



January 27, 2021 – Wednesday

Key Developments

India's GDP to contract 8% this fiscal: FICCI Economic Outlook Survey

India's gross domestic product (GDP) is expected to contract by 8 per cent in 2020-21, according to the latest round of FICCI's Economic Outlook Survey. The annual median growth forecast by the industry body is based on responses from leading economists representing industry, banking and financial services sector. The survey was conducted in January. The median growth forecast for agriculture and allied activities has been pegged at 3.5 per cent for 2020-21. "Agriculture sector has exhibited significant resilience in the face of the pandemic. Higher rabi acreage, good monsoons, higher reservoir levels and strong growth in tractor sales indicate continued buoyancy in the sector," Ficci stated on the survey findings.

<https://economictimes.indiatimes.com/news/economy/indicators/indias-gdp-to-contract-8-this-fiscal-ficci-economic-outlook-survey/articleshow/80465411.cms>

India considers easing rules to attract FDI in construction sector

India is considering easing foreign investment rules for sectors ranging from construction to animation to lure overseas capital needed to create jobs in an economy cratered by the pandemic, people with knowledge of the matter said. A proposal to allow limited liability partnerships to invest in the construction of townships, roads, hotels and hospitals is under discussion, the people said, asking not to be identified citing rules. A plan to allow 100% foreign direct investment in animation, visual effects, gaming and comics sector may also find mention in the government's budget to be presented Feb. 1, one of the people said.

<https://economictimes.indiatimes.com/industry/services/property/-/cstruction/india-considers-easing-rules-to-attract-fdi-in-construction-sector/articleshow/80465065.cms>

Banks review services policy for WhatsApp

Banks, which were looking to integrate WhatsApp as a key channel for customers to transact on, are reviewing their policies in respect of the use of the messaging platform. This comes after general concerns among the public that have arisen over Facebook sharing user data among its group companies. HDFC Bank, which was earlier offering customers the option to obtain bank account balances through WhatsApp banking, has discontinued the facility. Customers seeking balance inquiry are asked to use the bank's mobile banking app, net banking or other offline methods. Others — ICICI Bank, IDBI Bank, Kotak Mahindra Bank and IndusInd Bank — continue to allow customers to check their balance.

<https://economictimes.indiatimes.com/industry/banking/finance/banking/banks-review-services-policy-for-whatsapp/articleshow/80462041.cms>

Govt orders internet shutdown in areas close to farmers protest sites

The government on Tuesday ordered shut down of internet services in parts of Delhi NCR amid protests by farmers in the national capital. A government order sent to telecom service providers directed temporary suspension of internet services in areas of Singhu, Ghazipur, Tikri, Mukarba Chowk and Nangloi and their adjoining areas in the NCT of Delhi from 12.00 hours to 23.59 hours on the Republic Day, according to the Department of Telecom. "Government has invoked Temporary Suspension of Telecom Services (Public Emergency or Public Safety) Rules, 2017

in the interest of maintaining public safety and averting public emergency to suspend internet services in areas closer to farmers protest sites," a source told PTI.

https://www.business-standard.com/article/current-affairs/govt-orders-internet-shutdown-in-areas-close-to-farmers-protest-sites-121012600684_1.html

Economy

India seen as fastest growing economy in FY22: IMF

India's economy is expected to bounce back strongly in the next fiscal year with 11.5% growth, the International Monetary Fund (IMF) said on Tuesday, forecasting a sharp global recovery in 2021 after the havoc wrought by the pandemic. India is the only major economy forecast to grow in double digits next year and forecast to follow that up with the highest 6.8% rise in the FY23 fiscal. Policy support and vaccines are expected to lift economic activity across the world, the IMF said in its World Economic Outlook (WEO) update on Tuesday.

<https://economictimes.indiatimes.com/news/economy/indicators/india-seen-as-fastest-growing-economy-in-fy22-imf/articleshow/80467250.cms>

Indian economy estimated to contract by 9.6% in 2020, grow at 7.3% in 2021: UN

India's economy is projected to grow at 7.3 per cent in 2021, even as it is estimated to contract by 9.6 per cent in 2020 as lockdowns and other efforts to control the COVID-19 pandemic slashed domestic consumption, the UN has said. The World Economic Situation and Prospects 2021, produced by the United Nations Department of Economic and Social Affairs (UN DESA), said the world economy was hit by a once-in-a-century crisis — a Great Disruption unleashed by the COVID-19 pandemic in 2020.

