



January 11, 2021 – Monday

Key Developments

Labour ministry likely to give shape to National Employment Policy by December

The Ministry of Labour and Employment is likely to give a shape to the National Employment Policy (NEP) by December this year following the implementation of four labour codes and completion of four major surveys, including one on migrant workers. The NEP will draw a broad road map for improving job opportunities in the country, mainly by various initiatives like skill development, bringing investment in employment intensive segments and other policy interventions. Last year, Parliament passed three labour codes on Industrial Relations, Social Security and Occupational Health Safety & Working Conditions (OSH). The Code on Wages was approved by Parliament last year and its rules have been firmed up. But the implementation of the rules for Code on Wages was held back because the government wanted to implement all four labour codes in one go. These four codes are likely to be implemented from April 1 this year.

https://www.business-standard.com/article/economy-policy/labour-ministry-likely-to-give-shape-to-national-employment-policy-by-dec-121011000206_1.html

MCA proposes prepack insolvency process to address Covid-related stress

The ministry of corporate affairs (MCA) has proposed a pre-packaged insolvency process under the Insolvency and Bankruptcy Code (IBC) to resolve the unaddressed Covid-related stress resulting from the suspension of certain sections of the code. The draft regulations seek to hasten the resolution process with the bulk of the discussions between debtors and creditors taking place out of court with court approval needed only for the agreed arrangement. "The efficacy of out-of-court workouts in delivering speedier resolutions provided regulators extend the same regulatory exemptions as available to settlements made under the IBC framework was considered and it was felt that pre-packaged insolvency resolution process (PPIRP) may be introduced under the Code with necessary checks and balances, as an option for resolving insolvency," the MCA said in a draft released on Friday.

<https://economictimes.indiatimes.com/news/economy/policy/mca-proposes-prepack-insolvency-process-to-address-covid-related-stress/articleshow/80197980.cms>

Govt creates special unit in Income Tax dept for probe into undisclosed foreign assets

A special unit has been created by the government in the countrywide investigation wings of the Income Tax department for focussed probe in cases of undisclosed assets held by Indians abroad and possession of black money in foreign shores, officials said. The Foreign Asset Investigation Units (FAIUs) have been recently created in all the 14 investigation directorates of the tax department located in various parts of the country that are primarily tasked to undertake raids and seizures, and develop intelligence to check tax evasion done by various methods. A total of 69 existing posts in the tax department were "diverted" by the Central Board of Direct Taxes (CBDT) in November last for the creation of this unit after approval from Union Finance Minister Nirmala Sitharaman, a senior officer told.

<https://economictimes.indiatimes.com/news/economy/policy/govt-creates-special-unit-in-income-tax-department-for-probe-into-undisclosed-foreign-assets/articleshow/80199039.cms>

International Driving Permits can now be extended abroad: Road Ministry

The Road Ministry has proposed that Indian citizens can apply for the renewal of their International Driving Permits (IDP) through the Indian embassies or missions abroad. From the embassies, these applications would be moved to the VAHAN portal in India and will be considered by the respective Regional Transport Offices (RTO). The IDP would be couriered to the citizen at his/her address abroad by the respective RTOs, explained an official. This is aimed to benefit those Indian citizens whose IDP has expired while they are abroad. The amendments to the rules were mentioned in a notification issued by the Ministry of Road Transport and Highways on January 7, 2021.

<https://www.thehindubusinessline.com/news/international-driving-permits-can-now-be-extended-abroad-road-ministry/article33542091.ece>

Economy

Cities key to India's post-pandemic growth: WEF study

Cities have borne the maximum brunt of the COVID-19 outbreak but they will also be key to India's post-pandemic growth as they account for nearly 70 per cent of the country's GDP and an average of 25-30 people migrate to cities from rural areas every single minute, a new study has shown. The study by the Geneva-based World Economic Forum (WEF) said the unfolding COVID-19 pandemic has been catastrophic for cities. "According to estimates, about 70 per cent of India's GDP comes from its cities and around 25-30 people migrate to the cities from rural areas every minute. However, most big cities in India have a wide economic disparity, with expansive slums and a large urban poor population," the WEF said. The study further said that about 25 million households in India — 35 per cent of all urban households — cannot afford housing at market prices and it is time to create a new urban paradigm that enables cities to be healthier, more inclusive and more resilient.

