Analysis of Measures Announced by the Government of India for Businesses in Response to the COVID-19 Pandemic

Introduction

The Rs 1.7 trillion ($22.6 billion) stimulus package announced by the Government of India on March 25, 2020 will likely not be enough to address the country's economic fallout from COVID-19. The stimulus amounts to nearly 1% of India's GDP. In comparison, OECD countries are spending 3%-5% of GDP on economic stimulus.

India's stimulus package provides direct cash transfers, free or subsidized grains, and free cooking fuel to 800 million citizens living below the poverty line. It also provides cash transfers to other vulnerable groups such as farmers, rural workers, poor pensioners, construction workers, and low-income widowers, and insurance coverage for the country's more than two million healthcare workers.

To help micro, small, and medium enterprises (MSMEs), on April 17, the Reserve Bank of India (RBI) announced measures worth Rs 1 trillion, or about $13 billion, focused on intensifying liquidity management in the financial system, facilitating and incentivizing bank credit flows, easing financial stress and enabling the normal functioning of the markets.

All the measures announced by the Government of India can be categorized into the following three areas:

Compliance related relaxations

In March 2020, the Indian government in eased certain regulatory procedures to help companies meet compliance requirements despite a disrupted economy. These efforts include extending deadlines for filing tax returns, reducing rate of interest for late filings, and extending the period for companies to hold Annual General Meetings (AGMs). Additionally, the Finance ministry has accelerated the release of income tax, customs and GST refunds.

Liquidity measures

In a bid to provide some liquidity to daily wage workers in the organized sector, the Government has made modifications to ease the process of withdrawing money from their Provident Fund (PF).

The Government will make payments for the workers' shares in their PF accounts during the COVID-19 crisis, but it has appealed to employers to voluntarily continue paying employees' wages. However, the Government's clarification that paying wages during the lockdown will be adjusted against companies' CSR obligations may disincentivize businesses' interest in doing so.

The RBI cut interest rates and provided a three-month moratorium on loan repayments, which will likely provide interim relief to businesses. However, long-term relief for businesses will require debt restructuring by the banking sector.

The RBI has also announced various measures to infuse liquidity into the banking system, including Long-Term Repo Operations, Open Market Operations, Cash Reserve Ratio reduction for Scheduled Commercial Banks, Refinancing Facilities for All India Financial Institutions, and Ways and Means Advances for States. These measures are expected to encourage banks to lend more to businesses and bring down the yields of the corporate bond market, but their effectiveness can only be evaluated when economic activities resume.

Other measures

On the trade and commerce side, the Government has extended existing export promotion schemes until March 31, 2021, which will provide some relief to the exporting community. However, exporters have argued the need for further tax incentives. The aviation and tourism industries have also expressed a dire need for government support.

To increase the supply of required health equipment for COVID-19 treatment, India announced on April 10 that imports of healthcare equipment, including ventilators, face and surgical masks, and personal protective equipment, would be exempt from tariffs until September 30, 2020.

To protect volatile Indian companies from acquisitions by foreign investors, the Government has amended its Foreign Direct Investment (FDI) rules to require government approval of investments from India's neighboring countries. FDI proposals from other countries, including the U.S., will continue to enjoy an automatic route to investment in permitted sectors, in accordance with the Consolidated FDI Policy of 2017. This move appears to be aimed at containing hostile takeovers of Indian companies by Chinese investors, at a time when the COVID-19 has left many companies economically vulnerable.

India has faced both demand- and supply-side issues with its global supply chain due to COVID-19. It has been particularly impacted by its supply chain dependence on China. Many industries – including electronics, chemicals, pharmaceutical and autos – are facing supply shortages of inputs and components. Barclays reportedly estimated the 3-week shutdown cost at approximately $90 billion, or about 3% of India's GDP, while UNCTAD estimates a $348 million impact on India's trade due to the COVID-19 pandemic.

Conclusion

As of April 22, no major measures have been announced for the businesses in the formal sector, but the Government is reportedly considering additional sector-specific stimulus packages. These will likely be announced after the end of India's nationwide lockdown, which is expected to take place on May 3. Additionally, the Finance Ministry has stated that sector-specific stimulus packages will be provided in tranches, rather than as a larger, one-time package.

