



**UIBC**

Abetting UAE-India Alliance

# **UIBC NEWSLETTER**

## **APRIL 2024**

# KEY HIGHLIGHTS

## INDIA-UAE TO WORK ON IME ECONOMIC CORRIDOR PROTOCOLS IN MAY 2024



India and the United Arab Emirates (UAE) have begun work on the first stage of the at breaking India-Middle East-Europe Economic Corridor (IMEEC) with the first senior official meeting expected to take place by May 15.

The IMEEC links India, UAE, Jordan, Saudi Arabia and Israel with Europe and US through trade and merchandise exports with ports in Europe being the final destination. The IMEEC has full support of the Biden administration and is designed to integrate the markets of these countries.

After Prime Minister Shri Narendra Modi signed the inter-governmental framework agreement on the IMEEC with UAE President H.H. Sheikh Mohamed bin Zayed Al Nahyan on February 14, the two countries have decided to hold the first round of meetings next month (May 2024) to firmly establish the protocols for the first stage of IMEEC. The IMEEC will not only link India with Europe via the Middle East but also increase the bilateral trade with the UAE, which is currently pegged at USD 85 billion and growing by the day.

It is understood that during the Joint Secretary level meeting with representatives from trade, shipping and commerce ministries the two sides will establish protocols or what has been called virtual trade corridors so that goods containers once cleared at Indian port of Mundra are not reopened at either UAE's Fujairah port and allowed to proceed to the final destinations in Europe or America. [READ MORE](#)

## INDIA, UAE DISCUSS WAYS TO DEEPEN COMPREHENSIVE STRATEGIC PARTNERSHIP



Foreign Secretary of India Shri Vinay Kwatra on 30 April 2024 held a meeting with UAE's Minister of State for International Cooperation H.E. Reem Ebrahim Al Hashimy and discussed ways to further deepen the Comprehensive Strategic Partnership between the two nations. During the meeting in Delhi, Shri Vinay Kwatra and H.E. Reem Ebrahim Al Hashimy reviewed the entire gamut of multifaceted bilateral ties. [READ MORE](#)

## UAE GIVES APPROVAL FOR FIRST VERTIPOINT



The UAE has officially approved the country's first vertiport as it takes a further step towards flying taxis.

The General Civil Aviation Authority (GCAA) has officially granted operational approval for the country's inaugural vertiport, which debuts at the DRIFTx event in Abu Dhabi. [READ MORE](#)

## DP WORLD UNVEILS NEW AIR TRACKING FEATURE



Tailored to meet the dynamic demands of the logistics sector, the Air Tracking feature seamlessly integrates with the online SeaRates platform, providing users with a comprehensive solution for monitoring shipments across land, sea, and now air. From the inception at the factory floor to the final delivery at the customer's doorstep, SeaRates is dedicated to simplifying global logistics and elevating customer satisfaction.

"Our customers' evolving needs are always at the forefront of how we think about the industry. With the increasing reliance on air freight solutions to overcome disruptions and challenges in global logistics, SeaRates' Air Tracking feature is a testament to our commitment to providing end-to-end solutions that fit the dynamics of the market," stated Mr. Mike Bhaskaran, DP World's Group Chief Operating Officer, Digital Technology.

The Air Tracking feature serves as a natural expansion of SeaRates' existing suite of tools, which encompasses freight tracking, Logistics Community Systems (LCS), and ship scheduling. This all-encompassing approach ensures that customers have access to all the essential tools required to optimize their supply chain operations effectively.

"This addition to the SeaRates platform completes our tracking requirements across land, sea and air. We're impressed with SeaRates constantly innovating and taking onboard the requirements of freight forwarders, helping us to grow our business and provide additional services to our own customers," highlighted the benefits of the feature, Enrico Rinolfi, Founder & CEO, CADERIZE. According to the statement, utilising SeaRates' Air Tracking provides real-time updates and ensure timely delivery significantly enhancing customer trust and satisfaction. [READ MORE](#)

# NEWS SNIPPETS



**H. E. Sunjay Sudhir**, Ambassador of India to UAE visited Lower Zakhum, India's first upstream investment in Middle East. Onshore block 1 is first operatorship block of an Indian oil & gas company in the UAE by Bharat PetroResources Limited (BPRL) and Indian Oil Corporation Limited (IOCL). The exploration results have been positive. This concession will expand India's prowess in the upstream sector and further boost energy security. [READ MORE](#)



**Secretary Mr. Bhupinder Singh Bhalla** addressed the 14<sup>th</sup> International Renewable Energy Agency (IRENA) Assembly in Abu Dhabi. He highlighted the key developments and activities of IRENA, during India's Presidency, towards its goal of a cleaner, greener and sustainable future. Held under the theme "Outcome of COP28: Infrastructure, Policies and Skills for Tripling Renewables and Accelerating the Energy Transition", this year's Assembly built upon the momentum of the UAE Consensus to triple renewable power capacity and double energy efficiency by 2030. [READ MORE](#)



