

Key policy developments to watch out for in 2021

The year 2021 brings lot of hope from the policy and regulation front for MSMEs and large corporate houses that are recovering from the shadows of the worst economic disruption in the living memory. Apart from roll out of the mass vaccination and the impending state elections in four states, (Tamil Nadu, West Bengal, Kerala and Assam), the year 2021 will witness major developments in the policy and regulatory environment for small and large companies.

After a long wait, the government has decided to extend the benefit of the Scheme for Remission of Duties and Taxes on Exported Products (RoDTEP) to all export goods with effect from today. The government decided to replace the existing MEIS scheme with RoDTEP, which is more compliant with WTO norms and it is also more beneficial as it reimburses all the incidental taxes that are not refunded under the existing system. Exporters will keenly watch the roll out of RoDTEP rates (for refund of incidental duties) for each and every product under the new scheme as it will determine the competitiveness of the various sectors in the global market.

India has significantly improved its ranking in World Bank's Ease of Doing Business from 133rd position in 2009 to 63 in 2020. Especially, as recently as 2016, India's ranking was 130th and since then we improved our position remarkably. The latest ranking for 2020 reveals India as one of the top 10 improvers, third time in a row. It remains to be seen how we consolidate these gains, with further reforms in taxation, contract enforcement, land and labour laws etc.

The key thing to watch out for is the launch of an Investment Clearance Cell (ICC), which the government announced in its last Union Budget to facilitate businesses through a one-stop digital platform – the central Single Window System (SWS). This platform is scheduled for launch on April 15, 2021, with the cooperation of all departments from the central and state governments. This national portal will integrate the existing clearance systems of the various Ministries/Departments of the central and state governments without disruption to the existing IT portals of Ministries.

Another major development that will be watched is the on-boarding of more states into the central government's GIS-enabled database Industrial Information System (IIS), that provides information on land banks in the country for new investors. So far, 13 states have displayed their land bank on this system and in the coming months more states are expected to come on board. This system will enable the investors to see plot level data and availability of updated land related information in real time. A mobile app is also available for easy viewing by users.

Another major initiative that will be keenly watched is the setting up of Exhibition centers in the premises of MSME-Development Institutes to facilitate MSMEs to market their products. There

are around 30 MSME-Development Institutes across the country, besides Branch MSME Development Institutes, testing centres, training institutes and other extension service centres. In order to facilitate marketing of products, the Ministry of MSME is planning to establish permanent Exhibition centers in the premises of MSME-Development Institutes in consultation with India Trade Promotion Organization (ITPO).

The New Year will also witness the actual implementation of the One District One Product Scheme, which was announced in the last Union Budget. As a first step, the government has identified 103 districts in the initial phase of the project and is studying specific interventions such as marketing, technology, design, etc. to promote production and export of unique products from these districts.

This year will also witness progress in India's negotiation for a free trade agreement with UK, which is currently, the 14th largest trade partner of India, with trade in India's favor as it exports USD 8.7 billion worth goods, while importing USD 6.7 billion worth goods. However, bilateral trade has remained steady around USD 15-16 billion since 2011-12, which signifies the need to identify new growth areas of trade.

It is widely expected that some announcement of early harvest trade deal may be announced when British Prime Minister Mr. Boris Johnson visits India as the Chief Guest at the Republic Day Celebration in 2021. On his part, Mr. Johnson invited Indian Prime Minister to the G7 Summit, to be hosted by Britain this year.

Automobile sector, which has been facing decline in sales in recent years, is awaiting the roll out of scrappage policy to encourage owners to sell their old vehicles and purchase a new energy-efficient vehicle. Such a policy will boost sale of new vehicles and benefit the industry.

Among other things, the industry is awaiting the New Foreign Trade Policy as the existing policy (2015-20) has been extended till April 2021 and the rollout of the production linked incentive for 10 sectors that was announced recently.

Notifications

PIB

Mandatory Custom Declaration form for postal delivery to foreign destinations

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1685142>

Implementation of RoDTEP Scheme

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1685206>

Year-end review of Ministry of MSME

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1685057>

Year-end review of Ministry of Steel

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1685071>

Year-end review of Department for Promotion of Industry & Internal Trade

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1685013>

CBIC

12th tranche of Tariff Concessions under India-ASEAN Goods trade Agreement

<https://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2020/cs-tarr2020/cs45-2020.pdf>

Exchange rate notification

<https://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2020/cs-nt2020/csnt114-2020.pdf>

Amendment in regulation on courier imports and exports

<https://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2020/cs-nt2020/csnt115-2020.pdf>

Implementation of Notification dated 23.10.2020.

<https://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2020/cs-nt2020/csnt116-2020.pdf>

Tariff fixation for certain commodities

<https://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2020/cs-nt2020/csnt117-2020.pdf>

Revocation of anti-dumping duty on Yarn of polyester

<https://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2020/cs-add2020/csadd48-2020.pdf>

DGFT

Incorporation of policy condition for import of animal products

<https://content.dgft.gov.in/Website/dgftprod/3c32bd54-14f2-4a71-9912-8a9c02c622eb/Notification%20No.52%20dated%2030.12.2020%20inksigned%20%20english.pdf>