Economists have observed that India's stimulus packages are constrained by the already inflamed fiscal deficit and declining GDP growth rate for the last fiscal year. States are seeking more resources to deal with the public health, economic, and social impact of the coronavirus pandemic and the return of daily wage laborers, increasing pressure on the Centre's finances. To address this, the Government will have to provide States with greater flexibility to borrow from the market or directly monetize the fiscal deficit through the RBI.

Detailed Summary of the Stimulus Measures Announced by India in Response to the COVID-19 Pandemic (as of April 20, 2020)

Announced by the Reserve Bank of India

To mitigate the impact of the COVID-19 pandemic outbreak in India, the Reserve Bank of India (RBI) has undertaken several measures. These measures can be broadly classified in the following categories:

Liquidity Easing Measures for Domestic and Foreign Exchange Markets

a. On March 12, 2020, the RBI announced US$/INR sell-buy swaps, for 6 months, to provide liquidity to the foreign exchange market – the first lot worth $2 billion conducted on March 16, 2020.

b. On March 13, 2020, the RBI provided rupee liquidity to the system worth Rs 250 billion (about $3.29 billion) by conducting a variable rate repo auction.

c. On March 16, 2020, after assessing the financial conditions, the RBI announced to conduct additional Long-Term Repo Operations (LTROs) for up to a total amount of Rs 1 trillion (approximately $13.16 billion) at the policy repo rate.

d. On March 16, 2020, the RBI announced another 6-month US$ sell/buy swap to provide additional liquidity to the foreign exchange market worth $2 billion.

e. On March 18, 2020, the RBI announced Open Market Operation (OMO) purchase of Government of India (GoI) dated securities worth Rs 100 billion (approximately $1.32 billion) to reduce the hardening of yields and widening of credit spreads.

f. On March 20, 2020, the RBI decided to conduct the purchase of Government securities under OMO for an aggregate amount of Rs. 30,000 crores.

g. On March 24, 2020, the RBI decided to temporarily enhance liquidity available to Standalone Primary Dealers (SPDs) under the RBI's Standing Liquidity Facility (SLF) from Rs 28 billion (more than $368 million) to Rs 100 billion (circa $1.32 billion).

h. On March 26, 2020, the RBI increased the repo auction amount to Rs 500 billion (approximately 6.58 billion) from previously announced Rs 250 billion (more than 3.28 billion).

i. On March 27, 2020, the Monetary Policy Committee (MPC) of the RBI reduced the policy repo rate under the Liquidity Adjustment Facility (LAF) by 75 basis point (bps) to 4.4% from 5.15%. As a result, the Marginal Standing Facility (MSF) and the Bank Rate was reduced to 4.65% from 5.4%. Also, consequent upon the widening of the LAF corridor, the reverse repo rate under the LAF has reduced 90 basis points to 4%.

j. On March 27, 2020, the RBI decided to conduct auctions of targeted long-term repos of up to three years term. The total amount of the targeted long-term repos is up to Rs 1 trillion (circa $13.16 billion) at a floating rate linked to the policy repo rate.

k. On March 27, 2020, the RBI decided to reduce the Cash Reserve Ratio (CRR) of all banks by 100 basis points to 3% of net demand and time liabilities. The reduction in the CRR is expected to release primary liquidity of about Rs 1.37 trillion (more than $18 billion) uniformly across the banking system.

l. On March 27, 2020, the RBI decided to increase the limit of 2%, under the Marginal Standing Facility, to 3% to provide comfort to the banking system by allowing it to avail an additional Rs 1.37 trillion (more than $18 billion) of liquidity under the LAF window. The RBI also widened the existing monetary policy rate corridor from 50 bps to 65 bps.

m. On April 17, 2020 the RBI took additional steps to improve liquidity in the financial system, including:

    (i) Targeted Long-Term Repo Operations (TLTRO) 2.0: The previous TLTROs undertaken by the RBI has resulted in the deployment of TLTRO funds to bonds issued by public sector entities and large corporations, especially in the primary issuance. However, the RBI noted that small and mid-size corporates, including Non-Banking Financial Companies (NBFCs) and Micro Finance Institutions (MFIs) have been more severely impacted due to the disruptions caused by COVID-19. Given this, the RBI decided to conduct TLTRO 2.0 for an aggregate amount of Rs. 500 billion (circa $6.5 billion), to begin with, in tranches. RBI has also mandated that these funds should be invested in investment grade bonds, commercial papers, and non-convertible debentures of the NBFCs, with at least 50% of the total amount going to small and mid-size NBFCs and MFIs. Investments made by banks under this facility will be classified as held to maturity (HTM) even in excess of 25% of total investment permitted to be included in the HTM portfolio and exposures under this facility will not be reckoned under the large exposure framework.

