

## Weekly Compendium of Economic and Business Developments

(Period ending June 26, 2020)

PHD Research Bureau disseminated information to the members of PHD Chamber & other industry stakeholders on various economic and business developments at International, National and Sub-national arena such as projections of IMF's World Economic Outlook, June 2020, inauguration of Aatma Nirbhar Uttar Pradesh Rojgar Abhiyan, new World Bank Project to Improve Quality of India's Education System, launch of another funding scheme to help the distressed MSME sector, extension of various Time Limits under Direct Tax & Benami Laws, extension of various timelines by SEBI, launch of new DGFT platform and Digital delivery of IEC related services; estimations by Trade Statistics and Outlook by World Trade Organization (WTO), decisions taken by the Union Cabinet, among others. The details of disseminated information during the week ending 26<sup>th</sup> June 2020 are appended.

### India and World Economy

- **Hon'ble Prime Minister inaugurates Aatma Nirbhar Uttar Pradesh Rojgar Abhiyan-** Hon'ble Prime Minister Shri Narendra Modi inaugurated 'AatmaNirbhar Uttar Pradesh Rojgar Abhiyan' through video conferencing. Under this, local entrepreneurship will be promoted along with providing employment opportunities to migrant workers. Speaking on the occasion, Hon'ble Prime Minister said that everyone would be able to surpass the difficulties owing to the COVID-19 Pandemic. He stressed that until a vaccine is found, maintaining Do Gaj ki Doori, covering the face with the mask are the best precautions.
- **India's GDP growth is projected at (-)4.5% in FY2021 and 6% in FY2022: IMF's World Economic Outlook, June 2020-** According to International Monetary Fund's (IMF) World Economic Outlook, June 2020, global growth is projected at (-)4.9% in 2020, 1.9 percentage points below the April 2020 World Economic Outlook (WEO) forecast. The COVID-19 pandemic has had a more negative impact on activity in the first half of 2020 than anticipated, and the recovery is projected to be more gradual than previously forecast. In 2021 global growth is projected at 5.4%. Overall, this would leave 2021 GDP some 6.5 percentage points lower than in the pre-COVID-19 projections of January 2020. India's GDP growth is projected at (-)4.5% in FY2021 and 6.0% in FY2022.
- **IBBI notifies Report of the Committee of Experts on Institutional Framework for Regulation and Development of Valuation Professionals-** The Committee of Experts to examine the need for an institutional framework for regulation and development of valuation professionals, constituted vide order No.12/9/2019-PI dated 30th August, 2019, has presents its report to the Government of India. The report is accompanied by a draft of 'Valuers Bill, 2020'. It recommends the least disruptive, yet modern and robust, institutional framework that learns from the experience of valuation profession in India and abroad, and of other

professions in India, while addressing the concerns of today and tomorrow, and ensuring respectability for valuation professionals and accountability for valuation services.

- **New World Bank Project to Improve Quality of India's Education System-** The World Bank has approved a US\$ 500 million Strengthening Teaching-Learning and Results for States Program (STARS) to improve the quality and governance of school education in six Indian states. Some 250 million students (between the age of 6 and 17) in 1.5 million schools, and over 10 million teachers will benefit from the program. The STARS program builds on the long partnership between India and the World Bank (since 1994), for strengthening public school education and to support the country's goal of providing 'Education for All'.
- **NITI Aayog & ITF launched Decarbonizing Transport Project in India-** NITI Aayog and the International Transport Forum (ITF) of OECD jointly launched the Decarbonizing Transport in Emerging Economies (DTEE) project in India. The launch was held via a webinar and was inaugurated by ITF Secretary General Mr Young Tae Kim and NITI Aayog CEO Mr Amitabh Kant in the presence of Ministry of Housing and Urban Affairs (MoHUA) Secretary Shri D.S. Mishra, as well as Ministry of Road Transport and Highways Joint Secretary Shri Priyank Bharti. The ambitious five-year project will help India develop a pathway towards a low-carbon transport system through the development of modelling tools and policy scenarios.
- **Decisions taken by the Union Cabinet-** 2% Interest Subvention approved on prompt repayment of Shishu Loans under Pradhan Mantri MUDRA Yojana for a period of 12 months; Private sector participation in Space activities approved; Animal Husbandry Infrastructure Development Fund set-up; Additional investment by OVL towards further development of Shwe oil & gas project in Myanmar approved; Cabinet approves declaration of Kushinagar Airport in Uttar Pradesh as an International Airport; Cabinet approves Extension of tenure of the Commission constituted under Article 340 of the constitution to examine the issue of sub-categorization within Other Backward Classes in the Central List.
- **Ministry of MSMEs launches another funding scheme to help the distressed MSME sector-** Shri Nitin Gadkari, Hon'ble Minister of Micro, Medium and Small Enterprises (MSME), launched the Credit Guarantee Scheme for Sub-ordinate Debt (CGSSD) which is also called "Distressed Assets Fund-Sub-ordinate Debt for MSMEs". As per the Scheme, the guarantee cover worth Rs. 20,000 crores will be provided to the promoters who can take debt from the banks to further invest in their stressed MSMEs as equity.
- **CBIC enables end to end paperless exports under Turant Customs-** Shri Ajit Kumar, Chairman, Central Board of Indirect Taxes and Customs (CBIC) unveiled a Secure QR coded Shipping Bill that would be electronically sent to exporters after the Customs allows export. This eliminates in one stroke the requirement of the exporters having to approach the Customs officers for proof of export. This also makes the end to end Customs export process fully electronic, from the filing of the Shipping Bill to the final order to allow export. The initiative is yet another step taken by CBIC for fulfilling its commitment to a Faceless, Paperless, and Contactless Customs under the umbrella of its "Turant Customs" programme.

