



December 18, 2020 - Friday

Key Developments

Sebi suggests relaxing norms for listing start-ups

To boost listing of start-ups, markets regulator Sebi on Thursday said it has suggested relaxations in norms, including reducing holding period for pre-issue capital and allowing discretionary allotment to all eligible investors. The changes have been proposed to the framework for listing on Innovators Growth Platform (IGP), Sebi said in a statement. Other proposals include providing differential voting rights (DVR) to promoters, retaining superior voting rights (SR) for existing institutional investors holding over 10 per cent of capital, and easing delisting requirements as well as takeover norms.

<https://economictimes.indiatimes.com/markets/stocks/news/sebi-suggests-relaxing-norms-for-listing-start-ups/articleshow/79783112.cms>

DGS lifts quarantine rule for ships arriving from ports of infected countries

The Directorate General of Shipping (DGS) has lifted the 14-days mandatory quarantine period stipulated for ships arriving from ports of infected countries after maritime trade complained that this was delaying the berthing of vessels with a cascading effect on the container logistics chain. In view of the difficulties expressed by the stakeholders, it has been decided that the mandatory quarantine period of 14 days mentioned in the order dated March 20 shall not be insisted, Amitabh Kumar, Director-General of Shipping wrote in an order issued on Thursday.

<https://www.thehindubusinessline.com/economy/logistics/dgs-lifts-quarantine-rule-for-ships-arriving-from-ports-of-infected-countries/article33357587.ece>

Economy

CBIC instructs field offices to streamline verification of COOs under CARTOR rules

The Central Board of Indirect Taxes and Customs (CBIC)'s internal customs division has instructed field officers to avoid raising unnecessary requests for verification of preferential certificates of origin under the Customs Administration of Rulf Origin under Trade Agreements Rules or CAROTAR rules.

<https://economictimes.indiatimes.com/news/economy/policy/cbic-instructs-field-offices-to-streamline-verification-of-coos-under-cartor-rules/articleshow/79782455.cms>

India wants a v-shaped recovery at any cost

A collapse in imports during the coronavirus lockdown has left India awash with dollars. Now a further influx of greenbacks is expected as an embryonic economic recovery draws investors back. To banks, this means one thing: The local currency is a sitting duck for appreciation against a weakening dollar. Policy makers won't want a stronger rupee to become a one-way bet, but the market doesn't believe them to have many other options. What the authorities have done so far — scoop up the dollars by giving banks rupees — has left the financial system swimming in money and threatens to fuel inflation that's already above the central bank's target. It's a mirror image of China, where a spate of corporate defaults has squeezed interbank liquidity. While China's recovery from the pandemic has made it the first major economy to consider exiting emergency economic measures, in India, monetary stimulus is still very much the only game in town. If the Reserve Bank doubles down on its generosity in 2021, the country's red-

hot equity markets could get dangerously overvalued. Conversely, if the RBI pulls back on liquidity — before the complicated task of distributing vaccines to 1.3 billion people is meaningfully under way — confidence could be undermined by falling stock prices.

<https://www.financialexpress.com/economy/india-wants-a-v-shaped-recovery-at-any-cost/2152063/>

India's economy showing signs of bottoming out: Credit Suisse

After several years of downgrades to the country's medium-term growth outlook, the estimates are likely to be upgraded now, Credit Suisse said in a report. The country's economy is showing signs of bottoming out, it said. According to the report, the consensus forecasts of GDP growth for FY2022 over FY2020 stopped falling after October 2020 (currently at (-) 1 per cent). Analysts at Credit Suisse expect these estimates to be revised upwards.

"After several years of downgrades to India's medium-term growth outlook, we believe upgrades are now likely.

"The easing of monetary conditions reverses the tightness of 2015-18, with the large balance of payments (BoP) surpluses that have allowed for this also providing the macroeconomic scope for a stimulus," Credit Suisse co-head of equity strategy, Asia Pacific and India equity strategist Neelkanth Mishra told reporters on Thursday.

