



September 17, 2021 – Friday

Key Developments

FM Nirmala Sitharaman announces over Rs 30,000 cr guarantee for bad bank

Finance Minister Nirmala Sitharaman on Thursday announced a formal government guarantee on the securities receipts that the planned 'bad bank' will issue to banks as it takes on non-performing assets from their books. The government guarantee will be Rs 30,600 crore, she said. The Union Cabinet on Wednesday cleared a proposal to provide government guarantee to security receipts issued by the National Asset Reconstruction Company (NARCL) as part of resolution of bad loans, Sitharaman said at a press briefing in New Delhi. NARCL proposes to acquire stressed assets of about Rs 2 trillion in phases within extant regulations of RBI. NARCL will pay up to 15 per cent of the agreed value for the loans in cash and the remaining 85 per cent would be government-guaranteed security receipts.

https://www.business-standard.com/article/economy-policy/fm-nirmala-sitharaman-announces-sovereign-guarantee-for-bad-bank-121091601061_1.html

GST Council meet on Friday; rate review, concession to Covid drugs on cards

The GST Council, chaired by Finance Minister Nirmala Sitharaman, will meet on Friday, which among other things may review tax rate of over four-dozen items and extend till December 31, tax concessions on 11 COVID drugs. Also, taxing petrol and diesel under the single national GST tax and a proposal to treat food delivery apps such as Zomato and Swiggy as restaurants and levy a 5 per cent GST tax on supplies made by them would be taken up by the Council at its meeting in Lucknow on September 17. The Council, comprising central and state finance ministers, will deliberate on the proposal of extending the existing concessional tax rate structure on Amphotericin B, Tocilizumab, Remdesivir and anti-coagulants like Heparin, till December 31, 2021, from the present September 30.

https://www.business-standard.com/article/economy-policy/gst-council-meet-on-friday-rate-review-concession-to-covid-drugs-on-cards-121091600663_1.html

Urban planning committee recommends creation of 500 healthy cities

A high-level committee on urban planning has recommended a central sector scheme to develop 500 healthy cities in India over the next five years while suggesting a need for ramping up of human resources needed for planned urbanisation in India, including filling up of existing vacancies and opening up of over 8000 new posts for town planners.

<https://economictimes.indiatimes.com/news/economy/infrastructure/urban-planning-committee-recommends-creation-of-500-healthy-cities/articleshow/86261291.cms>

20% of India's adult population fully vaccinated, 62% got one dose: Govt

As the festival season approaches, the government on Thursday cautioned against a spike in coronavirus infections, and stressed that the call of the hour is vaccine acceptance, maintenance of COVID-19-appropriate behaviour, responsible travel and responsible festivities.

"Overall there is stabilisation in COVID-19 cases and Kerala has also reported drop in cases.... In the coming two-three months, we need to be cautious that there is no upsurge.... It is also the period of festivities and also when flu cases rise...we request everyone to be careful and retain the gain that we have achieved (in the pandemic

management)," an official said at a press briefing. Referring to the coming festivals, ICMR DG Balram Bhargava said, "...sudden increase in population density creates a very conducive environment for viral spread. If there is sudden increase in population density then the virus finds it very useful to spread, so the call of the hour is vaccine acceptance, maintenance of Covid-appropriate behaviour, responsible travel and responsible festivities."

https://www.business-standard.com/article/current-affairs/20-of-india-s-adult-population-fully-vaccinated-62-got-one-dose-govt-121091601034_1.html

Economy

9.5% growth projection for whole year seems on track: RBI Dy Governor Patra

With India's gross domestic product (GDP) growing at 20.1 per cent in the first quarter of FY22, the Reserve Bank of India (RBI) believes the economy is well and truly on track to achieve its projected growth rate of 9.5 per cent in the current financial year, even as there is a fierce debate on whether the elevated level of inflation is transitory or persistent. RBI deputy governor, Michael Debabrata Patra said, "The GDP outcome for the first quarter coming in just a shade below the RBI's forecast, the projection of growth of 9.5 per cent for the year as a whole appears to be on track", Patra, said, "In the MPC's assessment, inflationary pressures are largely driven by supply shocks. Although shocks of this type are typically transitory, the repetitive incidence of shocks is giving inflation a persistent character". Presenting the RBI's side on the debate that has ensued on the reverse repo being the effective rate now, which, in a way, is undermining the MPC because under conditions of ample liquidity, the RBI has to switch to an absorption mode and the effective policy rate becomes the reverse repo rate, Patra said, the pandemic has called for out of the box responses by the RBI, given that credit channel of transmission broke down because of muted demand and risk aversion.