## Finance

- **SEBI further extends time for submission of financial results for the quarter/half year/financial year ending 31st March 2020 amid CoVID-19-** Securities and Exchange Board of India (SEBI) has decided to further extend the timeline for submission of financial results under Regulation 33 of the LODR Regulations, by a month, to July 31, 2020, for the quarter and the year ending 31st March 2020. Similarly, the timeline under Regulation 52 of the LODR for submission of half yearly and/or annual financial results for the period ending

March 31, 2020 for entities that have listed NCDs, NCRPS', CPs, MDS' is also extended to July 31, 2020.

- **Finance Ministry notifies Extension of various Time Limits under Direct Tax & Benami Laws-** In view of the challenges faced by taxpayers in meeting the statutory and regulatory compliance requirements across sectors due to the outbreak of Novel Corona Virus (COVID-19), the Government brought the Taxation and Other Laws (Relaxation of Certain Provisions) Ordinance, 2020 [the Ordinance] on 31st March, 2020 which, inter alia, extended various time limits. In order to provide further relief to the taxpayers for making various compliances, the Government has issued a Notification on 24th June, 2020, the salient features of which are: The time for filing of original as well as revised income-tax returns for the FY 2018-19 (AY 2019-20) has been extended to 31st July, 2020; Due date for income tax return for the FY 2019-20 (AY 2020-21) has been extended to 30th November, 2020. Hence, the returns of income which are required to be filed by 31st July, 2020 and 31st October, 2020 can be filed upto 30th November, 2020. Consequently, the date for furnishing tax audit report has also been extended to 31st October, 2020; among others
- **SEBI notifies temporary relaxation in processing of documents pertaining to FPIs due to COVID-19-** Securities and Exchange Board of India (SEBI) vide Circular No. SEBI/HO/FPI&C/CIR/P/2020/056 dated March 30, 2020 had prescribed temporary relaxation in processing of documents pertaining to FPIs due to COVID-19. In view of the prevailing situation due to COVID-19 pandemic and representations received from various stakeholders, it has been decided that the temporary relaxations shall be extended to August 31, 2020. All other terms and conditions specified in the aforesaid circular dated March 30, 2020 shall remain unchanged
- **SEBI notifies operational framework for transactions in defaulted debt securities post maturity date/redemption date under provisions of SEBI (Issue and Listing of Debt Securities) Regulations, 2008-** Securities and Exchange Board of India (SEBI) has received representations from market participants and investors to allow transactions in debt securities where redemption amount has not been paid on maturity/redemption date (referred as defaulted debt securities). After detailed consultation with various stakeholders including market participants, investors, Debentures Trustee(s), Stock Exchange(s), Depositories etc., it has been decided by SEBI to introduce an operational framework for transactions in defaulted debt securities.
- **SEBI notifies relaxations for Listed Companies having stressed assets-** Securities and Exchange Board of India (SEBI) has decided to relax the pricing methodology for preferential issues by listed companies having stressed assets and exempt allottees of preferential issues from open offer obligations in such cases, with immediate effect.
- **SEBI notifies extension of time lines amid COVID-19 scenario-** In continuation to General Circular No. 11/2020 dated 24th March 2020 titled Special Measures under Companies Act, 2013 (CA-2013) and Limited Liability Partnership Act, 2008 in view of COVID-19 outbreak and keeping in view the requests received from various stakeholders seeking extension of time for compliance of the subject requirements on account of covid-19, Securities and Exchange Board of India (SEBI) has decided to further extend the time from 30th June 2020 to 30th September 2020, in respect of Requirement under section 73(2)(c) of CA-13 to create the deposit repayment reserve of 20% of deposits maturing during the financial year 2020-21 before 30th April 2020 shall be allowed to be complied with till 30th June 2020 and Requirement under rule 18 of the Companies (Share Capital & Debentures) Rules, 2014 to invest or deposit at least 15% of amount of debentures maturing in specified methods of investments or deposits before 30th April 2020, may be complied with till 30th June 2020.
- **RBI notifies assignment of Risk Weights on Credit Facilities (Guaranteed Emergency Credit Line) under the Emergency Credit Line Guarantee Scheme-** This is in reference to circular Ref no. 2842/NCGTC/ECLGS dated