<https://economictimes.indiatimes.com/news/economy/indicators/indian-economy-estimated-to-contract-by-9-6-in-2020-grow-at-7-3-in-2021-un/articleshow/80462436.cms>

Indian economy's pace of normalisation has moderated at the end of January, says Nomura

The pace of normalisation of business activity in India moderated compared to the start of the year as the Nomura India Business Resumption Index (NIBRI) marginally dipped to 92.7 for the week ended January 24 from a 94.4 at the start of the month. The index of high frequency indicators including mobility indices, also recorded a fall from the previous week's reading of 93.2, Nomura said in a note on Tuesday, driven by a sharp drop in Google's mobility indices.

<https://economictimes.indiatimes.com/news/economy/indicators/indian-economys-pace-of-normalisation-has-moderated-at-the-end-of-january-says-nomura/articleshow/80465847.cms>

9.34 lakh new employees registered in November against 11.99 lakh in October: NSO data

Close to 9.34 lakh new employees registered with the ESIC-run social security scheme in November against 11.99 lakh in October, data released by the National Statistical Office (NSO) showed. As per the data, the number of such newly registered employees who paid contribution in April was 2.63 lakh, 4.89 lakh in May and 8.87 lakh in June. The number dipped in July to 7.63 lakh, but improved to 9.5 lakh in August and 11.58 lakh in September 2020. The Employees' State Insurance Act, 1948, is applicable to non-seasonal, manufacturing establishments employing 10 or more workers.

<https://www.financialexpress.com/money/9-34-lakh-new-employees-registered-in-november-against-11-99-lakh-in-october-nso-data/2178705/>

Budget 2021: Municipalities may obtain up to Rs 2 lakh cr Centre funding

Top municipalities in the country are likely to get a funding boost in the budget as the government prepares to empower civic bodies that will play a key role in strengthening the quality of life in a rapidly urbanizing India. The 15th Finance Commission may recommend up to Rs 2 lakh crore in fund allocation over the next five years to municipalities across the country in its report next Monday, two sources familiar with the matter told ET.

This should significantly improve the financial health of those local bodies, many of them aiming to raise bonds. Asia's richest civic body, Brihanmumbai Municipal Corporation, is planning to raise up to Rs 4,000 crore, the Times of India reported on January 25.

<https://economictimes.indiatimes.com/news/economy/policy/budget-2021-municipalities-may-obtain-up-to-rs-2-lakh-cr-centre-funding/articleshow/80461191.cms>

Banking and Finance

Agri-NBFCs seek parity with banks, want inclusion in govt subsidy schemes

In a bid to strengthen Agri-NBFCs and help it become a significant contributor in financing the entire value chain of agriculture, the government may consider including these financial institutions in all state supported subsidy schemes and programmes. The Agri sector NBFCs have made a strong case for including them in various subsidy schemes and programmes of the government, a benefit hitherto available only to the Banks. This is a demand that would be given due consideration while framing financing regulations for the agricultural sector, official sources said. "This (inclusion of Agri NBFCs in government programmes) will bring about certainty and predictability in the business of rural lending and make the system transparent in terms of policy implementation. Additionally, customer benefits will also significantly increase," said Prabhat Chaturvedi, CEO, Netafim Agricultural Financing Agency (NAFA).

https://www.business-standard.com/article/economy-policy/agri-nbfc-see-parity-with-banks-want-inclusion-in-govt-subsidy-schemes-121012600579_1.html

Banks in India ready for transition, but the world still loves Libor

Banks in India are ready to delink their foreign-exchange loans from London Interbank Offered Rate (Libor) to an alternative reference rate, but the international markets are still happily continuing with the old benchmark. The Libor era comes to an end in 2021, and banks across the globe will have to shift to an alternative rate. Secured Overnight Financing Rate (SOFR) and Sterling Overnight Interbank Average Rate (SONIA) are the two popular alternatives, but internationally, only a few swap deals are linked to them.