(ii) Refinancing Facilities for All India Financial Institutions: The RBI has provided a special refinancing facility for a total amount of Rs. 500 billion (nearly $6.5 billion) to National Bank for Agriculture and Rural Development (NABARD - $3.25 billion), Small Industries Development Bank of India (SIDBI - $1.95 billion) and National Housing Bank (NHB - $1.3 billion). These measures have been undertaken to enable these financial institutions to meet sectoral credit requirements. Advanced made under this facility will be charged at the RBI's policy repo rate.

(iii) Liquidity adjustment: Fixed Rate Reverse Repo Rate: To encourage banks to deploy surplus funds in investments and loans, the RBI decided reduced the fixed rate reverse repo rate under the Liquidity Adjustment Facility (LAF) by 25 bps from 4% to 3.75%.

(iv) Ways and Means Advances (WMA) for States: Previously, on April 1, 2020, the RBI announced an increase in the WMA limit of States by 30%. Further, to provide greater comfort to the States, RBI decided to increase the WMA limit of States by 60% over and above the level as on March 31, 2020.

Regulatory and Supervisory Measures

The following measures were aimed at providing substantial debt relief to the individual and the corporate borrowers during the COVID-19 pandemic outbreak:

a. Moratorium on Term Loans: On March 27, 2020, the RBI allowed a moratorium of 3 months on payments of instalments in respect of all outstanding term-loans for all commercial banks, co-operative banks, all-India Financial Institutions, and Non-Banking Financial Companies (NBFCs). Consequently, the repayment schedules and all subsequent due dates, as well as the term of such loans, will be shifted across the board by 3 months.

b. Deferment of Interest on Working Capital Facilities: On March 27, 2020, the RBI announced that all lending institutions are permitted to allow a deferment of 3 months on payment of interest in respect of all working capital facilities outstanding as of March 1, 2020. The accumulated interest for the period needs to be paid after the expiry of the deferment period.

c. Easing of Working Capital Financing: Regarding the working capital facilities sanctioned in the form of cash/credit, lending institutions need to recalculate drawing power by reducing margins by reassessing the working capital cycle for the borrowers. The RBI has stated that this will not result in asset classification downgrade.

d. Deferment of implementation of Net Stable Funding Ratio: On March 27, 2020, the RBI deferred implementation of the last tranche of 0.625% of the Capital Conservation Buffer (CCB) from March 31, 2020, to September 30, 2020. Consequently, the pre-specified trigger for loss absorption through conversion/write-down of Additional Tier 1 instruments will remain at 5.5% of Risk-Weighted Assets (RWAs) and will rise to 6.125% of RWAs on September 30, 2020.

e. On April 17, 2020, the following regulatory measures were taken by the RBI:

(i) Asset Classification: RBI decided that in respect to all accounts for which lending institutions decide to grant moratorium or deferment, and which were standard as on 1st March 2020, the 90-day NPA norm shall exclude the moratorium period. The RBI has recognized the risk build-up in banks' balance sheet due to firm level stress and delays in recovery. Given this, with the objective of ensuring that banks maintain enough buffers and remain adequately provisioned, RBI has asked banks maintain higher provision of 10% on all such accounts under moratorium, spread over two quarters i.e. March 2020 and June 2020. The RBI will adjust these later against the provisioning requirements for actual slippages in such accounts.

(ii) Extension of Resolution Timelines: As per the RBI's prudential framework of resolution, the RBI regulated entities (such as Scheduled Commercial Banks, All India Financial Institutions, NBFC-ND-SIs and NBFC-D) are required to hold an additional provision of 20% if a resolution plan has not been implemented within 210 days from the date of default. Given the current scenario, the RBI has extended the period for the resolution plan by 90 days.