<https://www.financialexpress.com/economy/indias-economy-showing-signs-of-bottoming-out-credit-suisse/2152058/>

Icra narrows its GDP decline forecast for FY21 to 7.8% from 11% earlier

Icra has pegged the contraction in the economy at 7.8 per cent for 2020-21. Before the GDP numbers for Q2 were out, it had predicted the fall in the economy at 11 per cent. After the release of the numbers, it had given a range of 7-9 per cent for GDP decline. Icra forecast a small contraction of one per cent in GDP during the third quarter of the year.

Subsequently, improving economic fundamentals, a bright outlook for the rabi season, and the visibility of vaccine availability are expected to strengthen demand, the agency said. Further, an expected revival in exports and a rise in the government spending would contribute to a mild 1.3 per cent growth in the fourth quarter, ending the recession gripping the Indian economy, it said.

https://www.business-standard.com/article/economy-policy/icra-narrows-its-gdp-decline-forecast-for-fy21-to-7-8-from-11-earlier-120121701022_1.html

Household consumption growth to remain impacted in 2021: BCG Report

The current pandemic is likely to shape consumer thinking and consequently impact shopping behaviour, and the overall consumption growth is likely to get delayed by up to two years, said a report by Boston Consulting Group. The household consumption is going to be negatively impacted over 2020 and 2021, it said. "Our consumer income and expenditure model suggests that total household consumption spending is likely to reach Rs 290-300 trillion (three hundred thousand crore) by 2030-similar to our initial pre-COVID estimates for 2028," said BCG report.

<https://economictimes.indiatimes.com/news/economy/indicators/household-consumption-growth-to-remain-impacted-in-2021-bcg-report/articleshow/79783664.cms>

Defence Ministry okays acquisition of military hardware worth Rs 28,000 cr

The defence ministry on Thursday approved procurement of weapons and military equipment worth Rs 28,000 crore for the three services, officials said. The procurement proposals were cleared at a time India and China are locked in a bitter border standoff in eastern Ladakh. The officials said almost all the weapons and military hardware approved for procurement will be acquired from domestic industry.

"The Defence Acquisition Council (DAC) headed by Defence Minister Rajnath Singh approved proposals to procure equipment worth Rs 27,000 crore from domestic industry," the defence ministry said in a statement.

Officials said a total of seven acquisition proposals were approved by the DAC, the defence ministry's highest decision-making body on procurement.

https://www.business-standard.com/article/pti-stories/defence-ministry-approves-acquisition-of-military-hardware-worth-rs-28-000-crore-120121701049_1.html

Rocket places India's 42nd communications satellite CMS-01 into orbit

The Indian Space Research Organisation (Isro)'s PSLV-C50 lifted off from the Sriharikota spaceport near Chennai, and successfully placed India's 42nd communications satellite CMS-01 (formerly GSAT-12R) into orbit 20 minutes after

lift-off. The rocket lifted at 3:41 p.m. from the second launch pad at the rocket port in Sriharikota, in Andhra Pradesh. After about 20 minutes into its flight, it ejected CMS-01 into geosynchronous transfer orbit (GTO) and from there, the satellite will be taken up and positioned in the geosynchronous stationary orbit.

The 44-metre-high four-staged engine, PSLV-C50, is the 22nd flight of PSLV in 'XL' configuration (with six strap-on motors hugging the first stage). It will be the 52nd mission for India's Polar Satellite Launch Vehicle (PSLV).

https://www.business-standard.com/article/current-affairs/pslv-c50-lifts-off-successfully-with-communication-satellite-cms-01-120121700767_1.html

Banking and Finance

Advance corporate tax mop-up jumps 49 per cent to Rs 1.09 lakh crore in Q3: CBDT source

Further adding to the recovery signals, advance tax payment by companies has shown a massive 49 per cent growth to Rs 1,09,506 crore in the third quarter this fiscal, a CBDT source has said. The increase can primarily be attributed to the low-base last fiscal when the government had slashed corporation tax rates to a record low of 25 per cent in the Q3, leading to lower tax payout by companies. During the same quarter last fiscal, corporate advance tax stood at Rs 73,126 crore. The gross tax collection stood at Rs 7,33,715 crore, while net mop-up was Rs 5,87,605 crore in the quarter, the source told PTI on Thursday. During the quarter, the department has refunded Rs 1,46,109 crore, which is less than 8.1 per cent from Rs 1,58,988 crore in Q3 of FY20.