<https://www.financialexpress.com/economy/cities-key-to-indias-post-pandemic-growth-wef-study/2168050/>

GST officials recover Rs 700 cr in 2 months, arrest 215 over fake invoices

The Directorate General of GST Intelligence (DGGI) and the CGST Commissionerates have recovered more than Rs 700 crore and arrested 215 persons in the last two months in cases related to fake GST invoices that were used to illegally avail or pass on input tax credit (ITC). GST intelligence authorities have registered about 2,200 cases and unearthed more than 6,600 fake GSTIN entities during this period, sources said. The Directorate General of GST Intelligence (DGGI) and the CGST Commissionerates have so far arrested 215 persons, including six chartered accountants and one company secretary, and recovered more than Rs 700 crore from these fraudsters, sources said.

https://www.business-standard.com/article/economy-policy/gst-officials-recover-rs-700-cr-in-2-months-arrest-215-over-fake-invoices-121011000547_1.html

Govt pays Rs 1,364 cr to 2 mn undeserving beneficiaries under PM-KISAN: RTI

The government has paid Rs 1,364 crore to 20.48 lakh undeserving beneficiaries under its ambitious PM-KISAN scheme, a reply to a Right to Information (RTI) query by the Union Agriculture Ministry reveals. Pradhan Mantri Kisan Sammann Nidhi (PM-KISAN) was launched by the Centre in 2019 and under the scheme, an income support of Rs 6,000 per year in three equal installments is paid to small and marginal farmer families having combined land holding or ownership of up to 2 hectares. The Union Agriculture Ministry, in response to the RTI application, identified two categories of undeserving beneficiaries who received PM-KISAN payouts as "ineligible farmers" and "income tax payee farmers. RTI applicant Venkatesh Nayak of Commonwealth Human Rights Initiative (CHRI) who received the data from the government said, "More than half (55.58%) of these undeserving persons belong to the income tax payee category'."

https://www.business-standard.com/article/economy-policy/govt-pays-rs-1-364-cr-to-2-mn-undeserving-beneficiaries-under-pm-kisan-rti-121011000307_1.html

Govt should prefer growth to fiscal consolidation: Former RBI Governor C Rangarajan

Former central bank governor C Rangarajan has said the government should prioritise growth over fiscal consolidation in the upcoming budget and accept an elevated deficit to restore the economy to FY20 levels. "I think that a growth rate of 8-9% is absolutely essential in 2021-22 and that should be the guiding principle for the budget," Rangarajan told ET about measures needed in the budget to put the pandemic-battered economy back on the growth path. Rangarajan pegged the fiscal deficit for the current year at 6-7% of gross domestic product against the

government's target of 3.5%, adding that it would have to be maintained in FY22 as well, with a fresh fiscal consolidation road map.

<https://economictimes.indiatimes.com/news/economy/policy/govt-should-prefer-growth-to-fiscal-consolidation-ranga/articleshow/80202374.cms>

SC judgement on pleas seeking review of verdict upholding validity of Aadhaar scheme on January 11

The Supreme Court is scheduled to pronounce on Monday its verdict on pleas seeking review of a verdict upholding the Centre's flagship Aadhaar scheme as constitutionally valid but striking down some of its provisions, including its linking with bank accounts, mobile phones and school admissions. A five-judge bench, comprising Justices A M Khanwilkar, D Y Chandrachud, Ashok Bhushan, S A Nazeer and B R Gavai, will take up in-chambers a batch of review pleas challenging the September 26, 2018 verdict.