https://www.business-standard.com/article/finance/banks-in-india-ready-for-transition-but-the-world-still-loves-libor-121012600857_1.html

RBI proposals to restrict land financing by NBFCs: India Ratings Report

The Reserve Bank's proposals on restricting specific real estate funding by NBFCs will significantly affect land financing by them, India Ratings and Research (Ind-Ra) said in a report. In a recent discussion paper, the RBI proposed to restrict real estate funding to only those projects wherein the approvals or permissions are in place. New norms such as board-approved limits for exposure to commercial real estate sector and internal sub-limits for financing land acquisition have also been proposed. Besides, the discussion paper stipulates capping the exposure in case of other sensitive sectors such as the capital market. Accordingly, these proposals are seen as curtailing the risks faced by NBFCs.

https://www.business-standard.com/article/economy-policy/rbi-proposals-to-restrict-land-financing-by-nbfc-india-ratings-report-121012600517_1.html

IRDAI extends CKYCR to legal entities

The Insurance Regulatory and Development Authority of India has asked reporting entities to upload 'Know Your Customer' data pertaining to accounts of legal entities opened on or after April 1 onto the Central KYC Registry (CKYCR). Reporting entities (REs) are already uploading the KYC data pertaining to all individual accounts on to CKYCR in terms of the provisions of the Prevention of Money Laundering (Maintenance of Records) Rules, 2005. As the CKYCR is now fully operational for individual customers, it has been decided to extend the CKYCR to Legal Entities (LEs), regulator IRDAI said in a circular to life and general insurers (including standalone health insurers). "Accordingly, REs shall upload the KYC data pertaining to accounts of LEs opened on or after April 1, 2021, on to CKYCR..," it said.

<https://economictimes.indiatimes.com/industry/banking/finance/insure/irdai-extends-cky-cr-to-legal-entities/articleshow/80466294.cms>

Industry

Automakers welcome centre's proposed Green Tax but transporters against it

India's proposal to subject old vehicles to a 'green tax' has drawn mixed reactions. Automakers are in favour of the suggestions aimed at putting road-unworthy vehicles to sleep, but freight carriers said they face cost inflation risks if the proposals were to go through on the nod. Proposals by transport and highways minister Nitin Gadkari on Monday said transport vehicles older than eight years could be charged a green tax at the rate of 10-25% of road tax when cargo operators renew the fitness certificates.

<https://economictimes.indiatimes.com/industry/auto/auto-news/automakers-welcome-centres-proposed-green-tax-but-transporters-against-it/articleshow/80453987.cms>

Centre plans to provide incentive for early commencement of production from auctioned mines

The government plans to provide incentive to mineral block allocatees for early commencement of production from the auctioned mines, a move aimed at increasing mineral output of the country and reducing imports. The mines ministry plans to do the same through amendment of the mining rules and has sought comments and suggestions from stakeholders on the same. "The Ministry of Mines has prepared the Mineral (Auction) Amendment Rules, 2021 seeking to amend Mineral (Auction) Rules, 2015.

<https://economictimes.indiatimes.com/news/economy/policy/centre-plans-to-provide-incentive-for-early-commencement-of-production-from-auctioned-mines/articleshow/80465069.cms>

December tractor sales zoomed in Punjab

Tractor sales are usually subdued in November and December. But last year they soared, especially in Punjab and Haryana. December witnessed a 43 per cent growth in tractor sales (61,249 units) with Punjab-based Sonalika Tractors' sales zooming 72 per cent to 8,538 units, according to data from Tractor & Mechanisation Association. Escorts, whose tractors are popular in the North, saw sales soar 90 per cent to 7,230 units in December.

<https://www.thehindubusinessline.com/economy/december-tractor-sales-zoomed-in-punjab/article33669488.ece>

Agriculture

Govt may hike agri credit target to about Rs 19 lakh cr in Budget

With the aim of doubling farmers' income by 2022, the government is likely to raise farm credit target to about Rs 19 lakh crore in Budget 2021-22 to be presented on February 1, according to sources. For the current fiscal, the government has set a farm credit target of Rs 15 lakh crore. The government has been increasing the credit target for the farm sector every year and this time too, the target is likely to be increased to around Rs 19 lakh crore for the 2021-22, sources said.

