



September 14, 2021 – Tuesday

Key Developments

SC upholds Madras High Court's restriction of input tax refunds on services

The Supreme Court has upheld the Madras High Court order of restricting input tax refunds for services used by industries facing inverted duty structure under the goods and services tax (GST) regime. The order may affect cash flow of pharma, fertiliser, footwear and textile industries. In this connection, the apex court quashed the Gujarat high court judgement. The two lower courts had earlier given contradictory judgements. While the Madras high court had upheld the Rule 89 (5) inserted by the government under the CGST Act on restricting such input tax refunds as valid. It was contrary to Gujarat high court order which had struck down the rule. Inverted duty structure means that companies face higher GST rates on raw materials than on finished goods. While the GST Council has addressed the issue of inverted duty structure for many industries including telecom, it still persists for textiles, footwear, pharma and fertilizer industries.

https://www.business-standard.com/article/economy-policy/sc-upholds-madras-high-court-s-restriction-of-input-tax-refunds-on-services-121091301228_1.html

Aadhaar seeding must for EPF deposits from Sept, extended for north-east

Employees' Provident Fund Organisation (EPFO) has made it mandatory for companies to submit Aadhaar-verified universal account numbers (UANs) of their employees from this month for depositing their subscription, but extended it for the north-east and some specified industries located in remote areas and affected by insurgency till December 31. However, employers will not be penalised in case of delay in submitting deposits for EPF because of non-seeding of Aadhaar for the months of August and September. Earlier, EPFO had extended the deadline for Aadhaar seeding with UANs for all subscribers to September 1 from June 1. Industries for which it has now been extended till December 31 include building and construction, and plantation industries, among others.

https://www.business-standard.com/article/economy-policy/aadhaar-seeding-must-for-epf-deposits-from-sept-extended-for-north-east-121091301165_1.html

NBFC, payment system operators can submit requests with RBI for Aadhaar e-KYC licence

The RBI on Monday said that NBFCs and payment system operators seeking to obtain Aadhaar e-KYC authentication licence can submit the application with the central bank. In May 2019, the finance ministry had come out with a detailed procedure for processing of applications (under the PML Act) for use of Aadhaar authentication services by entities other than banking companies.

“Accordingly, Non-Banking Finance Companies (NBFCs), Payment System Providers and Payment System Participants desirous of obtaining Aadhaar Authentication License – KYC User Agency (KUA) License or sub-KUA License (to perform authentication through a KUA), issued by the UIDAI, may submit their application to this Department for onward submission to UIDAI,” the RBI said in a circular. The RBI has also provided the format of the application.

<https://www.financialexpress.com/industry/banking-finance/nbfc-payment-system-operators-can-submit-requests-with-rbi-for-aadhaar-e-kyc-licence/2329492/>

Economy

India's retail inflation eases further to 5.3% in August

India's retail inflation in August marginally eased to 5.3%, staying within Reserve Bank of India's comfort zone for a second month, government data showed on Monday. The retail inflation based on the Consumer Price Index (CPI) was 5.59 per cent in July and 6.69% in August 2020. As per the data released by the National Statistical Office (NSO), inflation in the food basket was 3.11% in August compared to 3.96% in the preceding month. Inflation is within RBI's 2%-6% comfort range for a second month. But it has been above the medium-term target of 4% for nearly two years. "The Price data are collected from representative and selected 1114 urban Markets and 1181 villages covering all States/UTs through personal visits by field staff of Field Operations Division of NSO, MoSPI on a weekly roster. During the month of August 2021, NSO collected prices from 99.7% villages and 98.6% urban Markets while the Market-wise prices reported therein were 87.1% for rural and 87.4% for urban," said Ministry of Statistics & Programme Implementation in a statement.

https://www.business-standard.com/article/economy-policy/india-s-retail-inflation-marginally-eases-to-5-30-in-august-121091301060_1.html

More options to make up for GST shortfall

The Centre will present options to states for making up the GST shortfall beyond June 2022 at the GST Council meeting this week, even as it expects revenues to be upwards of ₹1.1 lakh crore in the coming months. The Council may also extend GST rate reduction on Covid medicines till December 31, sources said.