https://www.business-standard.com/article/economy-policy/9-5-growth-projection-for-whole-year-seems-on-track-rbi-dy-governor-patra-121091600682_1.html

Inflation is moderating faster than foreseen, proves MPC's call right: RBI

The Reserve Bank of India (RBI) on Thursday said the inflation trajectory is coming down faster than anticipated and the inflation print of 5.3 per cent in August has proven the monetary policy committee's (MPC) move to look through May's price shock as the right call. The August consumer price index (CPI) inflation print came at 5.3 per cent, lower than what the RBI had predicted. The central bank had expected inflation at 5.9 per cent for the second quarter ended September, and 5.3 per cent for the third quarter ended December. In the September bulletin, RBI has said the softening prices of various food items is likely to extend into Q3 which will, in effect, contain the upward pressure from fuel and core prices on headline inflation. "The task now is to consolidate these gains and carry them forward into Q4 as well".

https://www.business-standard.com/article/economy-policy/inflation-is-moderating-faster-than-foreseen-proves-mpc-s-call-right-rbi-121091601244_1.html

India expected to grow at 7.2% in 2021 but economic growth could decelerate next year: UN report

India is expected to grow at 7.2 per cent in 2021 but economic growth could decelerate next year, according to a United Nations report which said the recovery in the country is constrained by the ongoing human and economic cost of the COVID-19 pandemic and the negative impact of food price inflation on private consumption. The UNCTAD Trade and Development Report 2021, released here on Wednesday, sounded a cautiously optimistic note to say that the global economy is set for a strong recovery in 2021, albeit with a good deal of uncertainty clouding the details at the regional and country levels over the second half of the year. The report said that India "suffered a contraction" of 7 per cent in 2020 and is expected to grow 7.2 per cent in 2021. "The recovery in India is constrained by the ongoing human and economic cost of COVID-19, and the negative impact of food price inflation on private consumption," the UNCTAD report said.

<https://www.financialexpress.com/economy/india-expected-to-grow-at-7-2-in-2021-but-economic-growth-could-decelerate-next-year-un-report/2331169/>

Consumer sentiments scale up in September driven by middle income households in rural India: CMIE

The index of consumer sentiments scaled up cumulatively by 9% in the month till September 12, driven by the middle income households in rural India and is likely to translate into enhanced consumer spending, the Centre for

Monitoring Indian Economy said. Data by CMIE shows that while the overall index of consumer sentiments grew by 5.3% in the week ended September 12, the index for rural India grew by 9%. Similarly, in the preceding week that ended on September 5, while the overall index of consumer sentiments increased by 3.9% the index for rural India grew by 4.9%.

<https://economictimes.indiatimes.com/news/economy/indicators/consumer-sentiments-scale-up-in-september-driven-by-middle-income-households-in-rural-india-cmie/articleshow/86257449.cms>

Niti Aayog Vice Chairman emphasises need to reduce carbon footprint in urbanisation

Niti Aayog Vice Chairman Rajiv Kumar on Thursday emphasised the need to reduce carbon footprint in urbanisation and said urban India will be powering the country's economic growth. Releasing a report on 'Reforms In Urban Planning', he said there is a compelling need to plug the gaps in urban-planning capacity in the country. Otherwise, a huge opportunity for rapid, sustainable and equitable growth would be at risk of being missed, he added. Kumar also highlighted the shortage of town planners, saying experts are needed to provide services to about 4,700 urban local bodies. There is a need to build smart and carbon positive cities with a view to reduce carbon footprint, he noted.