<https://economictimes.indiatimes.com/news/economy/agriculture/govt-may-hike-agri-credit-target-to-about-rs-19-lakh-cr-in-budget/articleshow/80463987.cms>

Agriculture Ministry proposes Rs 19,000-cr plan for edible oil in Budget

The agriculture ministry has proposed a ₹19,000 crore national mission on edible oil for approval in the upcoming budget. The mission entails a five-year plan aimed at achieving self-sufficiency in production of cooking oil while cutting down its increasing import, which costs ₹75,000 crore to the exchequer annually. Local production may also ease the prices of cooking oil. "We import around 15 million tonnes of cooking oil, which caters to 70% of our annual requirement of 23 million tonnes. In the next five years, we are aiming at zero import which will not only help the domestic oil industry but also ensure availability of cooking oil to consumers at economical cost," said a senior agriculture ministry official, who did not wish to be identified.

<https://economictimes.indiatimes.com/news/economy/agriculture/agri-min-proposes-19000-cr-plan-for-edible-oil-in-budget/articleshow/80454789.cms>

NABARD estimates Odisha's credit potential at Rs 1,10,735 crore for the year 2021-22

The National Bank for Agriculture and Rural Development has assessed a total credit requirement of Rs 1,10,735 crores for the year 2021-22 with greater emphasis on crop diversification, animal husbandry and fishery sector apart from the greater thrust on enhancing credit flow to Self Help Groups, according to an official release from NABARD. Odisha Finance Minister Niranjan Pujari on Monday released the State Focus Paper at a State Credit Seminar for 2021-22. The meeting was attended by controlling Heads of Banks and senior functionaries from the State

government. For the first time, the seminar was attended by the District Collectors, LDMs, and DDMs of NABARD in a virtual mode.

<https://economictimes.indiatimes.com/news/economy/finance/nabard-estimates-odishas-credit-potential-at-rs-110735-crore-for-the-year-2021-22/articleshow/80461669.cms>

After regulated cropping, Telangana govt now asks farmers to frequently rotate crops

After experimenting with Cropping Regulation System for two agricultural seasons and dropping the practice, the Telangana government has now asked farmers to rotate the crops frequently. "The practice of farmers going in for one crop on a regular basis should be done away with. There is a need to change (rotate) in crops in order to increase the yields," Telangana's Chief Minister, K Chandrashekar Rao, told officials.

<https://www.thehindubusinessline.com/economy/agri-business/after-regulated-cropping-telangana-govt-now-asks-farmers-to-frequently-rotate-crops/article33668995.ece>

Infrastructure

450 infrastructure projects show cost overruns of Rs 4.28 lakh crore

As many as 450 infrastructure projects, each worth Rs 150 crore or more, have been hit by cost overruns totalling more than Rs 4.28 lakh crore, according to a report. The Ministry of Statistics and Programme Implementation monitors infrastructure projects worth Rs 150 crore and above. Of the 1,687 such projects, 450 reported cost overruns and 558 were delayed. "Total original cost of implementation of the 1,687 projects was Rs 21,44,627.66 crore and their anticipated completion cost is likely to be Rs 25,72,670.28 crore, which reflects overall cost overruns of Rs 4,28,042.62 crore (19.96 per cent of original cost)," the ministry's latest report for December 2020 said.

https://economictimes.indiatimes.com/news/economy/infrastructure/450-infrastructure-projects-show-cost-overruns-of-rs-4-28-lakh-crore/articleshow/80468072.cms?utm_source=ETTopNews&utm_medium=HPTN&utm_campaign=AL1&utm_content=23

Budget: Realtors expect subvention scheme, measures to boost demand

As the housing market revives from the lows hit last year, developers expect more measures in the upcoming budget to boost demand in the real estate sector. A major demand of the developers has been to remove the ban on subvention scheme for home loans. The National Real Estate Development Council (NAREDCO) in its recommendations to the Finance Minister Nirmala Sitharaman noted that the ban is not in favour of home buyers as a large proportion of them do not have the capacity to pay both EMIs on their home loans as well as house rents. Industry bodies have also demanded a further widening of the definition of affordable housing.