(iii) Distribution of Dividend: The RBI has stopped the scheduled commercial banks and cooperative banks from making further dividend payout from profits for IFY 2019-20 until further instructions. This measure is aimed at conservation of banks' capital to support the economy and/or absorption of losses by banks in near future. The RBI will review this restriction post September 30, 2020.

(iv) Liquidity Coverage Ratio (LCR): To ease the liquidity position at the level of individual institutions, the LCR requirement for scheduled commercial banks has been brought down from 100% to 80%. The RBI will gradually restore it back in 2 phases i.e. 90% by 1st October 2020 and 100% by 1st April 2021.

(v) NBFC loans to Commercial Real Estate Projects: As per the existing guidelines for banks, the date for commencement for commercial operations (DCCO) in respect of loans to commercial real estate projects delayed for reasons beyond the control of promoters can be extended by an additional one year, over and above the one-year extension permitted in normal course, without treating the same as restructuring. Providing relief to both NBFCs and the real estate sector, the RBI has now extended a similar treatment to loans given by NBFCs to commercial real estate.

Liberalization of Financial Markets

a. Permitting banks to deal in offshore Non-Deliverable Rupee Derivates Market (Offshore NDF Rupee Market): In consultation with the Central Government, the RBI, on March 27, 2020, decided to permit banks in India which operate International Financial Services Centre (IFSC) Banking Units (IBUs) to participate in the NDF market with effect from June 1, 2020. Banks may participate through their branches in India, their foreign branches or their IBUs.

b. Fully Accessible Route (FAR) for investments by Non-residents in Government Securities: On March 30, 2020, the RBI notified a FAR for investments by non-residents in securities issued by the GoI.

Other Measures

The following measures are undertaken by the RBI to provide relief to the exporters and support to the State/UT Governments to tide over their cashflow related challenges during the time of lockdown:

a. Extension of realization period of export proceeds: Presently value of the goods or software exports made by the exporters is required to be realized fully and repatriated to the country within 9 months from the date of exports. Given the disruption caused by the COVID-19 pandemic, the RBI on April 1, 2020, extended the 9-month period for realization and repatriation of export proceeds for exports made up to/on July 31, 2020 to 15 months from the date of export.

b. Review of limits of Way and Means Advances (WMA) of States/Union Territories: On April 1, 2020, the RBI decided to increase WMA limit by 30% from the existing limit for all States/UTs for the next 6 months.

c. Greater space to State Governments/ Union Territories for availing overdraft facilities: To provide greater flexibility to the State Governments, the RBI decided to

   a) Increase the number of days for which a State/UT can be in overdraft continuously from 14 working days to 21 working days.
   b) Increase the number of days for which a State/UT can be in overdraft in a quarter from 36 working days to 50 working days.

Announced by the Ministry of Finance

The Finance Ministry has announced economic stimulus measures to provide help to the common man and the business entities through a slew of measures, such as relief package to make cash transfers to poor and low wage earners, an extension of deadlines for meeting Indian fiscal year (IFY) 2019-2020 liabilities by three months, relaxation in the direct and indirect tax regime for individuals and corporates, and continuation of export promotion schemes.

Relief Package

On March 25, 2020, the Government of India announced a Rs 1.7 trillion (approximately $22.37 billion) relief package for the poor to help them face difficulties in buying essential supplies. (https://pib.gov.in/PressReleseDetail.aspx?PRID=1608345)

The relief package includes the following provisions:

- Help for the Health Workers: Insurance cover of Rs 50 Lakh (approximately $66,000) per health worker fighting COVID-19 to benefit 2.2 million health workers.
- Help for the Poor:
  - 800 million poor people will get 5 kg of wheat or rice and 1 kg of preferred pulses for free every month for the next three months.
  - Cash Transfers to 204 million poor women Jan Dhan account holders who will get Rs 500 ($6.6) per month for the next three months.
  - Free gas cylinders (cooking fuel) to 80 million poor families for the next three months.
  - Ex-gratia of Rs 1,000 ($13.2) to 30 million poor senior citizens, poor widows and poor disabled.
- Help for the Farmer: Payment of the first instalment of Rs 2,000 ($26.4) to farmers in the first week of April under existing PM Kisan Yojana to benefit 80.7 million farmers.

