

Weekly Compendium of Economic and Business Developments

(Period ending September 25, 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 Three Labour Codes to pave way for enactment of historic “Game changer” Labour Laws had been passed by Parliament, Essential Commodities (Amendment) Bill, 2020 has also been passed by the Parliament, Lok Sabha passed The Farmers' Produce Trade and Commerce (Promotion and Facilitation) Bill, 2020 and The Farmers (Empowerment and Protection) Agreement of Price Assurance and Farm Services Bill, 2020, RBI published “Technology Vision for Cyber Security” for Urban Co-operative Banks, among others. The details of disseminated information during the week ending 25h September 2020 are appended.

India and World Economy

- **Parliament passes three Labour Codes to pave way for enactment of historic “Game changer” Labour Laws-** The Rajya Sabha has passed three labour codes namely, Industrial Relations Code, 2020 (ii) Code on Occupational Safety, Health & Working Conditions Code, 2020 & (iii) Social Security Code, 2020.
- **Parliament passes the Essential Commodities (Amendment) Bill, 2020-** The Essential Commodities (Amendment) Bill 2020 with provisions to remove commodities like cereals, pulses, oilseeds, edible oils, onion and potatoes from the list of essential commodities was passed by Rajya Sabha.
- **Lok Sabha passes The Farmers' Produce Trade and Commerce (Promotion and Facilitation) Bill, 2020 and The Farmers (Empowerment and Protection) Agreement of Price Assurance and Farm Services Bill, 2020-** Two bills aimed at transforming agriculture in the country and raising farmers' income were passed by Lok Sabha today. The Farmers' Produce Trade and Commerce (Promotion and Facilitation) Bill, 2020 and The Farmers (Empowerment and Protection) Agreement of Price Assurance and Farm Services Bill, 2020 were introduced in Lok Sabha on 14th September 2020 by Hon'ble Union Minister of Agriculture & Farmers' Welfare, Rural Development & Panchayati Raj, Shri Narendra Singh Tomar, to replace ordinances promulgated on 5th June 2020.

Finance

- **SEBI issued guidelines on Resources for Trustees of Mutual Funds-** SEBI, vide circular no. SEBI/HO/IMD/DF4/CIR/P/2020/0000000151 dated August 10, 2020, has issued guidelines on resources for Trustees of Mutual Funds.
- **Faceless Appeals launched by CBDT today- Honoring The Honest-** The Income Tax Department launched

Faceless Income Tax Appeals. Under Faceless Appeals, all Income Tax appeals will be finalised in a faceless manner under the faceless ecosystem with the exception of appeals relating to serious frauds, major tax evasion, sensitive & search matters, International tax and Black Money Act.

Trade

- **FDI inflows in India stands at USD 12 billion during Q1 2020-21-** The Total FDI inflows (Equity inflows + Re-invested earnings + Other capital) in India stand at USD 12 billion during April to June 2020-21. During the last financial year 2019-20, total FDI inflows stands at about USD 74 billion as against USD 62 billion during the corresponding period of last year, registering a growth rate of 20%.
- **RBI publishes "'Technology Vision for Cyber Security' for Urban Co-operative Banks – 2020-2023"-** The Reserve Bank of India has placed on its website the "'Technology Vision for Cyber Security' for Urban Co-operative Banks (UCBs) - 2020-2023". The Technology Vision Document aims at enhancing the cyber security posture of the Urban Co-operative banking sector against evolving IT and cyber threat environment.
- **Harmonization of Table 2 of Appendix 3B for exports made with effect from 01.01.2020-** The Directorate General of Foreign Trade has notified the amended Indian Trade Classification (Harmonized System)- ITC(HS), 2017 harmonizing it with the Finance (No.2) Act, 2019 dated 1st August,2019 vide Notification No. 38/2015-2020 dated 01.01.2020. Certain amendments have been made in the MEIS Schedule Table 2 of Appendix 3B to harmonize it with the Notification no. 38 dated 01.01.2020 and the changes in the Finance (No. 2) Act, 2019, Fifth Schedule as notified by CBIC.
- **Implementation of the Track and Trace system for export of Pharmaceuticals and drug consignments alongwith maintaining the Parent-Child relationship in the levels of packaging and their movement in supply chain – Extension of date of implementation-** The Directorate General of Foreign Trade (DGFT) has issued a notification on implementation of the Track and Trace system for export consignments of drug formulations. Accordingly, the date for implementation of Track and Trace system for export of drug formulations with respect to maintaining the Parent-Child relationship in packaging levels and its uploading on Central Portal has been extended upto 01.04.2021 for both SSI and non SSI manufactured drugs.