<https://www.financialexpress.com/economy/advance-corporate-tax-mop-up-jumps-49-per-cent-to-rs-1-09-lakh-crore-in-q3-cbd-source/2151986/>

No big NPA shock for banks this fiscal: Financial Services Secretary

Financial Services Secretary Debashish Panda has expressed confidence that there will be no 'major shock' till the end of this fiscal year as far as non-performing assets of public sector banks are concerned. "With time, as the economy picks up and data becomes available, the earlier set of projections is being reviewed. It has since been indicating a much reduced impact than feared," Panda said in an interview to BusinessLine.

<https://www.thehindubusinessline.com/economy/no-big-npa-shock-for-banks-this-fiscal-financial-services-secretary/article33357987.ece>

Could see rise in retail stress in coming quarters: Axis Bank

Axis Bank, India's third largest private lender, said it could see an increase in retail non-performing loans in the third and fourth quarters of this financial year before the situation normalises in 2021-22. However, non-performing loans were much lower than what was feared at the start of the Covid-19 pandemic, it said.

<https://economictimes.indiatimes.com/industry/banking/finance/banking/could-see-rise-in-retail-stress-in-coming-quarters-axis-bank/articleshow/79778357.cms>

PE/VC investments decline 27 pc in November at USD 3.9 billion: Report

Venture investments by private equity and venture capital funds were 27 per cent lower on yearly basis in November at USD 3.9 billion, and more than halved from the USD 8.5 billion reported in October, a report said on Thursday. For the January-November 2020 period, frenetic deal making by Reliance industries in its retail and telecom arms has restricted the overall decline to 8 per cent at USD 41.4 billion across 852 deals, the report by consultancy firm EY and industry lobby India Venture Capital Association (IVCA), said.

<https://economictimes.indiatimes.com/industry/banking/finance/pe/vc-investments-decline-27-pc-in-november-at-usd-3-9-billion-report/articleshow/79779754.cms>

Industry

Price hikes to dampen recovery prospects for Indian automakers: Fitch

Indian automakers' plans to pass on higher commodity prices to customers will dim the prospects for a demand recovery after December 2020. The hikes come at a time when the boost in some categories from pent-up demand and festive spending fades, and the economic impact from the coronavirus pandemic reasserts itself, Fitch Ratings said. Pent-up demand after the gradual easing in the government's lockdown helped India's monthly wholesale

volume of passenger vehicles (PV) return to growth after July 2020. PV wholesale volumes rose by 13 per cent YoY in the quarter ended September 2020, Society of Indian Automobile Manufacturers data showed.

Festive demand helped sustain growth after September, but the pace slowed to 5 per cent (year-on-year) in November from 14 per cent in October. This, even after including timing advantage from the Diwali festival falling in November in 2020 as against October in 2019. "We believe this indicates pent-up demand is tapering off", the rating agency said.

https://www.business-standard.com/article/companies/price-hikes-to-dampen-recovery-prospects-for-indian-automakers-fitch-120121700700_1.html

Indian pharma firms set to earn more revenue from US; get series of approvals in recent months

India's pharmaceutical companies are likely to add more feathers to their caps as demand from the largest market — the US — has significantly increased in recent months. Indian pharma companies have garnered 45 per cent of all new ANDA (abbreviated new drug application) approvals over the past nine months, said a report by India Ratings. While the regulatory environment is expected to remain stringent, well-equipped companies will be able to take the advantage of a better pricing outlook emanating from supply shortages and recall, the report added. Indian companies were able to bag approvals in a large number due to significant manufacturing facility clearances, Generic Drug User Fee Amendments, and a strong filing momentum, aided by record investments in R&D. Indian pharma companies have avoided any adverse blows, with only one Indian company having to recall Metformin. It is to be noted that, altogether, there were 33 drug recalls since August 2020 from the US market.

