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ASSOCHAM NEWS & VIEWS

WEEKLY

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- ⇒ **CBIC NOTIFIED EXCHANGE RATE**
- ⇒ **NOTE ON SEARCH CONDUCTED IN NCR ON A GROUP IN THE POWER SECTOR**



THE ASSOCIATED CHAMBERS OF COMMERCE AND INDUSTRY OF INDIA

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MINISTRY OF COMMERCE & INDUSTRY

Government E Marketplace (GeM) Closes FY 2018-19 on a High Note Record Four-Fold Increase in Total Value of Transactions in 2018-19

Government e Marketplace (GeM), the national public procurement portal offering end to end solution for all procurement needs of Central and State govt. departments and PSUs has closed the FY 2018-19 on a high note. The year witnessed a four-fold increase in total value of transactions on the portal and doubling of number of sellers in the marketplace. There has also been an overall growth in other dimensions like number of categories, products and buyers. Despite such phenomenal growth in transactions, average rejection rate of supplies remained below one percent, which is proof of high quality of products/services offered on the portal.

Significant Milestones achieved in FY 2018-19:

- Grossed over Rs. 23,000 crores in Gross Merchandise Value (GMV) through more than 17 lakh transactions on the platform.
- Made over 8.8 lakh products available on its platform through a network of over 2 lakh sellers and service providers.
- These products and services are being bought by over 34,000 government organisations (Central, State Governments and PSUs) registered on the platform.
- 42% of transactions by volume are done with MSMEs registered on the platform.
- Buyers from across 36 States and Union Territories (UTs) are buying on the platform. 24 States and UTs have signed a formal MoU with GeM to adopt it as the core procurement portal in their respective territories.
- Average savings of more than 25% achieved across transactions on the platform.
- Integration with Aadhaar, Udyog Aadhaar, Ministry of Corporate Affairs²¹ (MCA21), Public Financial Management System (PFMS), PAN, GSTN, Controller General of Defence Accounts (CGDA), Railways, and Securities and Exchange Board of India (SEBI) empanelled rating agencies for robust registration process.
- Training of over 1.3 lakh buyers and sellers has been conducted across 28 States and UTs to enable them to seamlessly operate the platform.
- MoUs have been signed with 12 banks for payment integration (State GeM Pool Account-SGPA, Electronic Performance Bank Guarantee-ePBG, Electronic Earnest Money Deposit-eEMD) to facilitate a cashless, contactless and paperless payment system on the platform.
- MoU signed with MSME Ministry, Common Service Centers (CSC) and industrial associations (ASSOCHAM, CII, FICCI, AIMA, MAIT, FICCI, PHD Chamber of Commerce & Industry and IIA. for facilitating training, capacity building and on boarding of manufactures and vendors across the country.
- Integration with Quality Council of India (QCI) for ensuring quality compliances of the

- products and services offered through GeM.
- Traffic on GeM website has increased by 50% in FY 2018-19 Vs. 2017-18

During the year, GeM was awarded Digital India Platinum Award for 'Exemplary Online Service' by the Ministry of Electronics & IT (MeitY). It was also nominated for the prestigious UN-ITU WSIS. GeM had taken up some special initiatives to spread awareness, train prospective users and promote inclusiveness in the marketplace. One such mega initiative was National Mission on GeM, organized during the months of September-October 2018. Launched on 5th September 2018, the Mission witnessed 315 capacity building exercises across 187 districts of 31 states/UTs.

Apart from the States, UT, Central Ministries and CPSU events, 18 dedicated theme-based events, which included technology architecture, services, credit facilities, legal framework, localization etc. were held to steer the future roadmap for GeM and strategize exponential growth. As a part of inclusive agenda, another special initiative was launched to enable Women Entrepreneurs and Women led Self Help Groups to showcase and sell their products on GeM. The initiative is aptly named as 'Womaniya'.