May 23, 2020 issued by National Credit Guarantee Trustee Company (NCGTC) in respect of the Emergency Credit Line Guarantee Scheme announced by the Government of India to extend guaranteed emergency credit line to MSME borrowers. As credit facilities extended under the scheme guaranteed by NCGTC are backed by an unconditional and irrevocable guarantee provided by Government of India, Reserve Bank of India (RBI) has decided that Member Lending Institutions shall assign zero percent risk weight on the credit facilities extended under this scheme to the extent of guarantee coverage.

## Trade

- **Launch of new DGFT platform and Digital delivery of IEC related services-** As part of Digital India programme and for Ease of Doing Business, Directorate General of Foreign Trade (DGFT) has undertaken an initiative to revamp its services delivery mechanisms to promote and facilitate foreign trade. As a step in that direction, the first phase of a new digital platform of DGFT is scheduled to Go-Live on 13th July 2020. The platform will become accessible through the existing website: <https://www.dgft.gov.in> In the first phase, the website will be catering to the services related to the Importer Exporter Code (IEC) issuance, modification, amendments etc. processes along with a Chatbot (a virtual assistant) catering to queries of users. Other online modules relating to Advance Authorisation, EPCG, and Exports Obligation Discharge which are part of next phase will be rolled out subsequently after the first phase stabilizes.
- **World Trade falls steeply in first half of 2020: WTO-** As per the latest, Trade Statistics and Outlook by World Trade Organization (WTO), World trade fell sharply in the first half of the year, as the COVID-19 pandemic upended the global economy. However, rapid government responses helped temper the contraction, and WTO now believes that while trade volumes will register a steep decline in 2020, they are unlikely to reach the worst-case scenario projected in April. The volume of merchandise trade shrank by 3% year-on-year in the first quarter according to WTO statistics.
- **Information about Country of Origin by the sellers made mandatory on GeM to promote Make in India and Aatmanirbhar Bharat-** Government e-Marketplace (GeM), a Special Purpose Vehicle under the Ministry of Commerce and Industry, Government of India has made it mandatory for sellers to enter the Country of Origin while registering all new products on GeM. Further, sellers, who had already uploaded their products before the introduction of this new feature on GeM, are being reminded regularly to update the Country of Origin, with a warning that their products shall be removed from GeM if they fail to update the same. GeM has taken this significant step to promote 'Make in India' and 'Aatmanirbhar Bharat'

## Our Voice

**Rationalized taxation regime and easy compliance environment crucial to promote ease of doing business:**  
**PHD Chamber-** Growing severity of the impact caused by the widespread pandemic COVID-19 on our economy, people and the Nation as a whole is a matter of deep concern. However, proactive measures by the Government to contain the spread of pandemic COVID-19 are highly appreciable in this extremely difficult time. The Government is committed to provide a hassle free direct tax environment with moderate tax rate and ease of compliance to the taxpayers and also to stimulate the growth by reforming the direct taxes system. To curb the tax evasion and widen the tax base the government is regularly introducing various compliances and statutory requirements on businesses. Going ahead, there is a need to undertake certain measures for ease of doing business which can support and boost the confidence of businesses in these extremely difficult times. Further, the due and fair taxes need to be collected as this will lead to removal of hardships and provide ease of compliance to the taxpayers.