<https://economictimes.indiatimes.com/news/economy/finance/more-options-to-make-up-for-gst-shortfall/articleshow/86179035.cms>

Almost 60% Indian professionals looking for new jobs due to Covid: Survey

Almost 60 per cent of Indian professionals are looking for new jobs, said a survey charting how people are rethinking their careers after the coronavirus pandemic devastated the economy and changed work. At least two of three jobseekers in India are looking to switch industries due to Covid-19. Indian professionals are looking for means to upskill and advance in their careers. About 90 per cent said they are interested in learning new skills, according to the Amazon Job Seeker Insight Survey. Amazon shared the findings of the survey commissioned by the e-commerce company to gauge the pulse of the impact of Covid-19 on jobs and future career plans among Indian professionals. The study was conducted by Morning Consult, a global data intelligence company, from August 17 to August 23, 2021 and covered 1000 professional adults across India.

https://www.business-standard.com/article/economy-policy/almost-60-indian-professionals-looking-for-new-jobs-due-to-covid-survey-121091300364_1.html

Banking and Finance

RBI announces opening of third cohort under Regulatory Sandbox

The Reserve Bank of India on Monday announced the opening of the third cohort under the Regulatory Sandbox. The application for the third cohort may be submitted from October 1 to November 14, 2021, it said. The theme for the third cohort is MSME lending. In separate statements, the RBI also announced that eight entities have been selected for the 'test phase' of the second cohort on cross border payments. Six entities have completed the 'test phase' of the first cohort on retail payments. The eight entities that have been selected for the 'Test Phase' under the second cohort include Book My Forex, Cashfree Payments, Fairex Solutions, Flyremit, Nearby Technologies, Open Financial Technologies, SoCash India and Wall Street Finance. "The entities... shall commence testing of their products from the third week of September 2021," the RBI said.

<https://www.thehindubusinessline.com/money-and-banking/rbi-announces-opening-of-third-cohort-under-regulatory-sandbox/article36434090.ece>

RBI cautions public against KYC updation frauds

The Reserve Bank of India on Monday cautioned the public against frauds being perpetrated on the pretext of updating Know Your Customer or KYC details. The regulator also alerted the public against sharing any personal or financial information with unidentified persons. The fresh set of cautionary remarks come after the RBI received several complaints and reports of customers falling prey to frauds being perpetrated in the name of KYC updation.

The regulator said that the usual modus operandi in such cases include receiving unsolicited calls, emails or messages from unidentified person, urging the customer to share personal details like account login, card or PIN information.

<https://economictimes.indiatimes.com/industry/banking/finance/banking/rbi-cautions-public-against-kyc-updation-frauds/articleshow/86167347.cms>

New umbrella entities explained: Why India has delayed their retail payment systems

In a bid to boost the Retail Payment System ('RPS'), Reserve Bank of India ('RBI') had come up with the proposal of "New Umbrella Entities" ('NUE'), similar to Unified Payments Interface (UPI). While NUEs promote private participation, it became pertinent to ensure that consumer data is secured. Further, it is essential that sustainable financial principles are followed so that the motto of de-risking payments ecosystem is achieved in essence. NUE is seen as an alternative mechanism to India's flagship processor, the National Payments Corporation of India (NPCI). The NUE license shall be granted by RBI according to the power of authorization of payment operations conferred under Section 4 of the Payment & Settlement Systems Act ('PSSA'), 2007. In consonance, RBI announced a draft framework to authorise pan-India NUE for RPSs. It mandates a minimum of INR 300Cr. be maintained as reserves at all times. These NUEs shall be duly registered under the Companies Act, 2013. Further, only entities owned and controlled by Indian residents staying in India in preceding financial year for more than 182 days, shall be eligible to apply as promoter/promoter group.

<https://www.financialexpress.com/industry/banking-finance/new-umbrella-entities-explained-why-india-has-delayed-their-retail-payment-systems/2329445/>

Small merchants now more open to cashless payment methods, reveals Amex India survey

Indian customers have started thinking about the community at large and are willing to shop from small merchants so as to support revival of small businesses in these pandemic times, a top Amex India official said on Monday.