https://www.business-standard.com/article/economy-policy/budget-realtors-expect-subvention-scheme-measures-to-boost-demand-121012600460_1.html

Delhi-NCR has maximum stuck housing units at 1.9 lakh worth nearly Rs 1.2 lakh cr: Report

Delhi-NCR property market has maximum stuck housing units at 1.9 lakh, worth nearly Rs 1.2 lakh crore, that were delayed by at least seven years, according to property consultant Anarock. A total of 1,90,120 housing units, worth Rs 1,19,291 crore, were stuck in the Delhi-NCR as of 2020-end. These flats were launched in 2013 and before. The property market of Mumbai Metropolitan Region (MMR) has the second highest number of stuck housing units at 1,80,250, worth Rs 2,02,145 crore. Across seven major cities, as many as 5,02,340 housing units, worth Rs 4,07,005 crore, were stuck at the end of last year.

<https://economictimes.indiatimes.com/industry/services/property/-cstruction/delhi-ncr-has-maximum-stuck-housing-units-at-1-9-lakh-worth-nearly-rs-1-2-lakh-cr-report/articleshow/80466548.cms>

Telecom

GoM defers BSNL-MTNL merger; approves BSNL land sale to CBSE for Rs 64 crore

A Group of Ministers, chaired by Defence Minister Rajnath Singh, is learnt to have deferred merger of public sector telecom firms BSNL and MTNL due to financial reasons, according to government sources. The group of ministers (GoM) has also approved the sale of 6,000 square metres of BSNL land in Noida to Central Board of Secondary

Education at the rate of over Rs 1 lakh per square metre. The Cabinet had approved Rs 69,000 crore revival package for loss-making telecom firms BSNL and MTNL, which included approval to merge both the companies. "GoM had deferred merger of MTNL and BSNL, mainly due to high debt on MTNL," according to an official source.

<https://economictimes.indiatimes.com/industry/telecom/telecom-news/gom-defers-bsnl-mtnl-merger-approves-bsnl-land-sale-to-cbse-for-rs-64-crore/articleshow/80453560.cms>

Data privacy can take form of non-price competition: CCI study

Data privacy can take the form of non-price competition and abuse of dominance can lower privacy protection, a study conducted by the Competition Commission of India (CCI) has said. The study also made observations about other non-price factors such as quality of service (QoS), data speeds and bundled offerings, which are likely to be the new drivers of competitive rivalry between service providers in telecom sector in addition to just price.

<https://economictimes.indiatimes.com/industry/telecom/telecom-news/data-privacy-can-take-form-of-non-price-competition-cci-study/articleshow/80466660.cms>

Energy

India's green energy goals boosted by return of international investors

India's goal of doubling renewable power by next year is getting a boost from international investors who see the massive market's potential outweighing significant risks. French oil major Total SA's \$2.5 billion investment in Adani Green Energy last week is a sign that global companies increasingly under pressure to invest in environmental assets are eyeing India's 1.3 billion energy users, despite a mounting debt at generation companies and attempts by some provinces to renege on power purchase contracts.

<https://economictimes.indiatimes.com/industry/energy/power/indias-green-energy-goals-boosted-by-return-of-international-investors/articleshow/80461927.cms>

Petrol crosses Rs 86 mark in Delhi, diesel above Rs 83 in Mumbai

State oil companies have raised prices of petrol by Rs 5 per litre and of diesel by nearly Rs 6 per litre in ten weeks, sending rates to record-highs. Domestic fuel rates appear unstoppable even as international crude oil has stabilised in the last 20 days with prices ranging between \$55 and \$ 56 per barrel. On Republic Day, oil companies hiked rates of petrol and diesel by 35 paise per litre each. Petrol sold for Rs 86.05 per litre and diesel for Rs 76.23 per litre on Republic Day in Delhi. Petrol and diesel cost Rs 92.62 and Rs 83.03 per litre, respectively, in Mumbai.