<https://www.financialexpress.com/economy/niti-aayog-vice-chairman-emphasises-need-to-reduce-carbon-footprint-in-urbanisation/2331697/>

Banking and Finance

Large corporates relying lesser on bank funds, shows RBI study

Dominance of large corporate accounts in banks' loan portfolio that lasted until 2014, has diminished since then and got even worse during the pandemic, finds an RBI study. The credit flow from the banking sector was absorbed mostly by the industrial segment in the period up to 2014, but subsequently all the banking segments turned their attention to individuals raising the proportion of loans flow to retail high. During the pandemic it worsened for the industries, the study published in RBI's latest monthly bulletin notes.

<https://economictimes.indiatimes.com/industry/banking/finance/banking/large-corporates-relying-lesser-on-bank-funds-shows-rbi-study/articleshow/86262996.cms>

SBI reduces home loan rates, standardises them ahead of festive season

After private-sector lender Kotak Mahindra Bank reduced its home loan rates ahead of the festive season, the country's largest lender, State Bank of India (SBI) has followed the same path. SBI on Thursday said it will offer credit score-linked home loans at 6.70 per cent, irrespective of the loan amount. More importantly, for home loans above Rs 75 lakh, which was attracting an interest rate of 7.15 per cent earlier, now, it will come down to 6.7 per cent, results in a saving of 45 bps. This translates to an interest saving of more than Rs 8 lakh, for a Rs 75 lakh loan with a 30-year tenure. Also, the now interest distinction between salaried and non-salaried borrowers has been removed by the lender. So, there will be no occupation-linked interest premium charged to prospective home loan borrowers. Earlier, the rate of interest applicable for a non-salaried borrower was 15 bps higher than the interest rate applicable to a salaried borrower.

https://www.business-standard.com/article/finance/sbi-reduces-home-loan-rates-standardises-them-ahead-of-festive-season-121091600763_1.html

NARCL: Another brick in the wall; not too different from other ARCs

National Asset Reconstruction Company Limited (NARCL) is another attempt being made to resolve the NPA issue. DRTs, Lok Adalats, ARCs and IBC have all been routes chosen by the government in the past to take on the bad loans of banks so that they could concentrate on banking rather than resolving bad loans. The idea is good to have a bad bank, even though the future is uncertain as the asset reconstruction companies have not had a great time on the street. IBC too has witnessed diminishing returns literally with the recovery rate coming down as the issue gets complex with delays in resolution. How is NARCL different? Two things stand out. First, it is being set up by public sector banks, which makes a difference insofar as banks will be willing to sell their assets in return for cash/securities. Earlier, the challenge was on the pricing where the company would talk of deep haircuts which the bank was not willing for. Now, with the transaction being through banks there would be more willingness to come forward. The

guarantee will ensure that at the time of liquidation or resolution, the difference between the value at this point of time and the security value will be made good by the government.

https://www.business-standard.com/podcast/economy-policy/narcl-is-another-another-brick-in-the-wall-121091601215_1.html

Financial reporting: NFRA seeks consolidation of all penal provisions under its fold

Audit regulator National Financial Reporting Authority (NFRA) on Thursday called for consolidation of all penal provisions (spread across various authorities) relating to financial reporting and suggested that they be vested with this Authority for effective implementation of the law.

<https://www.thehindubusinessline.com/economy/policy/financial-reporting-nfra-seeks-consolidation-of-all-penal-provisions-under-its-fold/article36493891.ece>

PFC issues India's first ever Euro-denominated green bonds

Power Finance Corporation (PFC) launched its maiden €300 million 7-year Euro Bond issuance on September 13 which got oversubscribed 2.65 times by institutional investors across Asia and Europe, the company said Thursday in a statement. The pricing of 1.841 per cent achieved is the lowest yield locked in by an Indian issuer in the Euro markets, it added.

<https://www.thehindubusinessline.com/money-and-banking/pfc-issues-indias-first-ever-euro-denominated-green-bonds/article36491693.ece?homepage=true>

RBI remains net purchaser of US dollar in July; buys USD 7.205 bn

The Reserve Bank of India (RBI) continued to remain net buyer of the US dollar in July 2021, after it net purchased USD 7.205 billion from the spot market, according to the latest data from the RBI. In the reporting month, the central bank purchased USD 16.16 billion while sold USD 8.955 billion in the spot market, the monthly RBI bulletin for September 2021, released on Thursday, showed. In June 2021, the RBI net purchased USD 18.633 billion. It had bought USD 21.923 billion and sold USD 3.29 billion during the month. In July last year, the central bank had net bought USD 15.973 billion. During 2020-21, the RBI had net purchased USD 68.315 billion from the spot market.