**Major Ports (India) Cargo Volume** Grew 4.45 Percent In FY24 To 819.227 Million Tonnes. The 12 major ports handled 819.227 million tonnes (mt) of cargo in FY24, some 4.45 percent more than the 784.305 mt handled during the previous year on the back of strong growth in iron ore, raw fertiliser, coking coal and container shipments. [READ MORE](#)

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# OUR MEMBER

## **ARTICLE CONTRIBUTED BY UIBC MEMBER**

### **BIG PUSH BY INDIAN GOVERNMENT TO SUPPORT MSEs**

*Shahid Khan and Reena Asthana Khair, Kochhar & Co.*

With the introduction of amendments to the Income Tax Act, 1961, the Indian Government has introduced legal changes to incentivize prompt payment of dues to Micro or small enterprises (**'MSEs'**) by business enterprises. This is a positive step as it will provide considerable financial support to UAE Companies in India which are MSEs.

For the calculation of business income, on which tax is to be charged, expenses incurred for business purposes are deducted. Under the mercantile system of accounting, expenses are recorded when they became due, and not when they are actually paid. With the recent amendments to Section 43B of the Income Tax Act, changes have been introduced to this provision, so that certain deductible expenses will only be recognized in the year they are actually paid, regardless of when the obligation to pay them arose.

Finance Act 2023 added a new clause (h) in Section 43B which stipulates that any amount owed by a taxpayer to an MSE beyond the time limit specified in the Micro, Small and Medium Enterprises Development Act of 2006 (**'MSMED Act'**) will only be deductible in the year it is physically paid, irrespective of when the liability originated. The underlying objective of this amendment is to encourage prompt payment to MSEs by business entities, thereby bolstering the financial stability of these enterprises. This legislative shift applies from the assessment year 2024-25 onward, affecting payments due to MSEs on or after April 1, 2023.

#### **Relevant provisions of MSMED Act**

As per Section 15 of MSMED Act, buyers of goods or services from an MSE supplier are legally obliged to make payment on or before the date agreed upon between them. However, the agreed period cannot exceed 45 days from *the day of acceptance*.

In cases where there is no prior agreement between the parties in this regard, payment to a MSE supplier has to be made by the buyer by the day following 15th *day of acceptance* of goods or services.

The *day of acceptance* of goods or service means the day of the delivery of goods or rendering of service. However, where a written objection is made by the buyer to the supplier regarding the goods or service within 15 days of the day of delivery, then the day of acceptance means the day when the objection is removed by the supplier.

#### **Who are the Micro and Small Enterprises?**

Micro and Small Enterprises, as defined by their investment in plant and machinery and annual turnover, encompass various entities such as companies, co-operative societies, trusts, or bodies constituted under any law.:

Category	Investment in plant & machinery	Annual turnover
Micro	Not exceeding INR 10 million	Not exceeding INR 50 million
Small	Not exceeding INR 100 million	Not exceeding INR 500 million

### Compliance issues

- The new provision applies only to purchases from suppliers registered as a Micro or Small enterprise. The buyer can obtain declaration from the supplier regarding its status under the MSME Act or check supplier's MSE registration at [https://udyamregistration.gov.in/udyam\\_verify.aspx](https://udyamregistration.gov.in/udyam_verify.aspx).
- The new provision has no bearing on any advance payment to an MSE which will continue to be deductible in the year of payment.
- The provision does not apply to purchase of capital goods from MSEs.
- The provision is applicable for calculating taxable profits in regular assessment and does not apply for calculation of Minimum Alternate Tax.
- If the sum payable to an MSE includes GST but the buyer does not to claim input tax credit treating GST amount as an expense, then the purchase cost and GST will be deductible in the year of actual payment. Where the buyer claims GST as input tax credit, then only the purchase cost will be deductible in the year of payment.
- The payments coming within the ambit of the new provision are required to be reported by the auditors in Tax Audit Report.

### Conclusion

In conclusion, the revised provision in Section 43B of the Income Tax Act entails that for purchases from MSEs, failure to remit payment within the stipulated 15 or 45-day period, as applicable, results in the deduction of expenses only in the year of actual payment, rather than the year in which they were incurred. This underscores the importance of timely payments to MSEs and aligns with broader efforts to support and sustain these enterprises.

***Shahid Khan, former member CBDT, is a Senior Partner and Head Direct Taxation Practice at Kochhar & Co. (Advocates & Legal Consultants). Reena Khair is a Senior Partner & Head of Indirect Tax and International Trade at Kochhar & Co. For any queries, they may be reached at [corporate@kochhar.com](mailto:corporate@kochhar.com)***

# NEW MEMBERS

## DUBAI CABLE CO. (PVT.) LTD.

### NEW EXECUTIVE MEMBER

We are delighted to share that Dubai Cable Co. (Pvt.) Ltd. is now one of the Executive Members of the UAE-India Business Council (UIBC).