## Economy so far

- **Government discussing with RBI on one-time loan rejig for stressed companies-** Smt. Nirmala Sitharaman, Hon'ble Finance Minister, recently, said that the government is discussing with the Reserve Bank of India (RBI) for loan restructuring of companies which are stressed owing to the Covid-19 pandemic. Speaking at a webinar, Smt Nirmala Sitharaman said that discussions are on with the RBI on the matter of one-time restructuring of loans.
- **India plans list of substitute nations for critical imports-** The government is working on a list of alternative countries that could be suppliers of critical components that cannot currently be manufactured domestically. DPIIT (Department for Promotion of Industry and Internal Trade) is working with the industry to line up a list of low-quality imports from China. The next step is to substitute them, internally or externally. The engagement looks to firm up tariff and non-tariff measures to curb imports of raw, intermediary and finished products from China.
- **Finance Commission discusses constitution of property tax board in states, fund devolution to RLBs-** The 15th Finance Commission on Thursday held meeting with the Ministry of Panchayati Raj and discussed constitution of a property tax board by states among other matters. The ministry submitted that the Commission may consider to keep its award to the PRIs (Panchayati Raj Institutions) for the revised period 2021-2026 at Rs 10 lakh crore. The meeting was held for forming up Commission's recommendations for the years 2020-21 to 2025-26. The meeting also discussed the status on the state-wise devolution of funds to rural local bodies (RLBs), state-wise pattern of 'own resources' generated by RLBs since 2011-12 and the impact of GST on RLB's revenue.
- **India's GDP to contract by 5.3 pc in FY21, bounce back in FY22: Ind-Ra-** India's economy is likely to shrink by 5.3 per cent this fiscal, the lowest GDP growth in the Indian history and the sixth instance of economic contraction, according to India Ratings and Research. The disorder caused by the COVID-19 pandemic unfolded with such a speed and scale that the disruption in production, breakdown of supply chains/trade channels and total wash out of activities in aviation (some activities have started now), tourism, hotels and hospitality sectors will not allow the economic activity to return to normalcy throughout FY21, the rating agency said in a report.
- **India-China trade ties 2,000 years old: Boycotting dragon not easy; India imports much from China-** While a rage runs across the country against Chinese products, and calls to boycott imports from China get louder, it is important to note why it might be easier said than done for India to snap trade ties with the dragon, which go as far back as 2,000 years. China accounts for a significant portion of India's overall trade. More than 14 per cent of India's total imports come from China, from nuclear reactors, boilers, machinery, organic chemicals to mobile phones, decorative lighting and other household items. Out of the total import of \$442 billion, India imported goods worth \$62.3 billion from China during April-February FY20, according to the Department of Commerce.
- **India plans to impose strict rules and tariffs on Chinese imports-** India plans to impose stringent quality control measures and higher tariffs on imports from China, people with the knowledge of the matter said, as a military standoff between the neighbors threaten economic ties. The state-run Bureau of Indian Standards is finalizing tougher norms for at least 370 products to ensure items that can be locally produced aren't imported. The products include chemicals, steel, electronics, heavy machinery, furniture, paper, industrial machinery, rubber articles, glass, metal articles, pharma, fertilizer and plastic toys.