- Help for Low-wage Earners:
  - Increase in MNREGA wage rate to Rs 202 ($2.66)/a day from Rs 182 ($2.40) from /April 1, 2020 to benefit 136.2 million families.
  - Wage-earners below Rs 15,000 ($197.4)/month in businesses having less than 100 workers are at risk of losing their employment. To prevent disruption in their employment, the Government of India (GoI) will pay 24% of their monthly wages into their Provident Fund (PF) accounts for the next three months. Also, Pandemic will be considered as the reason to allow the non-refundable advance of 75% of the amount or three months of the wages, whichever is lower, from their PF accounts. More than 40 families are expected to benefit from this measure.
- Help for Construction Workers: The GoI has created a Building and Construction Workers Welfare Fund and has directed the States to utilize this Fund to provide relief to about 30.5 million Construction Workers to protect them from disruption.
- Help to Self-Help groups: Women organized through 6.3 million Self Help Groups (SHGs) support 68.5 million households. Limit of collateral-free lending to SHGs would be increased doubled to Rs 2 million (nearly $26,315).
- The GoI has also created a District Mineral Fund that the State Government will utilize for supplementing and augmenting facilities of medical testing, screening and other requirements for preventing the spread of CVID-19 pandemic, and for treating the COVID-19 patients.

Changes in Tax Regime

On April 8, the Finance Ministry announced a $2.37 billion package to refund direct and indirect taxes
(https://pib.gov.in/PressReleseDetail.aspx?PRID=1612291)

- The Income Tax Department will release all pending income tax refunds valued up to Rs 5 lakhs (circa $6580) immediately, due to which around 1.4 million taxpayers are expected to benefit.
- All Goods and Services Tax (GST) & Custom refunds will also be processed to provide benefit to around 100,000 business entities including Micro, Small and Medium Enterprises (MSMEs).

On March 24, 2020, Finance Minister Sitharaman announced several measures relating to Statutory and Regulatory compliance matters across Sectors. Subsequently, on March 31, 2020, the Finance Ministry issued Taxation and other Laws (Relaxation of Certain Provisions) Ordinance, enabling the implementation of the announcements made on March 24, 2020, regarding several relief measures relating to statutory and regulatory compliance matters across sectors providing an extension of various time limits under the Taxation and Benami Acts/Rules/Notifications. In addition to the extension of time limits, and enabling section was inserted in the Central GST Act,

2017 empowering the Government to extend due dates for various compliances, including a statement of outward supplies, filing refund claims, filing appeals, etc. specified, prescribed or notified under the Act, on recommendations of the GST Council. Following are the links to the notifications of March 24, 2020, and March 31, 2020.
(https://pib.gov.in/PressReleseDetail.aspx?PRID=1607942)
(https://pib.gov.in/PressReleseDetail.aspx?PRID=1609734)

Main highlights of these notifications are as follows:

Direct Taxes

- Direct Tax & Benami provisions that are extended up to June 30, 2020 include
    - Filing of income-tax returns for the FY 2018-19 (Assessment Year AY2019-20).
    - Aadhaar-PAN linking.
    - Making various investment/payment for claiming deductions for FY 2019-20.
    - Investing/construction/purchase for claiming rollover benefit/deduction in respect of capital gains; the payments made up to June 30, 2020, will be eligible for claiming deductions from capital gains arising during FY 2019-20.
    - Operations for the Special Economic Zone (SEZ) units for claiming deduction under deduction for the units which received necessary approval by March 31, 2020.
    - Passing of order or issuance of notice by the authorities under various direct taxes and Benami Law.
    - Declaration and payments under the Vivad Se Vishwas Scheme (From Tax Disputes to Trust) without additional payment of 10%.

- Reduced rate of interest of 9%/annum (instead of 12%/18% normal rate) shall be charged for delayed payments of Income-tax (e.g. advance tax, TDS, TCS) Equalization Levy, Securities Transaction Tax (STT), Commodities Transaction Tax (CTT) which are due from March 20, 2020, to June 29, 2020, if they are paid by June 30, 2020. No penalty/prosecution shall be initiated for these delayed payments.