<https://www.thehindubusinessline.com/money-and-banking/small-merchants-now-more-open-to-cashless-payment-methods-reveals-amex-india-survey/article36433940.ece>

Rules of surplus distribution for LIC could be aligned with private rivals ahead of its IPO

In the wake of the mega initial public offer of Life Insurance Corporation, the government of India is mulling to align the rules of surplus distribution of the public life insurer with those of its private counterparts, according to a report in Times of India. LIC is governed by a special law, which currently is allowed to transfer only 5 percent of its surplus to the funds of shareholders. Rest of the 95 percent flows into the policyholder's fund in order to pay bonus on eligible life insurance policies. The said ratio is 90:10 when it comes to other life insurance companies which are regulated by the Insurance Act.

<https://economictimes.indiatimes.com/news/economy/policy/rules-of-surplus-distribution-for-lic-could-be-aligned-with-private-rivals-ahead-of-its-ipo/articleshow/86165250.cms>

Irdai extends last date for sale of Covid plans till March 31, 2022

The Insurance Regulatory and Development Authority of India (Irdai) has permitted general and health insurance companies to offer and short-term Covid-specific products, including Corona Kavach and Corona Rakshak till March 31, 2022. Earlier, in March this year, the regulator decided to extend the timeline for the sale and renewal of such policies till September, looking at the prevailing situation. Insurance companies were initially allowed to offer these policies till March 31, 2021. Covid-specific policies saw a huge uptake in the market due to the raging virus and was one of the main reasons why the health insurance segment saw a huge uptick. Many insurers had launched their own Covid-specific products following which the regulator came up with two standard Covid-specific products-- Corona Kavach and Corona Rakshak.

https://www.business-standard.com/article/companies/irdai-extends-last-date-for-sale-of-covid-plans-till-march-31-2022-121091301187_1.html

ARCs may hunt stressed MSME, retail assets once National Asset Reconstruction Company materialises: Crisil

Ease of Doing Business for MSMEs: Lack of access to funding and setting up of the National Asset Reconstruction Company Ltd (NARCL) ahead may push asset reconstruction companies (ARCs) to hunt stressed accounts in the

micro, small, and medium enterprise (MSME) and retail segments, Crisil Ratings said on Monday. The rating agency noted that ARCs have been facing headwinds in the past two fiscals, with assets under management (AUM) – as measured by security receipts (SRs) outstanding – contracting after a strong run-up in the previous five. While for the FY15-FY19 period, their AUM had grown steadily on supportive regulations introduced in FY14, however that trend was reversed in FY20 with around 4 per cent contraction. In FY21 as well, AUM contracted by around 1 per cent to Rs 1.07 lakh crore, as per the agency's estimates. "The National ARC, given its stated mandate and access to capital, is expected to dominate the large corporate segment. Mid-corporate assets, where ARCs have a relatively better recovery track record, could be a play for them as well as for stressed assets funds," said Krishnan Sitaraman, Senior Director and Deputy Chief Ratings Officer, Crisil Ratings in a statement.

<https://www.financialexpress.com/industry/sme/msme-eodb-arcs-may-hunt-stressed-msme-retail-assets-once-national-asset-reconstruction-company-materialises-crisil/2329488/>

Industry

Textile PLI scheme: 35 companies line up Rs 10,000-crore investment

At least 35 textile companies, including Reliance Industries, Bombay Dyeing, Welspun Global Brands, Arvind Group, IndoRama Synthetics, and Wellknown Polyesters, have cottoned on to the production-linked incentive (PLI) scheme approved by the Union Cabinet, designed to boost India's production and trade of man-made fibre (MMF), garments, and technical textiles. They have stitched up investment plans of around Rs 10,150 crore in two parts of the scheme.

https://www.business-standard.com/article/companies/textile-pli-scheme-35-companies-line-up-rs-10-000-crore-investment-121091301208_1.html