<https://www.thehindubusinessline.com/news/sc-judgement-on-pleas-seeking-review-of-verdict-upholding-validity-of-aadhaar-scheme-on-january-11/article33543856.ece>

Banking and Finance

RBI raises concerns over zero-coupon bond for PSB recapitalization

The Reserve Bank of India (RBI) has expressed some concerns over zero-coupon bonds for the recapitalisation of public sector banks (PSBs) and discussion is on between the central bank and Finance Ministry to find a solution, according to sources. The government resorted to recapitalisation bonds with a coupon rate for capital infusion into PSBs during 2017-18 and interest payment to banks for holding such bonds started from the next financial year. To save interest burden and ease the fiscal pressure, the government has decided to issue zero-coupon bonds for meeting the capital needs of the banks. The first test case of the new mechanism was a capital infusion of Rs 5,500 crore into Punjab & Sind Bank by issuing zero-coupon bonds of six different maturities last year. These special securities with tenure of 10-15 years are non-interest bearing and valued at par.

https://www.business-standard.com/article/finance/rbi-raises-concerns-over-zero-coupon-bond-for-psb-recapitalisation-121011000403_1.html

No broadbased reduction in rates due to RBI liquidity measure

The Reserve Bank of India's (RBI) step normalisation of liquidity operations by announcing a 14 day reverse repo auction will lift overnight market interest rates, but it is unlikely to translate into hardening of rates across the tenors as the central bank is set to continue with surplus liquidity stance to revive credit growth. Interest rates have come down sharply following RBI's rate cuts to deal with the economic uncertainties due to the Covid 19 pandemic and the RBI's move is seen by market participants as the first step towards restoring normalcy.

<https://economictimes.indiatimes.com/markets/stocks/news/no-broadbased-reduction-in-rates-due-to-rbi-liquidity-measure/articleshow/80201471.cms>

Currency in circulation rises Rs 3.23 trillion in first nine months of FY21

The Currency in Circulation (CiC) grew by around 13 per cent in the first nine months of the current fiscal as people preferred holding on to cash as a precautionary measure amid the uncertainty caused due to the COVID-19 pandemic. CiC grew by Rs 3,23,003 crore, or 13.2 per cent, to Rs 27,70,315 crore as on January 1, 2021 from Rs 24,47,312 crore as on March 31, 2020, according to recent data released by the Reserve Bank of India (RBI). In the April-December period of FY2020, it had grown by nearly 6 per cent. According to Care Ratings Chief Economist Madan Sabnavis, the growth in currency in circulation so far in the current fiscal has been high as people were accumulating more cash to meet any exigency during the lockdown. "Whenever there is a crisis-like situation, there is a tendency for households to latch on to cash. That is the reason there has been an increase in demand for cash. What you see is nothing else but a precautionary motive overwhelming everything," Sabnavis said.

https://www.business-standard.com/article/economy-policy/currency-in-circulation-rises-rs-3-23-trillion-in-first-nine-months-of-fy21-121011000456_1.html

Life insurance sector's new business premium declines 3 per cent in December

The new business premium of life insurance industry contracted by 3 per cent year-on-year to Rs 24,383.42 crore in December. The new business or the first-year premium of 24 life insurance companies was Rs 25,079.89 crore in the

same month of 2019. The country's largest life insurer LIC contributed Rs 14,345.70 crore or 58 per cent to the total premium generated during the month, showed data from the Insurance Regulatory and Development Authority of India (Irdai).

<https://economictimes.indiatimes.com/industry/banking/finance/insure/life-insurance-sectors-new-business-premium-declines-3-per-cent-in-december/articleshow/80199365.cms>

Central excise collections shore up govt revenues

Central excise duty collections seem to have saved government finances during the first eight months of the current fiscal. Earnings through central excise duty registered over 47 per cent growth during this period. A major part of this revenue comes by way of petrol and diesel, where the Centre levies excise duty at a specific rate. Data from the Controller General of Accounts shows that collection from central excise during the April-November period of FY2020-21 was more than ₹1.96 lakh crore as against over ₹1.32 lakh crore during the corresponding period of FY2019-20.