<https://www.financialexpress.com/economy/rbi-remains-net-purchaser-of-us-dollar-in-july-buys-usd-7-205-bn/2331679/>

Industry

Centre receives investment proposal of Rs 6,000 crore for PLI in white goods

The government has received an investment proposal of around Rs 6,000 crore for the production linked incentive (PLI) scheme for white goods comprising components for air-conditioners and LED lights, two senior industry executives said. Manish Sharma, chair for electronics manufacturing committee at Ficci, said the total investment proposal which the government has received for the PLI scheme for AC components has been over Rs 5,000 crore while that for LED light components it is Rs 1,000 crore.

<https://economictimes.indiatimes.com/industry/cons-products/durables/centre-receives-investment-proposal-of-rs-6000-crore-for-pli-in-white-goods/articleshow/86257028.cms>

Gold jewellery retailers' revenue likely to grow 12-14pc: Crisil

After two consecutive years of decline, revenue of gold jewellery retailers is poised to grow 12-14 per cent on-year this fiscal, driven by stable gold prices and recovery in discretionary spending, including on wedding and festive jewellery, rating company Crisil said on Thursday. The operating margin, though, will be restored to the pre-pandemic level of 6.5-7.0 per cent with a moderation of 100-120 basis points given a stabilisation of gold prices and limited scope for further cost optimisation, the agency said in a statement. An analysis of 86 jewellery retailers rated by Crisil Ratings showed recovery in revenue, along with improved accrual, continued inventory rationalisation and healthy capital structure will keep the credit outlook stable. This fiscal, revenue of organised jewellers is also set to benefit from lower import duty, and introduction of mandatory hallmarking, which will make them more competitive compared with unorganised players.

<https://www.financialexpress.com/industry/gold-jewellery-retailers-revenue-likely-to-grow-12-14pc-crisil/2331704/>

Agriculture

Rain deficit shrinks to 4% as monsoon stays active

Rain deficit for the country as a whole so far during the monsoon (till Wednesday) has shrunk to four per cent from a peak of nine per cent at the end of August, following an active weather phase underwritten by a deep depression and low-pressure areas that originated from the Bay of Bengal from late last week.

<https://www.thehindubusinessline.com/economy/agri-business/rain-deficit-shrinks-to-4-as-monsoon-stays-active/article36488738.ece>

GST Council: Kerala to oppose move to increase tax on coconut oil

Kerala will oppose the move to increase the tax on coconut oil as it will affect the interests of the people of the state, official sources said here on Thursday. State Finance Minister K N Balagopal, who has already reached Lucknow to attend the GST council meeting commencing on Friday, will raise the matter in the meeting to be chaired by Union Finance Minister Nirmala Sitharaman, they said. The sources said that there was a move in the GST council to increase the tax of coconut oil from the present 5 per cent to 18 per cent. According to them, a hike in the tax on coconut oil will pave the way for the rise in prices of coconut oil, which is the major edible oil item in Kerala and parts of Tamil Nadu and Karnataka.

https://www.business-standard.com/article/economy-policy/gst-council-kerala-to-oppose-move-to-increase-tax-on-coconut-oil-121091601028_1.html

Cashew manufacturers expect demand boost during festive season

Preference for healthier food and shift towards dry fruits from sweet boxes as gifts during the festival season along with relaxation of Covid norms in most parts of the country are likely to provide an impetus to cashew demand in the coming days.