India Inc sees 219 deals worth \$8.4 bn in August, record volumes since 2005

For India Inc the month of August witnessed 219 deals aggregating to \$8.4 billion, record volumes for any given month since 2005. While the volumes have almost doubled compared with August 2020, transaction values jumped by 5.8x driven by over 13x increase in the PE investment values, according to Grant Thornton Bharat Deal Tracker for the month of August. August 2021 saw total M&A transaction valued at \$867 million across 37 deals, as opposed to August 2020 (30 deals, valued collectively at \$908 million). Private equity and venture capital firms recorded 182 deals, valued at \$ 7.6 billion driven mainly by high value investments in Indian companies and unicorns, supported by confidence in recovery, lucrative opportunities in the start-up space and promising entrepreneurial talent.

https://www.business-standard.com/article/companies/india-inc-sees-219-deals-worth-8-4-bn-in-august-record-volumes-since-2005-121091301094_1.html

Agriculture

Kharif foodgrain output likely to touch record 150 mn tn this year: Agri Secy

The country's foodgrain production is likely to touch a new record of over 150 million tonnes in the Kharif season of the 2021-22 crop year (July-June) due to good rains, Agriculture Secretary Sanjay Agarwal said on Monday. Sowing of Kharif (summer) crops like paddy, which begins with the onset of the Southwest monsoon from June, will get over by the end of this month. Harvesting in most of the parts will commence from October. "We have received good rains so far this year. Total Kharif foodgrain production was 149.56 million tonnes last year as per the fourth estimate. As there is likely to be an increase in area under pulses and paddy, foodgrain production will definitely be much higher than last year's Kharif season," Agarwal told reporters.

<https://www.financialexpress.com/economy/kharif-foodgrain-output-likely-to-touch-record-150-mn-tn-this-year-agri-secy/2329433/>

Maharashtra govt expects 5.6% increase in sugar production in 2021-22

Sugar production of Maharashtra, the second largest sugar producing state of India, is expected to increase by 5.6% to touch 112 lakh tonnes in the next sugar season beginning October 1. The state will begin its 2021-22 crushing season from October 15, a committee of ministers headed by chief minister Uddhav Thackeray decided on Monday. "The area planted under sugar cane for the 2021-22 sugar season has increased to 12.32 lakh hectare, while the per hectare production of sugarcane is expected to be 97 tonnes. We expect that 193 sugar mills will be operational next season, which will crush 1096 lakh tonne sugarcane," said a release issued by the government.

<https://economictimes.indiatimes.com/news/economy/agriculture/maharashtra-govt-expects-5-6-increase-in-sugar-production-in-2021-22-sugar-season/articleshow/86169288.cms>

After record output, Telangana asks farmers to shun paddy this rabi season

After achieving a record production of paddy over the last few seasons, lakhs of farmers in Telangana now face a challenge in the upcoming rabi season.

<https://www.thehindubusinessline.com/economy/agri-business/after-record-output-telangana-asks-farmers-to-shun-paddy-this-rabi-season/article36438918.ece>

Proposed tobacco control law amendments to increase illegal trade: Survey

The proposed amendments in the law regarding cigarettes and other tobacco products are more likely to increase illicit tobacco trade in the country thus leading to more consumption rather than lessening it, according to a survey report prepared by a not-for-profit consumer rights organisation. Regulating unorganised tobacco trade and bringing in "enabling laws" instead of "punitive and aggressive legislation" are more needed, it claimed. The proposed COTPA (Cigarettes and Other Tobacco Products Act) Amendment Bill, 2020, seeks to disallow retail sale of loose sticks of cigarettes, prohibits sale of tobacco products to persons below 21 years, put controls on in-shop advertising and promotion, among others. In a statement, Consumer Online Foundation (COF) said it conducted the survey among 5,116 people across the country between April and July to analyse ground realities, opinions, concerns and voice of consumers.

https://www.business-standard.com/article/economy-policy/proposed-tobacco-control-law-amendments-to-increase-illegal-trade-survey-121091301211_1.html

Infrastructure

Railways tweaks model contract document for private players to redevelop stations

The railways have made a slew of changes in its model contract document for private players to redevelop railway stations, bringing down the concession period from the earlier 60 years to 35-40 years. In general, concession period is the span of time granted by the government to the private sector within which the private sector is responsible for the financing, construction and operation of a BOT (build, operate and transfer) project. The new draft Model Concession Agreement (MCA) prepared by the Rail Land Development Authority (RLDA) has also made provision of single and well-defined payout which can be easily monitored with no upfront cashflow burden for the private entities.