Together, and with support of our other esteemed members, we look forward to further strengthening the India-UAE trade.



### ABOUT DUCAB

Based in the UAE, Ducab delivers world-class, innovative solutions to the global energy sector. With a focus on high-quality, customized energy solutions for a wide range of applications, along with engineering solutions for global markets, Ducab stands out for its technical expertise and deeply ingrained culture of excellence.

The company prides itself on operating six state-of-the-art manufacturing facilities, in addition to managing its research and development and specialized testing labs, affirming its leadership in innovation and quality assurance.

Ducab exports 60% of its products to 55 countries and is continuously diversifying its product portfolio. Its range of products includes 85,000 cable variants from five distinct families, used in more than 5,000 projects around the world.

A highlight of Ducab's product range is its LPCB-certified fire survival cables, which have been instrumental in world-renowned projects like the Burj Khalifa for over 20 years. This certification from the Loss Prevention Certification Board (LPCB) is a testament to Ducab's commitment to the highest safety and quality standards, distinguishing its products in the marketplace. This diverse selection ensures that customers have access to a broad range of choices to meet their specific needs and reflects Ducab's dedication to being a one-stop solution provider.

## DUBAI AIRPORT FREEZONE (DAFZ)

### NEW MEMBER



***We are delighted to share that Dubai Airport Freezone (DAFZ) is now one of the esteemed members of the UAE-India Business Council (UIBC)***

### **About Dubai Airport Freezone (DAFZ):**

Established in 1996, the Dubai Airport Freezone (DAFZ) stands as a vibrant business hub strategically positioned at the epicenter of global trade. DAFZ is now a member of Dubai Integrated Economic Zones Authority (DIEZA). With direct access to the world's busiest international airport, DAFZ serves as the perfect gateway to the Middle East and boasts unparalleled connectivity to Europe, the Indian Subcontinent, and the Far East.

Currently hosting over 2,600 registered businesses spanning across 20+ sectors and diverse industries, DAFZ is home to a workforce of more than 20,000 professionals. Businesses within DAFZ enjoy the advantages of a business-centric regulatory framework and a tax-free environment that allows for total ownership, full repatriation of earnings, and access to a range of world-class facilities.

# UIBC ACTIVITIES



## VISIT TO UIBC SECRETARIAT

(L to R) – **Mr Mukesh Kalra**, Head - Business Development, UIBC; **Mr Viraf Karanjia**, MD & Head of Corporate Coverage - India; First Abu Dhabi Bank (FAB); **Mr Lovnesh Puri**, Executive Director Coverage, Liquidity Management - India First Abu Dhabi Bank (FAB)



## VISIT TO FIEO OFFICE

(L to R) – **Mr Mukesh Kalra**, Head - Business Development, UIBC; **Mr Ashish Jain**, Deputy Director General, Federation of Indian Export Organisations (FIEO)

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May 22, 2024

Mumbai, India

GTR India returns to Mumbai on May 22, where over 45 industry experts will offer clarity on the impact of a turbulent business environment on trade flows and financing, pinpointing opportunities for business growth as the trade sector realigns with evolving economic conditions and geopolitical forces across the continent and its key trade partners.

The conference offers numerous valuable networking opportunities in the exhibition hall, featuring over 15 exhibitors and over 3 hours of networking breaks to facilitate connections among over 500 delegates within the trade, supply chain, export and infrastructure financing realm.



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**Key discussion themes include:**

- Resilience, global risks and the trajectory for growth: Long-term assessments on Indian trade
- A look from the ground up: The direction of travel for Indian trade, exports and corporates
- Optimising cashflow and open account financing for working capital needs
- Leading from the front: Digital innovation in trade finance and developing GIFT City
- Priorities for financing industry supply chains and the 'China Plus One' strategy
- ESG compliance in India: Supply chain traceability and 'greening' bank lending

*Don't miss this unrivalled opportunity to catch up with old friends and build crucial new market connections at what is set to be an excellent day. Attendees will receive:*

- Unparalleled expertise from 45+ speakers who are active in the market
- Exceptional content on topics and regions covered
- 3+ hours of networking opportunities with key stakeholders in the industry

As an event partner, we have secured **complimentary corporate passes** for our members from non-financial companies, including exporters, importers, distributors, manufacturers, traders and producers of physical goods and products.

**Register your interest in attending the conference here:** <https://www.gtreview.com/gtr-india-partner-registration-request/>

This event is unmissable for anyone seeking expert insight and opportunities for networking, engagement, and knowledge sharing.

For more information on the conference, the agenda and speaker line-up, visit [www.gtreview.com/gtrindia](http://www.gtreview.com/gtrindia)

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***FOR FURTHER DETAILS, YOU COULD REACH OUT TO US AT:***

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