<https://www.thehindubusinessline.com/economy/petrol-diesel-fuel-central-excise-collections/article33544565.ece?homepage=true>

Industry

FMCG firms may hike prices to offset inflationary pressure on raw material

Consumers may have to shell out more money for their daily use products as FMCG firms, which are facing inflationary pressure on their key raw material inputs, are considering marginal hike on their products price to offset it. Some FMCG companies like Marico and others have already gone for price hike, while some which include Dabur, Parle and Patanjali are closely monitoring the situation. FMCG players have been trying to absorb the price increase of raw material inputs such as coconut oil, edible oil and palm oil, but they are unlikely to hold the prices of their commodities for a long time as that will impact their gross margins.

https://www.business-standard.com/article/companies/fmcc-firms-may-hike-prices-to-offset-inflationary-pressure-on-raw-material-121011000525_1.html

Traders' body asks govt to ban WhatsApp, Facebook over new privacy policy

Traders' body CAIT on Sunday wrote to Information and Technology Minister Ravi Shankar Prasad demanding that the government restrict WhatsApp from implementing its new privacy policy or impose a ban on the messaging app and its parent company Facebook. The Confederation of All India Traders (CAIT) claimed that through the new privacy policy, "all kinds of personal data, payment transactions, contacts, location and other vital information of a person who is using WhatsApp will be acquired by it and can be used for any purpose by WhatsApp". In the communication to Prasad, CAIT has demanded that "government should immediately restrict WhatsApp from implementing the new policy or put a ban on WhatsApp and its parent company Facebook", the traders' body stated.

https://www.business-standard.com/article/economy-policy/traders-body-asks-govt-to-ban-whatsapp-facebook-over-new-privacy-policy-121011000625_1.html

Only 10% of Indian jewellers opt for hallmarked gold ahead of wedding season

Barely 10% of about 300,000 jewellers in the country have opted for hallmarked gold, for which the government has extended the deadline to June 1 from January 15. As a result, many families may not be able to buy hallmarked jewellery in the wedding season. This year, April, May and June have the highest number of marriage dates, with May alone having 15 auspicious days for wedding. Many marriages that were postponed last year due to the pandemic have been rescheduled to this year. Jewellers said that since there were hardly any sales in 2020 due to the pandemic, the old stock is lying with them.

<https://economictimes.indiatimes.com/industry/cons-products/fashion/-/cosmetics/-/jewellery/only-10-of-indian-jewellers-opt-for-hallmarked-gold-ahead-of-wedding-season/articleshow/80201414.cms>

Bird Flu scare: Restaurants swing into damage control; issue advisories to reassure consumers

With the bird flu scare spreading across the country, restaurants have swung into damage-control mode to reassure consumers about consuming chicken dishes, one of the largest-selling cuisines in the country among non-vegetarians. Yum! Brands-owned KFC, Asian cuisine chain Kylin and Lite Bite Foods-owned Punjab Grill said sales

have been hit since the outbreak. "We have seen a drop in the sales momentum over the past few days," a KFC spokesperson said. "It is difficult to attribute this impact to any particular development. Several factors as the ongoing protests and harsh winters in the north, among others, are in play at present."

<https://economictimes.indiatimes.com/industry/services/hotels-/restaurants/bird-flu-scare-restaurants-swing-into-damage-control-issue-advisories-to-reassure-consumers/articleshow/80200191.cms>

Infrastructure

Realtors' body CREDAI seeks tax sops in Budget to boost housing demand

Realtors' apex body CREDAI has suggested the government to increase tax exemptions in the upcoming Budget to boost housing demand and enhance limit of deduction under section 80C of income tax for principal repayment on home loans. It also said that there should be a separate exemption for principal repayment on home loans. The Budget for financial year 2021-22 will be presented on February 1. The Confederation of Real Estate Developers' Associations of India (CREDAI), which has around 20,000 members from across the country, also recommended tax incentives to boost investment in Real Estate Investment Trusts (REITs). "Real estate sector has been under stress for more than 2 years. Economic uncertainty enforced by COVID-19 pandemic has only made it worse for the sector. After battling for survival, the sector is slowly moving towards revival," CREDAI said.

https://www.business-standard.com/article/economy-policy/realtors-body-credai-seeks-tax-sops-in-budget-to-boost-housing-demand-121011000365_1.html

Cargo traffic at 12 major ports falls for 9th month in December; down 9% in April-December

Impacted by COVID-19 pandemic, India's top 12 ports witnessed a considerable decline in cargo traffic for the ninth straight month in December to 478 million tonnes (MT), according to ports apex body IPA. Cargo traffic at 12 major ports that are under the control of the Centre dropped by 8.80 per cent to 477.75 million tonnes (MT) during April-December this fiscal compared to 523.84 MT in the same period last financial year. Ports, Shipping and Waterways Minister Mansukh Mandaviya had recently said the cargo traffic at 12 major ports declined considerably March onwards due to the adverse impact of COVID-19 pandemic.