Another programme like SWAYATT- an initiative to promote Start-ups, Women and Youth Advantage Through e-Transactions, was launched in February 2019. In association with Start-up India, GeM Start-up Runway has been initiated to facilitate Start-ups in selling innovative products and services to government buyers.

Since its inception on 9th August 2016, GeM has transformed public procurement in the country by leveraging technology and making procurement contactless, paperless, and cashless. GeM facilitates procurement at the right price, right quality and right quantity in a transparent and efficient manner. The platform reduces manual process inefficiencies and human interventions in procurement and enables increased coverage, access, and efficiency of faceless standardised public procurement.

MINISTRY OF FINANCE

CBIC notified Exchange Rate

In exercise of the powers conferred by section 14 of the Customs Act, 1962 (52 of 1962), and in supersession of the notification of the Central Board of Indirect Taxes and Customs No.30/2019-CUSTOMS (N.T.), dated 4th April, 2019 except as respects things done or omitted to be done before such supersession, the Central Board of Indirect Taxes and Customs hereby determines that the rate of exchange of conversion of each of the foreign currencies specified in column (2) of each of Schedule I and Schedule II annexed hereto, into Indian currency or *vice versa*, shall, with effect from 19th April, 2019, be the rate mentioned against it in the corresponding entry in column (3) thereof, for the purpose of the said section, relating to imported and export goods.

SCHEDULE-I

Sl.No.	Foreign Currency	Rate of exchange of one unit of foreign currency equivalent to Indian rupees	
		(a)	(b)
(1)	(2)	(3)	
		(For Imported Goods)	(For Exported Goods)
1.	Australian Dollar	51.10	48.85
2.	Bahraini Dinar	190.50	178.60
3.	Canadian Dollar	53.00	51.10
4.	Chinese Yuan	10.55	10.20
5.	Danish Kroner	10.70	10.30
6.	EURO	80.00	77.05
7.	Hong Kong Dollar	9.05	8.70
8.	Kuwaiti Dinar	236.45	221.20
9.	New Zealand Dollar	48.05	45.80
10.	Norwegian Kroner	8.35	8.05
11.	Pound Sterling	92.35	89.05
12.	Qatari Riyal	19.75	18.50
13.	Saudi Arabian Riyal	19.15	17.95
14.	Singapore Dollar	52.30	50.45
15.	South African Rand	5. 15	4.80
16.	Swedish Kroner	7.65	7.40
17.	Swiss Franc	70.20	67.50
18.	Turkish Lira	12.45	11.70
19.	UAE Dirham	19.55	18.35
20.	US Dollar	70.40	68.70

SCHEDULE-II

Sl.No.	Foreign Currency	Rate of exchange of 100 units of foreign currency equivalent to Indian rupees	
(1)	(2)	(3)	
		(a)	(b)
		(For Imported Goods)	(For Export Goods)
1.	Japanese Yen	63.30	60.95
2.	Korean Won	6.30	5.90

MINISTRY OF FINANCE

Note on search conducted in NCR on a Group in the Power sector

The Delhi Unit of the Directorate General of Income-tax (Investigation) initiated search and seizure action on a Group in NCR, Bhopal, Indore and Goa based upon credible information of large scale collection, possession and movement of unaccounted assets, a few weeks back.

The Central Board of Direct Taxes (CBDT) had earlier issued a Press Note pertaining to searches conducted in MP. As some new developments have taken place, this Press Release is being issued pertaining to search and seizure operation carried-out in NCR on 07th April, 2019 on a leading Solar Power Group connected in the matter.

