction on initiation of new schemes in 2020-21

The Ministry of Finance has imposed restriction on proposals for initiating new schemes in the financial year 2020-21. It has prohibited all ministries/departments from initiating new schemes/sub-schemes, including the ones which have already received in-principle approval from the Ministry of Finance. This restriction will not apply to the schemes announced under the Atmanirbhar Bharat Economic Package and any other special package/announcement. The restriction has been imposed in wake of an unprecedented demand on public financial resources due to the COVID-19 pandemic.

Ministry of Finance extends the time limit for various compliances under tax laws

The Ministry of Finance extended the time limit for various compliances under the Income Tax Act, 1961 (IT Act), through the powers under the Taxation and Other Laws (Relaxation of Certain Provisions) Ordinance, 2020. The Ordinance was issued in March 2020 to provide certain relaxations related to tax compliance, such as extension of time limit and waiver of penalty, in view of the spread of the COVID-19 pandemic.

IT Act: Under the Ordinance, the time limit for undertaking certain compliances and actions, which fell due between, March 20, 2020 to June 29, 2020, was extended to June 30, 2020. Such actions include: (i) issuing notices and notifications, completing proceedings, and passing orders by authorities and tribunals, and (ii) filing of appeals, replies, and applications, and furnishing documents. This deadline has been extended to March 31, 2021. The deadline of March 31, 2021 will also apply to such actions which were required to be completed during the period June 30, 2020 to December 31, 2020. The Ordinance allows the government to notify different due dates for completion of different actions. For instance, the due date for filing return of income for the assessment year (AY) 2019-20 (i.e. the financial year 2018-19) has been extended to July 31, 2020. The due date for filing return of income for the AY 2020-21 has been extended to November 30, 2020. However, in AY 2020-21, in case of persons who have tax payment due of more than one lakh rupees (after accounting for tax already paid or deducted), 12% interest will be levied on the tax dues if the return is filed after the original due date specified under the IT Act (July 31 for individuals and October 31 for companies). Further, any investment for claiming certain deductions from income, such as those under the Sections 80C to 80GGC of the IT Act, for the financial year 2019-20 can now be made up to July 31, 2020 (up to September 30, 2020 in case of certain capital gains deductions). **GST:** The Ordinance amended the Central Goods and Services Tax Act, 2017 to allow the central government to notify an extension to the time limit for various GST-related compliances under the Act, on the recommendation of the GST Council. Accordingly, the government had specified June 30, 2020 as the deadline for completing various actions, which were earlier due during the period March 20, 2020 to June 29, 2020.¹³ This deadline has been extended to August 31, 2020.¹⁴ The deadline of August 31, 2020 will also



apply to such actions which were required to be completed during the period June 30, 2020 to August 30, 2020.

Extension of some deadlines under Companies Act, 2013

In view of COVID-19, the Ministry of Corporate Affairs extended certain deadlines under the Companies Act, 2013. These include:

- ♦ Passing of ordinary and special resolutions: The Act does not contain specific provisions to allow companies to hold general meetings of its shareholders through video conferencing or other audiovisual modes. The Ministry had circulated guidelines to allow meetings via video conferencing and other audio-visual means and for conducting business through postal ballot. These guidelines were valid up to June 30, 2020. The Ministry extended the validity of these guidelines to September 30, 2020.
- ♦ Scheme for relaxation for filing charge related forms: Under the Act, companies have to file various forms if any security interest is created over their properties (for example, a mortgage over the company's properties) or if the charge is modified. These forms need to be filed within 30 days of the date on which the security interest is created (extendable to 300 days on payment of additional fee). A new scheme has been launched to exclude the period from March to September 2020 from calculation of the time period for filing these forms.

Government revises classification of Micro, Small and Medium Enterprises

The government notified a change in the definition of Micro, Small and Medium Enterprises. Currently, MSMEs are defined under the Micro, Small and Medium Enterprises Development Act, 2006. The Act classifies micro, small and medium enterprises based on: (i) amount of investment in plant and machinery for enterprises engaged in manufacturing or production of goods, and (ii) amount of investment in equipment for enterprises providing services. As per the revised definition, the investment limits will be revised upwards and annual turnover of the enterprise will be used as additional criteria for the classification of MSMEs. It will come into effect from July 1, 2020. The calculation of investment in plant and machinery will be linked to the Income Tax return of the previous years filed under the Income Tax Act, 1961. For new enterprises, the investment will be based on self-declaration of the promoter of the enterprise. Information on turnover will be linked to the GST identification number (GSTIN). Exports of goods or services will be excluded while calculating the turnover of any enterprise for classification. All units with GSTIN listed against the same Permanent Account Number will be collectively treated as one enterprise for turnover and investment figures.

Credit Guarantee scheme for subordinate debt launched for MSMEs

The Ministry of MSME launched the Credit Guarantee scheme for subordinate debt, under which the government will provide a guarantee cover worth Rs



Certificate of Origin Service of IEEMA

IEEMA issues "Certificate of Origin (Non-Preferential)", required by exporters at the time of exporting their products out of the country.