<https://economictimes.indiatimes.com/industry/transportation/railways/railways-tweaks-model-contract-document-for-private-players-to-redevelop-stations/articleshow/86169705.cms>

Jet Airways to resume domestic services in Q1 of 2022: Jalan Kalrock

Jet Airways will restart domestic operations by the first quarter of 2022 and short haul international flights by the last quarter of the next year, Jalan Kalrock Consortium, the winning bidder for the grounded airline, stated on Monday. The first flight of Jet Airways would be on Delhi-Mumbai route, it mentioned, adding that the airline would now be headquartered in Delhi instead of Mumbai. The National Company Law Tribunal (NCLT) in June this year had approved the Jalan Kalrock Consortium's resolution plan for Jet Airways, two years after the once-storied full-service carrier went into insolvency proceedings. In a statement, Murari Lal Jalan, Lead Member of the Jalan Kalrock Consortium, said, "Jet Airways 2.0 aims at restarting domestic operations by Q1-2022, and short haul international operations by Q3/Q4 2022."

<https://www.financialexpress.com/industry/jet-airways-to-resume-domestic-services-in-q1-of-2022-jalan-kalrock/2329118/>

Aviation Ministry grants ICMR conditional permission to use drones for vaccine delivery

The Civil Aviation Ministry said on Monday it has granted conditional permission to the Indian Council of Medical Research (ICMR) to use drones in Andaman and Nicobar Islands, Manipur and Nagaland to deliver vaccines beyond the visual line of sight. The ICMR has been permitted to use drones up to a height of 3,000 metre to deliver vaccines, the ministry's statement added.

<https://economictimes.indiatimes.com/industry/transportation/airlines/-aviation/aviation-ministry-grants-icmr-conditional-permission-to-use-drones-for-vaccine-delivery/articleshow/86168795.cms>

Telecom

'TRAI open to re-examining 4G and 5G spectrum prices'

Even as the Centre is readying a bailout package for the telecom sector, the Telecom Regulatory Authority India (TRAI) is open to re-examining the price of 4G and 5G spectrum. The telecom regulator is also backing a reduction in the licence fee for operators to 6 per cent.

<https://www.thehindubusinessline.com/info-tech/trai-open-to-re-examining-4g-and-5g-spectrum-prices/article36425282.ece>

States

TN set to announce Export Strategy Policy

The Tamil Nadu government will soon announce an 'Export Strategy Policy' with an aim to make the State the largest exporter in the country.

<https://www.thehindubusinessline.com/news/tn-set-to-announce-export-strategy-policy/article36420119.ece>

Healthcare

Over two lakh ICU beds readied for Covid surge post festive season

The government is gearing up for another spike in Covid infections as the festival season nears, officials said to TOI. More than two lakh ICU beds, half of them with assisted ventilators, are being earmarked for Covid-19 patients. "Each district hospital will get at least five more ventilators. Many districts have already started getting deliveries," a senior official told TOI. Around 40,000 additional beds with ventilators are also being added in the large-scale augmentation of Covid-health infrastructure across the nation.

<https://economictimes.indiatimes.com/industry/healthcare/biotech/healthcare/over-two-lakh-icu-beds-readied-for-covid-surge-post-festive-season/articleshow/86165064.cms>

Multi-vitamin supplement sales drop as Covid cases reduce

Recently, there has been a drop in the number of Covid cases across the country, this has been reflected in the sales of multi-vitamin supplements that were once widely sold. A report by TOI says that sales of Zincovit, A to Z and Becosules have fallen since the number of cases declined in May-June. In comparison to the same period (July-August) last year, purchases have almost halved, a TOI report said, on the basis of data culled by a pharma research firm. Immunity supplements have also seen a fall in sales as they went from being present in 92% of bills in June 2020 to around 49% in August this year.