Some of the significant transactions detected during the search operation are detailed here under:-

- **Accommodation entries of Rs 370 crore:** During the search, a maze of shell companies used as mere conduits for providing entries to the group have been detected. Accommodation entries in the garb of bogus unsecured loans/share application money to the tune of Rs. 370 crore have been found.
- **Bogus billing of Rs. 330 crore:** Evidence of inflation of expenses through bogus billing to the tune of around **Rs. 330 crore** has been detected in the case of a power plant of the said group. The money so siphoned off was collected in USD through hawala operators.
- **Unaccounted diary transactions of Rs. 240 crore:** A handwritten diary containing records of out of books cash receipts to the tune of around Rs.240 crore was seized from the office of the group. The entries therein have been admitted by the persons concerned.
- **Bogus loans of Rs. 30 crore in a group company:** Investigations reveal that a loan entry of Rs. 30 crore in one of the group companies was an accommodation entry arranged by an entry operator against equivalent cash.
- **Over-invoicing of imports and round tripping of Rs. 252 crore:** During the search, evidence was found indicating that the group grossly over-invoiced its imports from original manufacturers by re-invoicing it through a shell company of a person who is an accused in a major defence scam. The surplus so created was ploughed back in the books as FDI through another shell company of the same person.

- **Unaccounted foreign investments/expenses:** Enquiries reveal that the Group used the services of a Dubai based operator to park unaccounted foreign remittances in overseas jurisdictions. Out of such remittances, approximately **Rs. 27 crore** was paid towards credit card expenses and **Rs. 72 crore** for purchase of a property abroad.
- Apart from the above, unaccounted payment of **Rs. 9 crore** towards purchase of a property has also been detected.
- Seizure of unaccounted assets of **Rs. 3 crore** has been made during the search.

The search action was undertaken on the basis of credible information and has led to detection of large scale tax evasion of more than **Rs. 1350 crore**.

RESERVE BANK OF INDIA

Licensing as Authorised Dealer- Category II

A large segment of population is increasingly getting connected with forex transactions on individual accounts. In order to increase the accessibility and efficiency of services extended to the members of the public for their day-to-day non-trade current account transactions, it has been decided that Systemically Important Non-Deposit taking Investment and Credit Companies shall be eligible for Authorized Dealer- Category II (AD- Cat II) licence, subject to meeting the following conditions:

- i. NBFCs offering such services shall have a 'minimum investment grade rating'.
- ii. NBFCs offering such services shall put in place a board approved policy on (a) managing the risks, including currency risk, if any, and (b) handling customer grievances arising out of such activities. A monitoring mechanism, at least at monthly intervals, shall be put in place for such services.

2. The eligible NBFCs desirous of undertaking AD-Cat II activities shall approach the Reserve Bank of India, Foreign Exchange Department, Central Office, Mumbai for the AD-Cat II licence.

3. [Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company \(Reserve Bank\) Directions, 2016](#) has been modified accordingly.

Yours faithfully,

(Manoranjan Mishra)
Chief General Manage

RESERVE BANK OF INDIA

RBI released draft “Enabling Framework for Regulatory Sandbox”

In view of the growing significance of FinTech innovations and their interface with the financial sector as well as financial sector entities, the Financial Stability and Development Council - Sub Committee had decided to set up a Working Group (WG), to look into and report on the granular aspects of FinTech and its implications, so as to review and reorient appropriately the regulatory framework and respond to the dynamics of the rapidly evolving FinTech scenario.

Pursuant to this decision, Reserve Bank of India set up an inter-regulatory WG under the chairmanship of Executive Director, Department of Banking Regulation (DBR) to look into and report on the granular aspects of FinTech, to leverage on the developments in FinTech space. The WG included representatives from RBI, SEBI, IRDA, PFRDA, NPCI, IDRBT, select banks and rating agencies. The '[Report of the WG on FinTech and Digital Banking](#)' was placed in public domain in February 2018. One of the key recommendations of the WG was to introduce an appropriate framework for a 'Regulatory Sandbox' within a well-defined space and duration.

The Reserve Bank of India today released the [draft 'Enabling Framework for Regulatory Sandbox'](#). Comments on the draft guidelines are invited from stakeholders by May 08, 2019. Comments/feedback on the draft framework may be sent by [email](#) or to the following address with subject line as 'Feedback on the Draft Enabling Framework for Regulatory Sandbox':

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