The Ministry of Commerce and Industry, Government of India approved IEEMA Delhi as an authorized agency to issue this certificate in the year 2003, vide DGFT Public Notice no. 64/2002-07, dated 19th February 2003. IEEMA's name and contact details appear under Appendix 2 E of Handbook of Procedures (Vol.I) of the Foreign Trade Policy.

On receipt of applications from exporters, IEEMA issues these certificates instantly with zero wait time.

Members desirous to obtain the certificates from IEEMA need to send filled-in format of Certification of Origin, along-with copies of invoice and packing list(s) for each consignment, to the below mentioned address. Applicants may get the certificates either in person or through courier.

A nominal certificate fee of INR 118 (INR one hundred eighteen only - inclusive of GST) is charged per certificate. Applicants need to add INR 50 (INR fifty only) as courier charges. Payment may be made by cash / cheque / DD in favour of "IEEMA" payable at "Delhi".

Exporters are requested to send their requisitions and queries to:

Mr. Sudeep Sarkar
 Director



Indian Electrical & Electronics Manufacturers' Association (IEEMA)
 Rishyamook Building, First Floor, 85A, Panchsuan Road, New Delhi - 110 001
 Ph: 011- 23363013-14 / 23746634, Fax: 011- 23363015
 Email: sudeep.sarkar@ieema.org

20,000 crore to promoters for investing in stressed MSMEs. The scheme was announced by the Finance Minister in May 2020 under the Atmanirbhar Bharat Scheme. Under the scheme, promoters of stressed MSMEs (which have become NPA as on April 30, 2020) will be given credit equal to 15% of their stake (equity plus debt) or Rs 75 lakh, whichever is lower. Promoters will infuse this amount in the MSME as equity to enhance the liquidity and maintain the debt-equity ratio. There will be a moratorium of seven years on payment of principal. The maximum tenor for repayment will be 10 years. The scheme will be operationalised through Credit Guarantee Fund Trust for Micro and Small Enterprises.

List of CSR eligible activities expanded Under the Companies Act, 2013

Companies with net worth, turnover or profits above a specified amount are required to spend 2% of their average net profits in the last three financial years towards Corporate Social Responsibility activities. These funds must be spent towards certain scheduled activities, such as promoting education. The Ministry of Corporate Affairs notified an additional item in the list. This includes contributions towards the benefit of the veterans in the Central Armed Police Forces and Central Para Military Forces, and their dependents, including widows.

The Guidelines and Standards for Charging Infrastructure for Electric Vehicles amended

The Ministry of Power notified amendments in the Guidelines and Standards for Charging Infrastructure for Electric Vehicles. The original guidelines were released in December 2018 and were subsequently revised in October 2019. Key changes are as follows:

- ◆ **Tariff for electricity supply:** As per the revised guidelines, the Central or State Electricity Regulatory Commissions will determine the tariff for supply of electricity to the public charging stations as per the Tariff Policy issued under the Electricity Act, 2003. The amendments add that the tariff will not be more than the average cost of supply plus 15% unless specified otherwise by the Tariff Policy.
- ◆ **Types of charging stations:** The amendments define various types of charging stations. These entities were not defined in the existing guidelines. The amendments provide that a Battery Charging Station will be treated at par with Public Charging Station and same tariff for electricity supply will apply to both types of charging stations.

Guidelines released for installation of innovative stand-alone solar pumps

The Ministry of New and Renewable Energy released guidelines for installation of innovative stand-alone solar pumps. Currently, under the schemes run by the Ministry, only solar pumps meeting the specifications by the Ministry can be installed. The Ministry noted that it has received representations regarding the use of different design/software for solar pumps for better performance in a cost-effective manner. Thus, to promote innovation in technology, the Ministry has decided to permit the installation of innovative stand-alone solar pumps under its schemes in test mode. Key features of the guidelines are as follows:

- ◆ **Process for application:** The Ministry will invite application from innovators from time-to-time. Only those products which are available for testing and field trial will be eligible

for participation. A cost-benefit analysis will be required along with the proposal. The Ministry will constitute an Evaluation Committee to examine the applications. The applicant will be required to submit a test report of the product. In certain cases, the Evaluation Committee may require re-testing of performance of the product of the applicant.

- ◆ **Field demonstration:** Upon the recommendation of the Evaluation Committee, the innovator will be allowed to install up to 50 solar pumps for demonstration purpose. The field demonstration will continue for at least one year. The installed pumps will be required to meet at least the existing performance standards specified by the Ministry.
- ◆ The innovator will be required to deposit a bank guarantee equivalent to the payment made to him against the installation of the solar pump. The innovator will be required to compensate for any damage caused to farmers due to the underperformance of its solar pump.
- ◆ **Adoption of technology:** On recommendations of the Evaluation Committee, the Ministry may adopt the innovative technology and update the existing specifications after a stakeholder consultation on the same.