- The donation made up to June 30, 2020, will also be eligible for deduction from income of FY 2019-20. Hence, any individual or corporate paying concessional tax on the income of FY 2020-21 under new regime can donate up to any amount to PM CARES Fund (for the COVID-19 affected persons) until June 30, 2020, and can claim 100% deduction against income of FY 2019-20. They will also not lose eligibility to pay tax in concessional taxation regime for the income of FY 2020-21.

- The Central Board of Direct Taxes (CBDT), on April 3, 2020, relaxed compliance norms for Tax Deducted at Source (TDS)/Tax Collected at Source (TCS) under IT Act,1961 for taxpayers in all sectors. This will save hassles to small taxpayers who do not have a big tax liability. (https://pib.gov.in/PressReleseDetail.aspx?PRID=1611042)
  - The validity of the IFY 2019-20 Certificates of all taxpayers, whose applications for nil/lower TDS/TCS for the Indian Fiscal Year (IFY) 2020-21 are pending, is extended until June 30, 2020.
  - The IFY 2019-20 Certificate is valid for the rest of the taxpayers also until June 30, 2020; however, they are required to apply at the earliest as per the prescribed procedures.
  - Regarding payments to Non-residents and foreign companies having Permanent Establishment in India, if the above applications are pending, tax on payments made will be deducted at the subsidized rate of 10% including surcharge and cess until 30.06.2020 of IFY 2020-21.
  - To avoid hardships of liquidity related issues to taxpayers, the new Order also directs the Assessing Officers in the IT Department to settle the pending applications through a liberal procedure by April 27, 2020.

Indirect Taxes

- Indirect Tax provisions that are extended up to June 30, 2020, vide the March 24, 2020 announcement include the following:
  - The Central Excise returns due in March, April and May 2020 without any interest or late fee.
  - Businesses having an aggregate annual turnover of less than Rs. 50 million, can file GST Return-3B due in March, April and May 2020 by the last week of June 2020 without any penalty or late fee; other businesses can file returns by last week of June 2020 but the same would attract a reduced rate of interest @9 % per annum from 15 days after the due date (current interest rate is 18 % per annum). No late fee will be charged if complied before June 30, 2020.
  - The date for opting for Composition Scheme and the last date for making payments for the quarter ending March 31, 2020 and filing of Return for FY 2019-20 by the Composition Dealers.
  - The date for filing GST annual returns of FY 18-19 (which is due on March 31, 2020).
  - 24X7 Custom Clearance
  - Filing of appeal, refund applications etc., related to Central Excise, Customs, and Service Tax rules, if the last date of filing is between March 20, 2020 and June 29, 2020.

- The date for making payment to avail of the benefit under Sabka Vishwas Legal Dispute Resolution Scheme 2019 to give more time to taxpayers to get their disputes resolved.

- In a bid to improve the availability of products for dealing with the pandemic, the Finance Ministry, on April 9, 2020, exempted ventilators, face and surgical masks, personal protection equipment and COVID -19 testing kits from Custom duty until September 30, 2020.

Banking Services Provisions

- On March 24, 2020, Finance Minister Sitharaman announced the following measures to provide relief to the bank customers for 3 months:
  - Debit cardholders may withdraw cash for free from any other banks' ATM.
  - Waiver of minimum balance fee.
  - Reduced bank charges for digital trade transactions for all trade finance consumers.

Corporate Affairs Rules

- The March 24, 2020 announcement also included the following relaxations for companies operating in India:
  - No additional fees will be charged for late filing during a moratorium period from April 1, 2020, to September 30, 2020, in respect of any document, return, statement etc., required to be filed in the MCA-21 Registry, irrespective of its due date. This will not only reduce the compliance and financial burdens of companies/ LLPs, but it will also give a chance to long-standing non-compliant companies/ LLPs to make a 'fresh start'.
  - The mandatory requirement of holding meetings of the Board of the companies within prescribed interval provided in the Companies Act (120 days), 2013, will be extended by a period of 60 days for the next two quarters (until September 30, 2020).
  - Applicability of Companies (Auditor's Report) Order, 2020 will be made applicable from the financial year 2020-2021 instead of from 2019-2020 notified earlier. This will significantly ease the burden on companies & their auditors for the year 2019-20.
  - As per Schedule 4 to the Companies Act, 2013, Independent Directors (IDs) are required to hold at least one meeting without the attendance of non-independent directors and members of management. For the year 2019-20, if the IDs of a company have not been able to hold even one meeting, the same will not be viewed as a violation.

