

To,

**All the Members of the Council**

**Updated advisory to members regarding GJEPC efforts related to banking issues**

It has been the endeavour of the council to resolve the issues faced by the members and trade ever since the pandemic has impacted the sector in India and globally. The members have been facing unprecedented issues such as delay in export realisation, cancellation/deferment of export orders, cancellation of forward contracts, expiry of MSME validity for subvention, gold metal loan rollovers, COVID emergency credit lines. Etc.

The council has been taking up these matters at various levels be it RBI, MoC&I, MoF etc. Although we have still to hear from the authorities regarding certain issues but the undermentioned matters have been addressed and brought relief to the members and the trade.

Issues / Requests	Status
Extension of time for realization of Export proceeds to avoid overdue interest and crystallization of bills	Realization of export proceeds for exports made upto July 31, 2020 extended to 15 months from the date of export. Similarly, PCL availed can also be extended upto 15 months in case of delay in shipment. This is maximum permissible period. (RBI Notification-RBI/2019-20/246; DOR.DIR.BC. No.73/04.02.002/ 2019-20)
Extension from caution listing under RBI	RBI caution listing of exporters has been extended till the 30.09.2020 as per Trade Notice No. 60 of the DGFT dated 31/03/2020
Extension for Export against Gold Loan	Export against Gold Loan has been extended by 6 months
Extension of Interest Subvention Scheme	Extension of existing Scheme by one more year - up to 31.03.2021 as per notification issued by RBI/2019-20/231; DOR.Dir.BC.No.69/04.02.001/2019-20
Relaxation of SMA/NPA norms and CRILC reporting	RBI has provided relief from classification as Special Mention Account (SMA) / Non - Performing Asset (NPA) (RBI Circular - RBI/2019-20/186 dated March 27, 2020) and further notification of 17 <sup>th</sup> April 2020. Circular DOR.No.BP.BC.62/21.04.048/2019-20 dated April 17, 2020

Request for deferment of interest and EMI payments for WC and Term Loans	RBI allowed deferment of interest applied in respect of WC / TL facilities upto August 31, 2020. (Notification-RBI/2019-20/244; DOR.No.BP.BC.71/21.04.048/2019-20) <i>However, compounded interest will be chargeable.</i>
Revision in norms for MSME classification	As per GOI, vide Gazette Notification S.O. 2119 (E) dated June 26, 2020, has notified new criteria for classifying the enterprises as Micro, Small and Medium enterprises. The detailed explanation on Revision in listed below.

We trust the members will find the above in order and of use to overcome regulatory hurdles related with the above.

Further please also note that certain issues have been explained in detail as given below which will enable members to understand and apply the same to their respective business requirement.

**Procedure to be followed for extension of Export Bills:**

Being aware of revised RBI / GOI guidelines regarding permitting exporters for permitting realization of export proceeds from 9 months to 15 months for all exports made upto July 2020, the following should be followed by all exporters seeking extension:

1. Since guidelines only permit for revised realization period, working methodology remains unaltered.
2. With every extension request bank will be requiring following documents as approvals from various level authorities are required to be taken:
  - a. ETX form duly signed by company authorized signatory.
  - b. Declaration that export proceeds will be realized in extended period duly signed by company authorized signatory.
  - c. A declaration regarding authenticity of transactions certified by auditor of company.
  - d. A swift message from overseas bank regarding extension sought from overseas party (in case bills sent to overseas bank).
  - e. A letter from overseas party regarding extension (if bills were sent directly to party).

We understand that due to COVID19 reasons, members may find difficulties in sending us the hard copies. Banks shall support on receipt of scanned papers by the time crisis stabilizes. **Please also ensure that extension requests are lodged with banks before the actual due dates.**

## **Revision in MSME Classification**

### **Classification of enterprises:**

An enterprise shall be classified as a Micro, Small or Medium enterprise on the basis of the following criteria, namely:

- i. **a micro enterprise, where the investment in plant and machinery or equipment does not exceed one crore rupees and turnover does not exceed five crore rupees;**
- ii. **a small enterprise, where the investment in plant and machinery or equipment does not exceed ten crore rupees and turnover does not exceed fifty crore rupees; and**
- iii. **a medium enterprise, where the investment in plant and machinery or equipment does not exceed fifty crore rupees and turnover does not exceed two hundred and fifty crore rupees**

### **Composite criteria of investment and turnover for classification**

A composite criterion of investment and turnover shall apply for classification of an enterprise as micro, small or medium.

If an enterprise crosses the ceiling limits specified for its present category in either of the two criteria of investment or turnover, it will cease to exist in that category and be placed in the next higher category but no enterprise shall be placed in the lower category unless it goes below the ceiling limits specified for its present category in both the criteria of investment as well as turnover.

All units with Goods and Services Tax Identification Number (GSTIN) listed against the same Permanent Account Number (PAN) shall be collectively treated as one enterprise and the turnover and investment figures for all of such entities shall be seen together and only the aggregate values will be considered for deciding the category as micro, small or medium enterprise.

### **Calculation of investment in plant and machinery or equipment**

- i. The calculation of investment in plant and machinery or equipment will be linked to the Income Tax Return (ITR) of the previous years filed under the Income Tax Act, 1961.
- ii. In case of a new enterprise, where no prior ITR is available, the investment will be based on self-declaration of the promoter of the enterprise and such relaxation shall end after the 31st March of the financial year in which it files its first ITR.
- iii. The expression "plant and machinery or equipment" of the enterprise, shall have the same meaning as assigned to the plant and machinery in the Income Tax Rules, 1962 framed under the Income Tax Act, 1961 and shall include all tangible assets (other than land and building, furniture and fittings).

- iv. The purchase (invoice) value of a plant and machinery or equipment, whether purchased first hand or second hand, shall be taken into account excluding Goods and Services Tax (GST), on self-disclosure basis, if the enterprise is a new one without any ITR.
- v. The cost of certain items specified in the Explanation I to sub-section (1) of section 7 of the Act shall be excluded from the calculation of the amount of investment in plant and machinery.

**Calculation of turnover:**

- i. **Exports of goods or services or both, shall be excluded while calculating the turnover of any enterprise whether micro, small or medium, for the purposes of classification.**
- ii. Information as regards turnover and exports turnover for an enterprise shall be linked to the Income Tax Act or the Central Goods and Services Act (CGST Act) and the GSTIN.
- iii. The turnover related figures of such enterprise which do not have PAN will be considered on self-declaration basis for a period up to 31st March, 2021 and thereafter, PAN and GSTIN shall be mandatory.

Other aspects relating to registration of enterprises, grievance redressal, etc. are mentioned in the Gazette Notification S.O. 2119 (E) dated June 26, 2020.

Hope the members will find the above in order.

We shall continue to update on the other pending issues once we receive any resolution for the same.

Thanking you,

Yours faithfully,

Sd/-

**SABYASACHI RAY  
EXECUTIVE DIRECTOR**