Our Voice

PHD Chamber hails the passing of three path breaking and game changer Labour Codes by the Lok Sabha- PHD Chamber hails the passing of three path breaking and game changer Labour Codes by the Lok Sabha, to cover over 50 Crore workers from organized, unorganized and self-employed for minimum wages, social security and other labour welfare reforms. The three bills would significantly boost new industrial investments including foreign investments, create tremendous employment opportunities particularly in the MSMEs sector and provide a global competitive edge to the Indian economy in the coming times. These bills namely (i) Industrial Relations Code, 2020 (ii) Code on Occupational Safety, Health & Working Conditions Code, 2020 & (iii) Social Security Code, 2020 are reflective of Government's earnest desire to bring the much needed labour welfare reforms in the country while keeping the labour interest uppermost in the mind. The codes not only aim to reform India's archaic and complex labour laws but also expand their ambit to protect the interests of migrant workers, gig economy workers and unorganised workers while simultaneously providing operational freedom to

manufacturers.

The three labour codes will provide autonomy to States to amend labour laws that suit their industrial needs and allow flexibility in hiring and cutback without seeking Centre's permission. The Government has given major thrust to ease of doing business and has worked aggressively to ensure that India moves up on the rankings of ease of doing business of the World Bank. India has been continuously improving in World Bank's Ease of Doing Business Rankings and has jumped by 79 spots from 142nd rank in 2015 to 63rd rank in 2020 among 190 economies. The comprehensive labour codes would act as a catalyst to further reduce the cost of doing business in India and attract significant foreign investments and achieve the goal set by our Hon'ble Prime Minister Shri Narendra Modi ji of a USD 5 trillion economy by 2024-25. Going ahead, all the states to implement all the consolidated labour bills to significantly enhance India's labour productivity and create millions of job opportunities enabling a higher economic growth trajectory in the coming years.

Economy so far

- **Fiscal stimulus, faster bank recapitalisation needed to return to 7 pc growth rate Says:-** Panagariya India will need fiscal stimulus, lower interest rates, faster bank recapitalisation and privatisation of some PSUs to return to 7 per cent growth rate, former Niti Aayog vice chairman Arvind Panagariya said on Monday. Addressing a virtual event organised by AIMA, Panagariya further said the country lost nearly USD 125 billion in the April-June period due to the COVID-19 pandemic. The government had in May announced a nearly Rs 21 lakh crore stimulus package to help the nation tide over the economic crisis induced by the coronavirus pandemic. "We need to privatise in a big way as well monetise roads and railways," Panagariya added.
- **New Agri bills will change farmers' fortune, says Agri Minister Narender Singh Tomar;-** The new laws for agriculture will significantly benefit farmers, and have absolutely nothing to do with the system of minimum support prices (MSP), which will continue, Agriculture Minister Narendra Singh Tomar said. In an interview with Rituraj Tiwari, Tomar also said he is ready for a dialogue with farmers. The new laws for agriculture will significantly benefit farmers, and have absolutely nothing to do with the system of minimum support prices (MSP), which will continue.
- **Centre hikes up rabi MSP by 6.3%, assures farmers of no dilution of minimum support prices:-** The government has raised minimum support prices (MSP) of the rabi, or winter-sown, crops by up to 6.3% and announced the new rates a month before it usually does to reassure farmers that the new laws on agriculture will not dilute MSP operations. The Cabinet Committee on Economic Affairs (CCEA) approved higher prices of crops such as wheat and pulses on Monday. The government has raised minimum support prices (MSP) of the rabi, or winter-sown, crops by up to 6.3% and announced the new rates a month before it usually does to reassure farmers that the new laws on agriculture will not dilute MSP operations.
- **India engages with Iran on Chabahar-Zahedan railway project :-** The Modi government on Monday asserted that it remains engaged with Iran on the Chabahar-Zahedan railway project as part of its connectivity initiatives in the region. During the visit of the Prime Minister to Iran in May 2016, a MoU was signed between Indian Railways' IRCON NSE -4.02 % and Iranian Railways' CDTIC (Construction & Development of Transportation Infrastructures Company) for construction of the Chabahar-Zahedan Railway Project, MoS External Affairs V Muraleedharan said .
- **China hikes prices of key drug ingredients:-** China has increased prices of key starting materials (KSMs), which are used for making medicines, by 10-20%, leaving those of basic raw materials — or active

pharmaceutical ingredients (APIs) — largely unchanged. Both KSMs and APIs are imported in India for making life-saving antibiotics, steroids and other medicines. While increased prices will put cost pressure on the domestic industry over the next few months, more importantly it has sparked speculation that this could be a potential