<https://www.thehindubusinessline.com/economy/agri-business/cashew-manufacturers-expect-demand-boost-during-festive-season/article36490680.ece>

Infrastructure

Drone industry will have turnover of up to Rs 15,000 cr by 2026: Scindia

The Indian drone industry will have a total turnover of up to Rs 15,000 crore by 2026 as the government has given a major boost to the sector with the production-linked incentive (PLI) scheme announced on Wednesday and liberalised rules implemented last month, Civil Aviation Minister Jyotiraditya Scindia said on Thursday. The Civil Aviation Ministry on Wednesday approved a PLI scheme for drones and drone components with an allocation of Rs 120 crore spread over three financial years. The PLI scheme comes as a follow-through of the liberalised Drone Rules, 2021, released by the Centre on August 25. In the press briefing, Scindia said on Thursday, "With Drone Policy (Rules) and Drone PLI scheme, we have an aim that drone manufacturing companies in India should reach a turnover of Rs 900 crore in the coming three years."

https://www.business-standard.com/article/economy-policy/drone-industry-will-have-turnover-of-up-to-rs-15-000-cr-by-2026-scindia-121091600945_1.html

Greater Noida authority expects Rs 139 crore from the auction of plots for mall and hotel

Greater Noida Industrial Development Authority (GNIDA) is expected to attract revenue of Rs 139 crore through the auction of nine commercial plots. The development potential of the land is 31,328 square metre and companies will be allowed to build mall, office complex or hotel. The plot size ranges from 1200 sq metre to 7455 sq metre and the reserve price for it ranges from Rs 44,250 sq metre to Rs 46,190 sq metre.

<https://economictimes.indiatimes.com/industry/services/property/-construction/greater-noida-authority-expects-rs-139-crore-from-the-auction-of-plots-for-mall-and-hotel/articleshow/86263379.cms>

IRSDC's pre-bid meeting for redevelopment of Udaipur, Surat and Udhna Railway Stations attracts interest from 14 companies

Over a dozen leading developers, funds and consultants, including Adani, Kalpataru Group, Cube Constructions, JKB Infrastructure, GMR, MBL Infrastructures, Monte Carlo, G R Infra have shown interest in redevelopment of Udaipur, Surat and Udhna Railway Stations. In the pre-bid meeting by Indian Railway Stations Development Corporation (IRSDC), mandated to redevelop these three stations, 14 companies took part.

<https://economictimes.indiatimes.com/industry/transportation/railways/irsdc-pre-bid-meeting-for-redevelopment-of-udaipur-surat-and-udhna-railway-stations-attracts-interest-from-14-companies/articleshow/86236512.cms>

Energy

India's September diesel consumption remain below pre-Covid levels

India's gasoil consumption slowed in the first half of September from the previous month, staying below pre-COVID levels as a pick-up in monsoon rains hit mobility and demand for fuel from the agriculture sector, preliminary sales data showed. Diesel sales by the country's state fuel retailers came in at 2.1 million tonnes during Sept. 1-15, a decline of about 1.5% from last year and down 6.8% from the same period in 2019, the data showed. State retailers Indian Oil Corp, Hindustan Petroleum Corp and Bharat Petroleum Corp Ltd own about 90% of the country's retail fuel outlets. Sales of gasoil, which accounts for about two-fifths of India's overall refined fuel consumption, are directly linked to industrial activity in Asia's third-largest economy.

https://www.business-standard.com/article/economy-policy/india-s-september-diesel-consumption-remain-below-pre-covid-levels-121091600588_1.html

India's coal-fired power output falls 1.5%, renewables jumps in September

India's coal-fired electricity generation so far this month fell 1.5% from year earlier, while power output from renewable energy jumped 53.6%, a Reuters analysis of government data showed. The slowdown in coal-fired power output and a pickup in renewable energy generation could provide relief to utilities across the country which are struggling with a coal shortage, forcing India to ask power plants to import coal.

<https://economictimes.indiatimes.com/industry/energy/power/indias-coal-fired-power-output-falls-1-5-renewables-jumps-in-september/articleshow/86259761.cms>

CIL urging power houses not to regulate coal intake

State-owned CIL has been writing to power generating companies since October last year urging them not to regulate the intake of coal and build up stock at their end, so that the electricity production does not suffer during summer and monsoon seasons, according to official sources. The development assumes significance in the wake of power houses in the country grappling with coal shortages. "CIL has been writing to power gencos (generation companies) since October 2020 not to regulate intake of their coal and build up stock at their end, so that generation do not suffer during the summer and monsoon season of 2021-22 due to coal shortage," one of the sources said. Coal India Ltd (CIL) had last week said it has stepped up the supply of coal to the power sector in the first eight days of the current month, with an average of 1.39 million tonnes (MT) per day, clocking a growth of around 20 per cent y-o-y.