<https://economictimes.indiatimes.com/industry/energy/oil-gas/petrol-crosses-rs-86-mark-in-delhi-diesel-above-rs-83-in-mumbai/articleshow/80462306.cms>

States

Karnataka wants private companies to build big industrial parks in bid to boost manufacturing

Karnataka's industries department is in talks with private developers such as Mahindra Lifespaces, ESR, DP World, IndoSpace and the Embassy Group to build large industrial parks, in an effort to replicate models that have worked well in Southeast Asian countries like Vietnam and the Philippines. Only companies with expertise in developing estates of 200-300 acres are being tapped, as Karnataka looks to raise stakes to attract big-ticket investments into the manufacturing sector.

<https://economictimes.indiatimes.com/news/economy/infrastructure/karnataka-wants-private-companies-to-build-big-industrial-parks-in-bid-to-boost-manufacturing/articleshow/80462758.cms>

Healthcare

Healthcare service providers urge govt to increase healthcare spend in budget

The government should increase healthcare spend in the ensuing budget for ramping up the infrastructure in the sector, healthcare service providers have said. "The public spend in healthcare needs to increase from the current 1.2 per cent to at least 2.5 per cent of GDP in the next 3 years, much of which should be invested in creating and

modernising our infrastructure. Hopefully, the budget for 2021-22 would take the important first step towards this," Manipal Hospitals MD & CEO Dilip Jose said in a statement.

<https://economictimes.indiatimes.com/industry/healthcare/biotech/healthcare/healthcare-service-providers-urge-govt-to-increase-healthcare-spend-in-budget/articleshow/80466946.cms>

External

Govt may announce steps in Budget 2021 to promote e-commerce exports, imports: Sources

The government in the budget next week is expected to announce measures such as extending the facility of bulk clearance for e-commerce imports and exports with a view to promoting the growth of this fast-growing segment in the country, sources said. They said that as there is a multi-fold increase in the e-commerce sector in the country, a significant volume of products is imported into and exported out of India through this platform and there is a need to find a balance between control and facilitation for the sector.

<https://economictimes.indiatimes.com/news/economy/policy/govt-may-announce-steps-in-budget-2021-to-promote-e-commerce-exports-imports-sources/articleshow/80467130.cms>

Overseas investment by Indian companies dips 42 pc to USD 1.45 bn in Dec: RBI data

Overseas investment by domestic firms fell by over 42 per cent to \$1.45 billion in December 2020, according to RBI data. In the year-ago period, companies in India had invested \$2.51 billion in their foreign firms (joint ventures / wholly-owned units). In November 2020, the total outward foreign direct investment (OFDI) was of \$1.06 billion, down by 27 per cent from a month ago period. Of the total FDI investment by the Indian companies during the month under review, \$775.41 million was in the form of equity infusion and \$382.91 million was in the form of loan.

<https://economictimes.indiatimes.com/news/economy/indicators/overseas-investment-by-indian-companies-dips-42-pc-to-usd-1-45-bn-in-dec-rbi-data/articleshow/80463563.cms>

Enhanced trade partnership first step towards UK-India FTA, says UK minister

Britain and India are committed to an enhanced trade partnership as the first step towards a positive free trade agreement in future and plans are expected to be further formalised during the visit of Prime Minister Boris Johnson to India in the coming months, the UK's Minister for South Asia has said. Lord Tariq Ahmad, who is also Minister for the Commonwealth in the Foreign, Commonwealth and Development Office (FCDO), said the strong relationship between the two countries has been further intensified with the vaccine collaboration to help fight the common enemy in the form of COVID-19.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/enhanced-trade-partnership-first-step-towards-uk-india-fta-says-uk-minister/articleshow/80464753.cms>

USIBC recommends big ideas to Biden Administration to boost Indian-American ties

The US-India Business Council on Tuesday recommended a slew of big ideas to the new Biden Administration to strengthen the India-US partnership, including reconstituting the existing US-India Trade and Commercial dialogue and creating a new digital partnership under the headship of Vice President Kamala Harris. US India Business Council (USIBC), on the occasion of India's 72nd Republic Day, also recommended to the Biden Administration to restructure the US-India Strategic Energy Dialogue to include Climate and Sustainable Growth and create a US-India Scholars Endowment to support higher education exchanges.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/usibc-recommends-big-ideas-to-biden-administration-to-boost-indian-american-ties/articleshow/80464697.cms>

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