- **Kia hopes to breach compact SUV top 3 with Sonet launch:-** Korean automaker Kia Motors is bullish that its just-launched Sonet will drive it into the list of top three compact sport utility vehicle brands in India. The sub-4 metre Sonet, launched last Friday, has notched up more than 25,000 bookings (including pre-launch) in just less than three weeks. Buyers were already spoilt for choice in India's 15-brands-strong compact SUV segment, and Sonet's launch - with a Rs 6.71 lakh (ex-showroom) price tag for its base model - means competition is set to get .
- **6 months after lockdown: Covid-19 impact on economy likely to be long-term-** The stress across businesses since the lockdown was imposed on March 24 is still visible. Even as the government has now relaxed the restrictions in many ways, the impact of the lockdown on the economy is likely to be long-term.
- **Contrasting tales: Economy is down, but markets have defied fears-** The GDP contracted an unprecedented 23.9 per cent in the April-June period of 2020-21 — the first two months saw the lockdown, which was partially eased in June. The government is hopeful of a V-shape recovery in the coming quarters, but the Reserve Bank of India (RBI) is not. Lead indicators lend credence to RBI's theory of gradual recovery. In contrast, equity markets, which crashed over 40 per cent even before the lockdown came into effect on March 24, have defied fears, staging a dramatic recovery fuelled by aggressive stimulus measures by global central banks and support from the Centre and the RBI. In the past six months, Nifty has gained 52 per cent in rupee terms and 58 per cent in dollar value — making India one of the best-performing markets globally. The rally has been supported by strong buying by overseas investors, pushing valuations to multi-year highs and indicating that stocks are penciling in sharp earnings recovery.
- **Indian cardamom output to fall due to floods, dry spell: DASD-** Indian cardamom production is likely to fall short in the current season due to the unprecedented floods and subsequent prolonged dry spell experienced in major growing regions in the country, according to the data compiled by the state-run Directorate of Arecanut & Spices Development (DASD). India is the second-largest producer of cardamom in the world after Guatemala. According to DASD, cardamom production in the country has declined in 2018-19 and 2019-20, especially in Kerala and Karnataka, due to climatic factors and incidence of pest and disease.
- **Farm Bills impact: Punjab, Haryana cut market fee for basmati and cotton-** Days after the Centre passed three farm Bills in Parliament, enraging some farmer organisations, major grain producing states reacted to the changed scenario. Punjab lowered the market fee and rural development fee for basmati traders and millers from 2 per cent to 1 per cent to provide a level playing field in comparison to neighbouring Haryana.
- **India not in a position to accept concept of DFFT-** India is not in a position to accept the concept of Data Free Flow with Trust (DFFT) as it is neither well understood nor is comprehensive enough in the legislation of many countries, Hon'ble Commerce and Industry Minister Piyush Goyal. He said that in view of the huge digital divide among countries, there is a need for policy space for developing countries which still have to finalise laws around digital trade and data. He said data is a potent tool for development, and equitable access of data is a critical aspect for India. Like many other developing countries, India is still in the phase of preparing a framework for its data protection and e-commerce laws, he added.
- **India exploring to utilise Arab World's FTAs with US & EU for exports-** India has pitched for elevating India-

Arab economic partnership commensurate with the strategic partnership between the two sides and exploring opportunities to utilise Arab World's FTA with US and EU for Indian businesses.