<https://economictimes.indiatimes.com/industry/healthcare/biotech/pharmaceuticals/multi-vitamin-supplement-sales-drop-as-covid-cases-reduce/articleshow/86162470.cms>

Covid vaccine boosters not "appropriate" at this stage: Lancet study

Vaccine efficacy against severe COVID19, even for the delta variant, is so high that booster doses for the general population are not appropriate at this stage in the pandemic, according to a review by an international group of scientists published in The Lancet on Monday. The review by experts, including those from the World Health Organisation (WHO) and the US Food and Drug Administration (FDA) summarised the currently available evidence from randomised controlled trials and observational studies published in peer-reviewed journals and pre-print servers.

<https://economictimes.indiatimes.com/industry/healthcare/biotech/healthcare/covid-vaccine-boosters-not-appropriate-at-this-stage-lancet-study/articleshow/86169311.cms>

External

China worse than India on regulatory woes, state-owned enterprise skew

The Indian market has sharply outperformed its emerging market (EM) counterpart China, prompting several foreign funds to rethink their asset allocation strategies. On a one-year and year-to-date basis, the MSCI India index is up 52 per cent and 27 per cent, respectively. In comparison, the MSCI China index is down 7 per cent over a one-year period and 13 per cent year-to-date. China's underperformance comes amid Beijing's crackdown against its internet companies, many of whom dominate its benchmark indices given their size and scale. The regulatory tightening by Chinese authorities has led to exodus of foreign funds from China's market, which are finding their way into other promising markets in the region such as India.

https://www.business-standard.com/article/economy-policy/china-worse-than-india-on-regulatory-woes-state-owned-enterprise-skew-121091301242_1.html

Piyush Goyal, Liz Truss talks to decide next steps for UK-India trade deal

Commerce and Industry Minister Piyush Goyal is scheduled for virtual talks with his UK counterpart, Liz Truss, on Monday to discuss the next steps to launch negotiations for a UK-India trade agreement, the UK government said. The UK's Department for International Trade (DIT) said the talks between Secretary of State Truss and Goyal come as part of preparations towards a free trade agreement (FTA) with India. It follows the conclusion of the UK's formal consultation process ahead of the negotiations on August 31. International Trade Secretary Liz Truss will speak with Minister for Commerce and Industry Piyush Goyal to discuss timelines and next steps to launching negotiations for a UK-India trade deal, following the closing of the public consultation on August 31, the DIT said.

https://www.business-standard.com/article/economy-policy/piyush-goyal-liz-truss-talks-to-decide-next-steps-for-uk-india-trade-deal-121091300856_1.html

India invites US firms to participate in green hydrogen bids

India has invited the US companies to participate in upcoming bids for green hydrogen and electrolyzers. Power and new and renewable energy minister R K Singh on Monday met a delegation led by John Kerry, US Special Presidential Envoy for Climate to discuss further collaboration on climate change issues and to work towards a genuine partnership between the two countries to pave the way for the rest of the world on Energy Transition, an official statement said.

<https://economictimes.indiatimes.com/industry/renewables/india-invites-us-firms-to-participate-in-green-hydrogen-bids/articleshow/86168248.cms>

India should look at Bangladesh as economic opportunity: Envoy

India needs to change its mindset and leverage Bangladesh's market, production capacity and diversify relations naturally through more economic content, suggested High Commissioner to Dhaka Vikram Doraiswami. India should look at Bangladesh as an economic opportunity and from a more multi-dimensional perspective, Doraiswami pointed out in a session on bilateral relations organized by Ananta Aspen Centre, one of India's leading public policy bodies. "Good trade, investment and business will make relations more resilient."

<https://economictimes.indiatimes.com/news/india/india-should-look-at-bangladesh-as-economic-opportunity-envoy/articleshow/86156819.cms>

India likely to get exclusive rights to sell Basmati in EU

India will likely walk away with the sole right to the Geographical Indication (GI) tag for Basmati rice in the European Union (EU) after the deadline for settling the issue with Pakistan expired on September 10, experts have said.

<https://www.thehindubusinessline.com/economy/agri-business/india-likely-to-get-exclusive-rights-to-sell-basmati-in-eu/article36428197.ece?homepage=true>

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