<https://www.financialexpress.com/industry/indian-pharma-firms-set-to-earn-more-revenue-from-us-get-series-of-approvals-in-recent-months/2151939/>

Steel sector hots up; 5 deals expected in next two quarters

With as many as five deals expected to happen in the next two quarters, the steel sector is hotting up, leading to a faster revival of construction and automobile segments, and the economy, in general. The biggest among the deals would be that of JSW Steel's plans to take over Bhushan Power and Steel for nearly ₹20,000 crore. Earlier this month, JSW Steel sweetened the deal to acquire the stressed BPSL by offering an additional ₹400 crore on top of its earlier bid of ₹19,350 crore. Though the admitted claims of financial creditors in the company stood at ₹47,158 crore, the lenders would be happy if the deal is closed sooner than later, considering that the insolvency case has been going on for over three years.

<https://www.thehindubusinessline.com/economy/steel-sector-hots-up-5-deals-expected-in-next-two-quarters/article33357906.ece>

India's smartphone market up 42% in October with shipment of 21 million units: IDC

India smartphone market grew 42 per cent with shipments of 21 million units in the month of October - the second highest for a month - driven by multiple online sale events, research firm IDC said on Thursday. IDC said it expects the smartphone market to see a single-digit decline in final consumer sell out in 2020 on a full year basis. According to IDC, the growth in October was driven by multiple online sale festivals and continuing pent up demand from the third quarter of 2020, IDC said. "This is the highest ever October shipments and second highest for a month, following 23 million units in September 2020, an all-time high for a single month," it added.

<https://economictimes.indiatimes.com/industry/cons-products/electronics/indias-smartphone-market-up-42-in-october-with-shipment-of-21-million-units-idc/articleshow/79779468.cms>

Job creation, lower taxes, fiscal stimulus, fast-track reforms: Consumer companies' Budget demand

Chief executives at large consumer-facing companies said easing constraints on disposable incomes with fiscal measures, job creation, lower taxes, fast-tracking production-linked incentive (PLI), ease of doing business and protecting MSMEs should be the focus of the government in the upcoming budget to spur demand in the pandemic-hit economy.

<https://economictimes.indiatimes.com/news/economy/policy/job-creation-lower-taxes-fiscal-stimulus-fast-track-reforms-consumer-companies-budget-demand/articleshow/79781033.cms>

Agriculture

Govt launches e-booklet highlighting success stories of farmers benefitting from new agri laws

As farmers intensify their protest seeking repeal of three farm laws, the government on Thursday issued an e-booklet highlighting the success stories of farmers who have benefited from contract farming after enactment of these legislations. In the 100-page e-booklet 'Putting Farmers First', the government said it has made clear the "truth" about the farm reforms and has mentioned "what will happen" and "what will not happen" for farmers. It also asserted that reforms in the farm sector were undertaken step by step in the last six years keeping in mind the needs of farmers.

<https://economictimes.indiatimes.com/news/economy/agriculture/govt-launches-e-booklet-highlighting-success-stories-of-farmers-benefitfing-from-new-agri-laws/articleshow/79781275.cms>

Infrastructure

Feeder national highways to China border to go from 5.5m to 10m wide

Now all national highways that act as feeder roads to the China border or are of strategic importance for national security would be 10 metres wide, the road transport and highways ministry has said. The highways ministry modified its two-year-old circular limiting the width of such roads to 5.5 metre, which had become a bone of contention for the Chardham road widening project. The ministry, in a circular issued on Tuesday, said the earlier width standard does not address the issue concerning strategic roads. It said the standards prescribed have been further reviewed in light of the issues raised by the defence ministry.

<https://economictimes.indiatimes.com/news/economy/infrastructure/feeder-national-highways-to-china-border-to-go-from-5-5m-to-10m-wide/articleshow/79772389.cms>

Delhi Airport, airlines, travel agents form 'task force' to lobby for increase of international flights

The Delhi Airport, India's airlines and travel agency associations have formed a "task force" to lobby for the restoration of tourist visas and expansion of bubble flights with more countries, said people in the know. Almost all private airlines are part of the task force. The travel associations include Federation of Associations in Indian Tourism and Hospitality (FAITH), Travel Agents Association of India (TAAI), Indian Association of Tour Operators (IATO). The representatives have been meeting with government officials with these recommendations as well as allowing 6th freedom rights with foreign countries.