- **Labour Codes empower states to suspend rules for specified periods in public interest-** Two of the three labour codes passed by Lok Sabha give both the Centre and the states power to exempt any establishment from “all or any of the provisions” of the codes “in public interest”. This has caused fears that the workers’ rights and safety and welfare rules could be suspended by the state governments for specific periods citing exigencies. However, labour ministry sources said these are just “saving provisions” and are meant for exigencies; it is highly unlikely that these will be put into effect under normal circumstances, they added.
- **NDMC rolls out tax amnesty scheme for unauthorised colonies' residents-** North Delhi Mayor Shri Jai Prakash announced that the NDMC has rolled out a property tax amnesty scheme in order to provide relief to the residents of unauthorised regularised colonies. As per terms of the scheme, if a taxpayer of residential properties in such colonies pays property tax for the financial years 2019-20 and 2020-21, all outstanding tax prior to the financial year 2019-20 shall be exempted, he said.
- **Even as Covid-19 rages, Indian economy's animal spirits are stabilising-** India's economy showed signs of stabilizing in August with manufacturing and services gradually improving even as coronavirus cases escalated across the country. Five of the eight high-frequency indicators gained last month, while two were unchanged and one deteriorated. That kept the needle on a dial measuring so-called animal spirits steady at 4 -- a level arrived at by using the three-month weighted average to smooth out volatility in the single-month readings.
- **CAG detects Rs 44-k cr tax loss for govt in FY18-FY19-** The Comptroller and Auditor General (CAG) found that income-tax department had under-assessed income in a sample of scrutiny assessment cases, leading to a lower tax demand by over Rs 44,000 crore. The CAG audited nearly 3.32 lakh such cases for financial years 2017-18 and 2018-19.
- **RBI publishes “Technology Vision for Cyber Security’ for Urban Co-operative Banks – 2020-2023”-** The Reserve Bank of India has placed on its website the “Technology Vision for Cyber Security’ for Urban Co-operative Banks (UCBs) - 2020-2023”. The Technology Vision Document aims at enhancing the cyber security posture of the Urban Co-operative banking sector against evolving IT and cyber threat environment. It envisages to achieve its objective through a five-pillared strategic approach GUARD, viz., - Governance Oversight, Utile Technology Investment, Appropriate Regulation and Supervision, Robust Collaboration and Developing necessary IT, cyber security skills set.
- **Delay in transfer of export benefits suggests failure of automated system-** The Comptroller and Auditor General of India has said “substantial delays” in issuing benefits under two key flagship schemes for goods & services exports indicate “failure of the automated system” in achieving the objective of simplification of procedures & ease of doing business. In its report, the CAG has suggested that the Directorate General of Foreign Trade review the procedure of granting scrips under the Merchandise Export from India Scheme (MEIS) and the Services Export from India Scheme (SEIS), and lay down an appropriate checklist for issuing the scrips both electronically and manually. The CAG said the total amounts forgone in issuing the scrips under the export schemes — mainly the MEIS and SEIS — went up from Rs 19,031 in FY15 to Rs 44,305 in FY19.
- **Ration card mobility reform: 5 states get to borrow Rs 9,913 crore more-** The Centre on Thursday granted permission to five states to raise a total of Rs 9,913 crore in additional market borrowings for implementing

the one-nation-one-ration-card system, one of the four reform conditions identified for availing additional borrowing window of up to 2% of GSDP in FY21. The Union expenditure department has granted the additional borrowing permission to Karnataka for Rs 4,509 crore, followed by Andhra Pradesh (Rs 2,525 crore), Telangana (Rs 2,508 crore), Goa (Rs 223 crore) and Tripura (Rs 148 crore).

Markets So Far

Indicators	Yearly			Monthly			Daily		
	2017	2018	2019	Jun 20	Jul 20	Aug 20	Sep 22, 2020	Sep 23, 2020	Sep 24, 2020
BSE SENSEX	34057	36068	41253	34915	37606	38628	37734	37668	36553
GOLD (10 GRMS)	28966	30600	34813	47048	49913	53063	50623	50251	49638
CRUDE OIL (1 BBL)	3317	4437	4007.8	2895	3054	3159	2882	2936	2978
EXCHANGE RATE (INR/USD)	65	68	70.4	75.74	75.0*	75.0*	73.58	73.57	73.90

Source: PHD Research Bureau, PHDCCI, compiled from BSE, MCX and Bloomberg (* data pertains to average of July 2020 till 27th July 2020; ** data pertains to June 2020)

Warm Regards,

Dr S P Sharma

Chief Economist

PHD Chamber of Commerce and Industry

PHD House, [4/2 Siri Institutional Area](#)

August Kranti Marg, New Delhi-110016, India

Tel: +91 49545454

Fax: +91 11 26855450

Email: spsharma@phdcci.in

Website: www.phdcci.in

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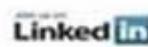
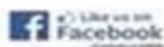


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PHD House, 4/2 Siri Institutional Area, August Kranti Marg, New Delhi - 110 016 (India) • Tel. : +91-11-2686 3801-04, 49545454, 49545400
Fax : +91-11-2683 5430, 49545451 • E-mail : phdcci@phdcci.in • Website : www.phdcci.in, Cric: U748990L1951GAP001947

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