- The requirement to create a Deposit reserve of 20% of deposits maturing during the financial year 2020-21 before April 30, 2020, will be allowed for compliance until June 30, 2020.
    - The requirement to invest 15% of debentures maturing during a particular year in specified instruments before 30th April 2020, maybe done so before 30th June 2020.
    - Newly incorporated companies are required to file a declaration for Commencement of Business within 6 months of incorporation. An additional time of 6 more months will be allowed.
    - Non-compliance of minimum residency in India for at least 182 days by at least one director of every company, under Section 149 of the Companies Act, will not be treated as a violation.
    - Due to the emerging financial distress faced by most companies on account of the large-scale economic distress caused by COVID 19, the threshold of default is raised under section 4 of the Insolvency and Bankruptcy Code (IBC) 2016 to Rs 10 million (circa $131,600) from the existing threshold of Rs 100,000 (circa $1316). The measure will largely prevent triggering of insolvency proceedings against MSMEs. If the current situation continues beyond April 30, 2020, suspension of section 7, 9 and 10 of the IBC 2016 for a period of 6 months will be considered.

Fisheries Sector

- The March 24, 2020 announcement covered the following measures for the Fisheries industry:
    - All Sanitary Permits (SIPs) for import of SPF Shrimp Broodstock and other Agriculture inputs expiring between March 1, 2020, and April 15, 2020, are extended by 3 months.
    - Delays of up to 1 month in the arrival of consignments will be disregarded.
    - Rebooking of quarantine cubicles for cancelled consignments in Aquatic Quarantine Facility (AQF) Chennai will be allowed without additional booking charges.
    - The verification of documents and grant of No Objection Certificate (NOC) for Quarantine would be relaxed from 7 days to 3 days.

Relaxations for Trade and Commerce

- On March 24, 2020, the Finance Minister also announced that the Foreign Trade Policy 2015-2020 (FTP) will be extended up to March 31, 2021. This will provide benefits to exporters under various export promotion schemes covered under the FTP. The Commerce Ministry has subsequently published the following changes in the FTP:
    - The benefit under all the Export Promotion Schemes (except SEIS - Services Exports from India Scheme) and other schemes, available as on date, will continue

to be available for another 12 months; decision on continuation of SEIS will be taken and notified separately.

- The validity period of the Status Holder Certificates is also extended under the FTP. This will enable the Status Holders to continue to avail the specified facilities/benefits.
- Exemption from payment of Integrated GST and Compensation Cess on the imports made under Advance Authorization (AA)/Export Promotion of Capital Goods (EPCG) Authorization and by Export Oriented Units (EOUs) has been extended up to March 31, 2021.
- The scheme for providing "Transport Marketing Assistance on the specified Agricultural Products" is further extended for one year.
- The validity period for making imports under various duty-free import authorizations (AA/DFIA/EPCG) expiring between February 1, 2020, and July 31, 2020, has been allowed automatic extension for another six months from the date of expiry, without the requirement of obtaining such endorsement on these authorizations.
- In a case where the period to make export is expiring between February 1, 2020, and July 31, 2020, under various authorizations, automatic extension in the export obligation period is allowed for another six months from the date of expiry, without payment of any composition fee.
- Last dates for applying for various duty credit Scrips (MEIS/SEIS/ROSCTL) and other Authorizations have been extended under the FTP.
- Timelines for imposing late cuts, on the applications which are filed after the prescribed dates, have been relaxed.
- The validity period of Letter of Permission/ Letter of Intent as granted to EOUs, units in Software Technology Parks (STPs)/Electronics Hardware Technology Parks (EHTPs)/Bio Tech Parks (BTPs) is extended up to December 31, 2020.
- The last date of filing applications for refund of Terminal Excise Duty (TED)/Drawback, Transport and Marketing Assistance has been extended.

FDI Policy amendment to Curb Acquisitions of Indian Cos

- Amending the Consolidated FDI Policy 2017, the GoI issued Press Note 3 of 2020, on April 17, 2020, putting new requirement to seek investment approval from the Government for investors from countries sharing land borders with India. The move is aimed at curbing "opportunistic takeovers/acquisitions of Indian companies" due to Covid-19, according to the notification.

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