<https://economictimes.indiatimes.com/industry/transportation/airlines/-aviation/delhi-airport-airlines-travel-agents-form-task-force-to-lobby-for-increase-of-international-flights/articleshow/79779531.cms>

Telecom

Modi's all-India hotspot scheme: PM WANI to create over 2 crore jobs; will provide low-cost connectivity

TV Ramachandran, President of Broadband India Forum, today said that the public Wi-Fi model WANI has the potential to generate over 2 crore jobs and entrepreneurship opportunities, besides offering a cost-effective means of mass connectivity. Slamming the concerns over the viability of the public Wi-Fi model, he added that numerous proofs of concept have been performed by the government for several years. Ramachandran further said that mobile data tariffs are rising continuously with reports in certain sections indicating a further 30-40 per cent possible rise in the near future, but, Wi-Fi hotspots would continue to offer a more cost-effective option for the common man, and could emerge as an affordable means for mass public connectivity. It is to be noted that the Union Cabinet had last week approved for setting up of public Wi-Fi networks by Public Data Office Aggregators (PDOAs) spread across the country. The government had said there shall be no license fee for providing broadband.

<https://www.financialexpress.com/economy/modis-all-india-hotspot-scheme-pm-wani-to-create-over-2-crore-jobs-will-provide-low-cost-connectivity/2152006/>

Spectrum auction bids may not be aggressive, likely to be in range of Rs 30,000-60,000: Analysts

The upcoming spectrum auction to be held in March may not see aggressive response from the industry, and bids may be in the range of Rs 30,000 crore to Rs 50,000 crore for the radiowaves valued at around Rs 3.92 lakh crore, according to analysts. Telecom operators are likely to focus on renewal of spectrum and Vodafone Idea may not participate in the auction for renewal of their spectrum in some circles, analysts said on Thursday. The Union Cabinet has approved the auction of 2,251.25 megahertz of radiowaves valued at Rs 3.92 lakh crore at the base price. The

next round of auction will be for spectrum in 700 MHz, 800 MHz, 900 MHz, 1800 MHz, 2100 MHz, 2300 MHz and 2500 MHz frequency bands. The spectrum will be offered for assignment for a validity period of 20 years. The government has skipped auction of radiowaves between 3.3 Ghz and 3.6 Ghz identified for 5G services.

<https://economictimes.indiatimes.com/industry/telecom/telecom-news/spectrum-auction-bids-may-not-be-aggressive-likely-to-be-in-range-of-rs-30000-60000-analysts/articleshow/79782193.cms>

Energy

Coal India plans to substitute 80-85 mt of imported coal in current fiscal

State-run Coal India Ltd (CIL) is aiming at substituting imported dry fuel of 80-85 million tonne with more domestic supplies in the current fiscal, an official said on Thursday. The miner has asked power plants in the coastal areas to submit proposals for a gradual increase of its supplies to these units to reduce foreign exchange outgo, the Coal India official said.

"We are expecting to substitute 80-85 million tonne of imported coal this year and have asked the coastal power plants to submit proposals to us and the railways for domestic supplies," CIL director marketing S N Tiwari said at an event organised by mjunction. The country had imported 248 million tonne of coal in 2019-20, resulting in an outflow of around Rs 1 lakh crore of foreign exchange, the official said.

https://www.business-standard.com/article/companies/coal-india-plans-to-substitute-80-85-mt-of-imported-coal-in-current-fiscal-120121700901_1.html

Government engages consultant to assist coal block allottees

Amid reports of poor progress in the development of coal blocks, allotted to various entities long ago, the Centre has engaged a consultant to assist them to overcome challenges and make the mines productive, an official said on Thursday. The government intends to conduct the next round of coal block auctions in January, he said. "Engaged a consultant to guide the allottees to navigate through the processes," Coal Ministry's additional secretary M Nagaraju said at an event organised by mjunction.

<https://economictimes.indiatimes.com/industry/indl-goods/svs/metals-mining/government-engages-consultant-to-assist-coal-block-allottees/articleshow/79777862.cms>

Indian companies' oil & gas output from overseas fields drops 11%

Output of Indian companies from overseas oil and gas fields has fallen 11 per cent so far this year on the natural decline in fields, production cuts by Russia and the UAE to meet OPEC plus supply reduction commitments, and pandemic-induced capex delays. The output declined to 12.8 million metric tonnes of oil equivalent (mmtoe) during April-October this year from 14.4 mmtoe in the same period last year. India's domestic production of oil and gas has also fallen 9 per cent in the same period.