<https://economictimes.indiatimes.com/industry/transportation/shipping-/transport/cargo-traffic-at-12-major-ports-falls-for-9th-month-in-december-down-9-in-april-december/articleshow/80196133.cms>

Energy

Bring natural gas under GST to push for gas-based economy: Industry

The government should bring natural gas under the Goods and Services Tax (GST) regime to realise Prime Minister Narendra Modi's vision for a gas-based economy and raising the share of the environment-friendly fuel in India's energy basket, the industry has said. Natural gas is currently outside the ambit of GST, and existing legacy taxes -- central excise duty, state VAT, central sales tax -- continue to be applicable on the fuel.

"Non-inclusion of natural gas under GST regime is having adverse impact on its prices due to stranding of taxes in the hands of gas producers/suppliers and is also impacting natural gas-based industries due to stranding of legacy taxes paid on it," the Federation of Indian Petroleum Industry (FIPI) said.

https://www.business-standard.com/article/economy-policy/include-natural-gas-under-gst-to-push-for-gas-based-economy-industry-121011000407_1.html

Petrol sales up 9.3 percent in December; diesel down 2.8 percent, jet fuel by 41 percent

Petrol sales increased 9.3% year-on-year in December while diesel demand fell 2.8%, reflecting varying recovery paths for the two transportation fuels in the country. Demand for all refined products fell 1.8% in December from a year earlier, signalling that the country's oil market had come a long way from nearly 50% contraction in April due to the lockdown but was yet to fully recover to the pre-pandemic level.

<https://economictimes.indiatimes.com/industry/energy/oil-gas/petrol-sales-up-9-3-percent-in-december-diesel-down-2-8-percent-jet-fuel-by-41-percent/articleshow/80202640.cms>

States

TN govt to provide 2GB free data to over nine lakh students

Tamil Nadu Chief Minister Edappadi K Palaniswami's announcement on Sunday that the State government proposes to provide 2GB free data per day to more than nine lakh college and polytechnic students has evoked mixed reactions. The Chief Minister has said the scheme, which will be implemented from this month to April 2021, is meant to help students attend online classes in view of the pandemic.

<https://www.thehindubusinessline.com/news/national/tamil-nadu-government-to-provide-2gb-free-data-to-over-nine-lakh-students/article33542117.ece>

Healthcare

CoWIN shall form foundation of COVID-19 inoculation drive: Centre

The Centre on Sunday said Co-WIN, an online platform for monitoring COVID-19 vaccine delivery, shall form the foundation for the anti-coronavirus inoculation drive which shall be citizen-centric so that the vaccine is available anytime and anywhere. India will launch its COVID-19 vaccination drive from January 16 in what Prime Minister Narendra Modi has called the world's largest inoculation programme with priority to be given to nearly three crore healthcare and frontline workers. As part of preparations for the nationwide rollout of COVID-19 vaccine, the Health Ministry on Sunday held a video conference with officials from states and Union Territories to discuss feedback on the Co-WIN software and its operational use gathered from the vaccination dry runs.