- India retains position as third largest economy in PPP, global actual Individual consumption, capital formation-** India has retained its position as the third-largest economy in the world in terms of purchasing power parity (PPP), behind the US and China, the Ministry of Statistics & Programme Implementation (MoSPI) has said. India accounts for 6.7% or \$8,051 billion, out of the world's total of \$119,547 billion of global Gross Domestic Product (GDP) in terms of PPP compared to 16.4 % in case of China and 16.3 % for the US, World Bank data for reference year 2017 show. The findings are part of the World Bank new PPPs for reference year 2017, under the International Comparison Programme that adjust for differences in the cost of living across economies of the World.
- Government, RBI's prompt policy measures helped reinvigorate economy with minimal damage: Finance ministry-** The Government heralded the "early green shoots of economic revival" in May and June, pointing to higher electricity and fuel consumption, greater movement of goods and an increase in financial transactions. The finance ministry listed as many as 14 separate indicators across manufacturing, services, finance and agriculture to back this up in a statement entitled 'Increase in Economic Activity-Improvement in Economic Indicators' issued. Early green shoots of economic revival have also emerged in May and June with real activity indicators like electricity and fuel consumption, inter and intra-state movement of goods, retail financial transactions witnessing pick-up, the ministry has said, adding that the strict lockdown and social distancing measures had adversely affected the economy.
- Centre seeks suggestions from stakeholders on deferring BS-IV norms-** The Ministry of Road Transport and Highways has invited suggestions from stakeholders to defer implementation of BS-IV norms for construction equipment vehicles in view of the Covid-19 pandemic. The norms were scheduled to be implemented from October 1. The ministry has issued a notification on the request of the agriculture ministry and construction equipment makers regarding deferment of BS (CEV/TREM)-IV emission norms, which pertain to construction equipment vehicles, tractors, and harvesters, for a year, inviting suggestions from stakeholders. The suggestions or comments can be sent to the joint secretary of the road transport and highways ministry.
- During lockdown, States disbursed Rs 4957 crore to two crore construction workers-** In a relief to millions of construction workers during the nationwide lockdown, states have disbursed Rs 4957 crore to two crore building and construction workers till date following an advisory from the labour ministry in March. About 1.75 crore transactions were done directly into the bank accounts of the workers through direct benefit transfer (DBT) with benefits ranging from Rs 1000 to Rs 6000 per workers, the labour ministry has said in a statement, adding some of the states have also provided food and ration to their workers over and above the cash support.
- India's farm trade may rebound in second half of 2020: Fitch Solutions-** The country's farm trade, which was disrupted during the COVID-19 lockdown due to logistic issues in March-June, is expected to rebound in the second half of the calendar year 2020, said analytics firm Fitch Solutions in its latest report. The central government imposed a strict nationwide lockdown from March 25 to April 30, and then a partial lockdown in May to prevent the spread of coronavirus. These measures were eased in phases from June 8 despite a continued surge in domestic COVID-19 infections, in order to protect livelihoods. We note that some states will remain in lockdown beyond May, which will continue to disrupt the economy and agribusiness operations, it said.
- India's GDP to contract 3.1% in 2020: Moody's-** Moody's Investor Service further downgraded its growth forecast for India to -3.1% this calendar year compared to 0.2% in April. The June 2020 update of its Global

Macro Outlook, expected a marginally stronger rebound at 6.9% in 2021, as opposed to 6.2% in the April update. The global rating agency lowered its estimates for almost all major economies. For the G20 advanced economies, the report projected a contraction of 6.4% in 2020 followed by a 4.8% recovery in the coming year.

- New opportunities opening up in Food processing sector** -Smt. Harsimrat Kaur Badal, Hon'ble Union FPI Minister launched the Food Processing Edition of the Exclusive Investment Forum by Invest India, the National Investment Promotion & Facilitation Agency of the Government of India. Invest India has designed this forum of unique sectoral series to conduct detailed conversations between global industry leaders and key decision makers from the highest levels of the Union & State Governments of India. Union Minister said that due to the COVID pandemic, the sector has seen unique challenges and has been playing a very important role in ensuring that the lockdown was successful. A few challenges that are currently being faced are those related to global trade which has seen a dip along with the dip in domestic demand. Smt. Badal opined that these challenges are leading to opening up of new opportunities such as this exclusive forum which has made it possible for over 180 investors, 6 state governments and the Central government to be at the same place at the same time.
- Technical rules likely to cut Chinese imports-** India is eyeing about 5,000 technical regulations to rein in cheap imports and provide a quality boost to domestically made industrial goods, telecom products, electronics, steel and chemicals. The commerce and industry ministry has identified the top user ministries that deal with most imported products. These are the telecom, chemicals, industry and heavy industry departments and the ministries of steel, and electronics and information technology (IT). Quality control orders and technical regulations are being deliberated for these sectors.
- Government keeps off RBI's WMA for three consecutive week-** The government's cash flows has improved in the past few weeks with probably due to it not spending on projects keeping it away from using higher Ways and Means Advances (WMA), a temporary short term borrowing plan. Last week was the third straight week that the government did not use the WMA. The government refrained from availing WMA since the week ended May 29, for three straight weeks. This is significant considering that the economy has been struggling to pick up activity since the nation-wide lockdown following the COVID Pandemic since end March.

### Markets So Far

Indicators	Yearly			Monthly			Daily		
	2017	2018	2019	Mar 20	Apr 20	May 20	Jun 24, 20	Jun 25, 20	Jun 26, 20
BSE SENSEX	34057	36068	41253	29468	33717	32424	34868	34842	35171
GOLD (10 GRMS)	28966	30600	34813	41178	40989	40989	48389	48021	48117
CRUDE OIL (1 BBL)	3317	4437	4007.8	3643	1449	2113	2886	2886	2890
EXCHANGE RATE (INR/USD)	65	68	70.4	74.35	76.23	75.65	75.72	75.66	75.64

Source: PHD Research Bureau, PHDCCI, compiled from BSE, MCX and Bloomberg, RBI

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