<https://www.financialexpress.com/industry/cil-urging-power-houses-not-to-regulate-coal-intake/2331586/>

Healthcare

Covid may infect a higher proportion of pregnant women: ICMR Study

A new study by Indian Council of Medical Research (ICMR) suggests that SARS-CoV-2 may infect a higher proportion of pregnant women, and when symptomatic, a large proportion can develop moderate-to-severe disease. The experts have recommended that pregnant women may be counselled for vaccination to reduce the adverse impact of Covid-19 on maternal health with Covid.

<https://economictimes.indiatimes.com/industry/healthcare/biotech/healthcare/covid-may-infect-a-higher-proportion-of-pregnant-women-icmr-study/articleshow/86262125.cms>

Delhi should continue vigorous testing as COVID-19, flu have similar symptoms, say experts

As flu and coronavirus have similar symptoms, the Delhi government should continue vigorous testing to keep the spread of COVID-19 in check during the flu season, experts said at a meeting of the Delhi Disaster Management

Authority (DDMA) held recently. At the meeting held under the chairmanship of Delhi LG Anil Baijal, Delhi's Covid situation was discussed and it was advised that the city should continue with its containment strategy. According to the minutes of the meeting, Dr Sujit Kumar Singh, Director, National Centre For Disease Control said new Covid cases have been fewer than 100 for quite some time in Delhi.

<https://economictimes.indiatimes.com/news/india/delhi-should-continue-vigorous-testing-as-covid-19-flu-have-similar-symptoms-say-experts/articleshow/86263188.cms>

External

Commerce Ministry for extending anti-dumping duty on certain steel products

The commerce ministry's arm DGTR has recommended the extension of anti-dumping duty on imports of certain steel products from countries like China, Japan and Korea to protect the domestic industry from cheap inbound shipments. In separate notifications, the Directorate General of Trade Remedies (DGTR) has recommended the duty after conducting a sunset review investigation on the imports of 'cold rolled/cold reduced flat steel products of iron or non-alloy steel or other alloy steel of all width and thickness – not clad, plated or coated from China, Japan, Korea and Ukraine. It has also suggested extension of the duty on imports of hot-rolled flat products of alloy or non-alloy steel from China, Japan, Korea, Russia, Brazil and Indonesia. It concluded that there is a likelihood of continuation and recurrence of injury to the domestic industry if the existing duty is removed.

<https://www.financialexpress.com/economy/commerce-ministry-for-extending-anti-dumping-duty-on-certain-steel-products/2331414/>

Indian saffron's international prices skyrocket after Afghan supply hit by Taliban takeover

The price of Indian saffron has skyrocketed in the international market after the Taliban crisis hit Afghanistan's export of the world's most expensive spice. A kilo of Indian saffron is now available for Rs 2.25 lakh, having vaulted from Rs 1.4 lakh per kg a few months ago.

<https://economictimes.indiatimes.com/news/economy/agriculture/indian-saffrons-international-prices-skyrocket-after-afghan-supply-hit-by-taliban-takeover/articleshow/86262680.cms>

India may corner nearly half of global rice trade as exports soar to record

India could account for as much as 45% of global rice exports in 2021 as expanded port-handling capacity allows the world's second largest rice grower after China to ship record volumes to buyers across Africa and Asia.

The world's top exporter could ship as much as 22 million tonnes of rice this year, or more than the combined exports of the next three largest exporters Thailand, Vietnam and Pakistan, said Nitin Gupta, vice president of Olam India's rice business.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/india-may-corner-nearly-half-of-global-rice-trade-as-exports-soar-to-record/articleshow/86259392.cms>

World Bank discontinues business climate report after ethics review

The World Bank Group said on Thursday it has decided to discontinue publication of its "Doing Business" rankings of country business climates after a review of data irregularities in the 2018 and 2020 reports. In a statement, the World Bank said that after the irregularities raised ethical matters involving former bank staff and board officials, the development lender will work on a new approach to assessing countries' business and investment climates.

<https://economictimes.indiatimes.com/news/international/business/world-bank-discontinues-business-climate-report-after-ethics-review/articleshow/86266854.cms>



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