<https://economictimes.indiatimes.com/industry/energy/oil-gas/indian-companies-oil-gas-output-from-overseas-fields-drops-11/articleshow/79782136.cms>

Healthcare

Covid vax pricing to help govts curb out-of-pocket costs for people: Pfizer

Global pharma major Pfizer has said its COVID-19 vaccine is being priced in a way that will help governments to ensure that there is little to no out-of-pocket costs for their people, as it seeks to ensure access to the vaccine across the world. For this pandemic period, the company's pricing approach is based on the principle of ensuring broad access and supplies to the governments, a Pfizer spokesperson said in a statement. The company's decision-making is not being driven by traditional cost/benefit analysis, it added.

"Our pricing strategy is an outcome of volume, advanced commitment, equity and affordability principles. We are pricing in a way that can help governments to ensure that there is little to no out-of-pocket costs for their populations." "We remain committed to engaging with the Government of India and explore opportunities to make this vaccine available for use in the country," the statement said.

https://www.business-standard.com/article/international/covid-vax-pricing-to-help-govts-curb-out-of-pocket-costs-for-people-pfizer-120121700735_1.html

70-80 pc reduction in Covaxin trial participation: AIIMS doctor

With the start of Covid vaccination an immediate future in India, the phase III clinical trial for indigenously-developed Bharat Biotech's vaccine candidate COVAXIN is witnessing a shortage of volunteer participation, with a high refusal rate 70 per cent to 80 per cent, a senior AIIMS doctor said on Wednesday. "When the clinical trial began, we wanted 100 volunteers and received over 4500 applications. In phase II, we wanted 50 and received 4000 applications. In phase III, now when wanted 1500-2000 participants, we could only recruit about 200 participants as of now. It is happening because people are thinking why to volunteer when a vaccine is coming for everyone soon," Dr Sanjay Rai, Professor of Community Medicine at AIIMS told ANI.

<https://economictimes.indiatimes.com/industry/healthcare/biotech/pharmaceuticals/70-80-pc-reduction-in-covaxin-trial-participation-aiims-doctor/articleshow/79777432.cms>

External

India, Bangladesh seal 7 pacts to expand cooperation; restore rail link

In a reflection of their rapidly growing ties, India and Bangladesh on Thursday sealed seven agreements to expand cooperation in diverse areas, and restored a cross-border rail link which was in operation till 1965. The restoration of the Chilahati-Haldibari railway link and signing of the pacts, providing for cooperation in areas of hydrocarbons, agriculture and textiles among others, came at a virtual summit between Prime Minister Narendra Modi and his Bangladeshi counterpart Sheikh Hasina.

Modi and Hasina also jointly inaugurated a digital exhibition on Bangladesh's founder Mujibur Rahman and Mahatma Gandhi in an effort to celebrate the life and legacies of the two iconic leaders. The inauguration of the Chilahati-Haldibari rail link is expected to enhance connectivity to Assam and West Bengal from Bangladesh. It was part of the broad gauge main route from Kolkata to Siliguri till 1965.

https://www.business-standard.com/article/international/india-bangladesh-seal-7-pacts-to-expand-cooperation-restore-rail-link-120121700437_1.html

Government extends relaxed norms for onion imports till January 31

The government on Thursday extended relaxed norms for onion imports for one and a half months till January 31 next year, to boost domestic supply and check the retail prices of the key kitchen staple. To facilitate import of onion, the government had on October 21 relaxed the conditions for fumigation and additional declaration on the Phytosanitary Certificate (PSC) under the Plant Quarantine Order (PQ), 2003 for import up to December 15, 2020. In an official statement, the Agriculture Ministry said it has decided to extend the relaxation for imports up to January 31, 2021, in the light of public concern over high prices of onion in the market. Stating that the relaxation will be subject to certain conditions, the ministry said the consignments of imported onions, which arrive in Indian port without fumigation and such endorsement on the PSC, would be fumigated in India by the importer through an accredited treatment provider.

<https://economictimes.indiatimes.com/news/economy/agriculture/government-extends-relaxed-norms-for-onion-imports-till-january-31/articleshow/79779069.cms>