<https://economictimes.indiatimes.com/industry/healthcare/biotech/healthcare/cowin-shall-form-foundation-of-covid-19-inoculation-drive-centre/articleshow/80199514.cms>

External

Indian exports show signs of revival, up 16.2% to \$6.2 bn in Jan first week

The country's exports grew 16.22 per cent year-on-year to USD 6.21 billion in the first week of January, mainly driven by healthy growth in pharmaceuticals, and engineering sectors, reflecting signs of revival, an official said on Sunday. The exports during the first week of January last year were at USD 5.34 billion. Imports during January 1-7 this year too increased by 1.07 per cent to USD 8.7 billion as against USD 8.6 billion in the same period of 2020, the official said. Imports, excluding petroleum, increased by 6.56 per cent during the week, the official added. Exports of pharmaceuticals, petroleum and engineering grew 14.4 per cent (USD 61.62 million), 17.28 per cent (USD 114.72 million), and 51.82 per cent (USD 636.77 million), respectively.

https://www.business-standard.com/article/economy-policy/indian-exports-show-signs-of-revival-up-16-2-to-6-2-bn-in-jan-first-week-121011000466_1.html

NCTC appeals to PM Modi seeking removal of anti-dumping duty on viscose staple fibre

The National Committee on Textiles and Clothing (NCTC) has appealed to Prime Minister Narendra Modi seeking removal of anti-dumping duty on viscose staple fibre and redressal of VSF spun yarn availability and price issues to prevent job losses across the VSF textile value chain. Taking a serious view of the high price of viscose staple fibre (VSF) in India, captains of various segments of VSF value chain including the Apparel Export Promotion Council, the Confederation of Indian Textile Industry, the Clothing Manufacturers Association of India, the Indian Spinners Association and the Powerloom Development Export Promotion Council under the common platform of the NCTC have submitted a joint representation to the Prime Minister. The representation seeks the removal of "anti-dumping duty on import of VSF to achieve global competitiveness and accomplish the target of USD 350 billion by 2025 set by the Ministry of Textiles for the textiles and apparel sector".

<https://www.financialexpress.com/economy/nctc-appeals-to-pm-modi-seeking-removal-of-anti-dumping-duty-on-viscose-staple-fibre/2168209/>

India's coal import drops 17% in April-November: mjunction

India's coal import declined by 17 per cent to 137.16 million tonne (MT) in the April-November period of the current fiscal. The country had imported 165.35 MT of coal in the year-ago period, according to provisional compilation by mjunction, based on monitoring of vessels' positions and data received from shipping companies. mjunction, a joint venture between Tata Steel and SAIL, is a B2B e-commerce company that also publishes research reports on coal

and steel verticals. The country's coal import in November also dropped to 20.35 MT from 21.72 MT in the corresponding month of previous fiscal, it said.

<https://economictimes.indiatimes.com/industry/indl-goods/svs/metals-mining/indias-coal-import-drops-17-in-apr-nov-mjunction/articleshow/80197132.cms>

India set to expand ties with Taiwan; focus on trade and investments, says envoy

India has signalled widening of ties with Taiwan amid the ongoing border crisis with China with its envoy indicating expanding scope of trade and investments ties and people-to-people contacts. India's representative to Taiwan recently told local media that his office will focus on enhancing bilateral investments, people-to-people exchanges and technical cooperation between Delhi and Taipei. "India presents great opportunities for sustained growth to Taiwanese investors, who in turn can impart their world-renowned manufacturing skills and know-how necessary for India's rapid transformation," Gourangalal Das, director-general of the India Taipei Association or embassy, told Taiwan's Central News Agency.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/india-set-to-expand-ties-with-taiwan-focus-on-trade-and-investments-says-envoy/articleshow/80201407.cms>

China, Vietnam shown there is way of dealing with pandemic even in absence of vaccine: IMF

China and other countries in Asia like Vietnam have shown that there is a way of dealing with a pandemic even in the absence of a vaccine, allowing the economy to get back on track, according to a top IMF official. The playbook here is the one that includes local restrictions, rapid testing, rapid tracing and seeing these measures through until the end, until localised outbreaks subside, said Ilge Berger, Mission Chief for China and Assistant Director, Asia and Pacific Department of the International Monetary Fund (IMF). "I think China, but not only China, but other countries in Asia, look, for example, at Vietnam, have shown that there's a way of dealing with a pandemic even in the absence of a vaccine, that will allow the economy to get back, at least close to normal operating capacity by learning how to deal with local outbreaks," Berger told reporters during a conference call.

<https://www.financialexpress.com/economy/china-vietnam-shown-there-is-way-of-dealing-with-pandemic-even-in-absence-of-vaccine-imf/2167999/>

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